

Present:

Carole Wilkinson (Chair)
Bernadette Docherty
Catherine Robertson
Sam Anderson
Suzanne Vestri,
James Edgar
Martin Toye

In Attendance:

Neil Hunter (Principal Reporter/Chief Executive),
Ed Morrison (Head of Finance & Resources),
Lisa Bennett (Head of Strategy & OD),
Malcolm Schaffer (Head of Practice and Policy),
Susan Deery (Head of Human Resources),
Alistair Hogg (Senior Operational Manager)
Tom McNamara (Scottish Government)
Pamela Armstrong (Governance Officer, Minutes)

		Timescale	Action
1.1	<p>AOB</p> <p>SCRA Board Chair Appointment – The new Chair appointment is progressing. A new Chair has been recommended and is currently going through the appointment process.</p> <p>Additional Board Meeting – It was agreed that an additional Board meeting will be held on Thursday 01 March 2018. The meeting will cover Draft Revenue Budget 2018/19 and Complexity Research.</p>		
1.2	<p>Apologies</p> <p>Anela Anwar (Board Member) Frankie McLean (Shadow Board Member) Tom Philliben (Senior Operational Manager) Thekla Garland (Scottish Government)</p>		
2.	<p>Declarations of Interest</p> <p>There were no declarations of interest.</p>		

		Timescale	Action
3.	Minutes/Committees		
3.1	<p>Minute of meeting held on 14 December 2017 Agreed as accurate</p> <p>Board Action log and Workplan The action log and workplan were reviewed.</p> <p>Matters Arising All matters arising are covered within the agenda.</p>		
3.2	<p>Remuneration & Succession Planning Committee – Update from meeting held on 19 January 2018 The Chair of the Committee provided the Board with an update on Pay Award Options 2018/19</p> <ul style="list-style-type: none"> • The Committee noted the publication of the Scottish Government pay policy statement, to which SCRA must align • The Committee discussed a number of options around the 2018/19 pay award proposal. • Discussions will continue once the budget position becomes clearer. • The next Committee meeting will be 22 March 2018. 		
	Reports		
4.	<p>Draft Budget 2018/19 The Head of Finance and Resources introduced the report detailing draft budget plans for 2018/19 and key issues identified for budget challenge and review.</p> <p>Noted:</p> <ul style="list-style-type: none"> • In September 2017 the Board reviewed and commented upon the Spending Review (SR) 2017 submission. In the September report it was noted that SCRA's revenue requirement for 2018/19 was £22.869m excluding Digital. The report stated to secure financial sustainability over the medium term will require continued in year support from Scottish Government for new and unforeseen pressures, GiA increases of 5.8% in 2018/19, 3.3% in 2019/20, 2.8% in 2020/21 and 2.2% in 2021/22 compared to a baseline of £21.3m, delivery of efficiencies from programme activity, significant investment in ageing infrastructure and continued vigilance from budget holders. 		

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	<ul style="list-style-type: none"> • SCRA’s current year forecast outturn was reported to the Board in December 2017 and the draft 2018/19 revenue budget proposals assume no carry forward overspend from 2017/18, achievement of which is still challenging. • The first consolidation of the 2018/19 revenue budget plans has confirmed that maintaining service levels in the face of continued real terms reductions in resources is going to be extremely difficult with significant operational implications and associated risks. At a meeting of EMT in mid-January 2018 some key areas of review will be discussed including core staffing levels, voluntary severance, and savings targets. • The draft revenue cash settlement for 2018/19 provides SCRA with standstill cash resources compared to 2017/18 which is a challenging outcome compounded by the fact that additional resources of £250k provided in 2017/18 have not been consolidated. However demands continue to increase in many areas of SCRA’s business and it is inevitable that the recent gains in performance and stability will be reversed. There are already signs that many Localities are finding it difficult to sustain current performance levels and delay is once again increasing in some key measures. • The continuing one year nature of funding settlements creates risks in setting the revenue budget for 2018/19 due to the uncertainty of funding from 2019/20. Despite this an updated Financial Plan will be presented to the Board in March alongside the draft 2018/19 Budget Plans. <p>Issues arising during discussion:</p> <ul style="list-style-type: none"> • Parts of the service are beginning to struggle. The OPR highlights localities which are maintaining performance while performance in others is beginning to dip. • There has been an impact on staff morale. The main indicators of this have been: <ul style="list-style-type: none"> ○ Staff Survey results ○ Revenue budget position ○ Formal Performance ○ Absence 		

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	<ul style="list-style-type: none"> • The current situation faced by SCRA is a culmination of seven years flat cash settlements resulting in a bottom line reduction in resources and a reliance on in year cash support from SG • Officers have had a helpful discussion with Scottish Government Sponsor Team, highlighting pressures and underlying reasons for those pressures, but are somewhat away from reaching a resolution. SCRA now need to consider the possibility of rapid review of areas of the service provided in order to mitigate the situation for 18/19. • In order to present a balanced budget an immediate freeze on all recruitment and a VER programme will be required. This could require a 10% reduction in staffing or the equivalent of reducing the service by 40 posts. • Any proposed reductions in service will need to have stakeholder buy in and Ministerial Approval. • While the Accountable Officer needs to present a balanced Budget, it is the equal and corresponding role of the Principal Reporter to provide a safe and effective service. • We need to prioritise what we will do and what we will no longer do. • We may need to assess below what level of need we will not provide a service and this will be the responsibility of Senior Management and not frontline staff. We need to be honest and legitimate about what level of service can be provided. • SCRA have previously launched a case prioritisations scheme however this was very limited due to our work been driven primarily statutory obligations which are non-negotiable. • There could be a potential impact on relationships with partners. • All options will need to be considered within the challenge and review discussions to be led by EMT. 		

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	<p>Agreed:</p> <ul style="list-style-type: none"> • The Board thanked the Head of Finance and Resources and his team for the report which set out the issues clearly. • The items for consideration by EMT at Challenge and review were acknowledged and discussed by the Board. While the Board have issues around any reductions in workforce, EMT is encouraged to explore all avenues with regards to budget setting, with a focus on service resilience, continuity and safety. 		
5.	<p>Draft Business Plan 2018/19</p> <p>The Head of Strategy and OD introduced the report providing the Board with an update on the approach to the development of the SCRA Business Plan 2018/19.</p> <p>Noted:</p> <ul style="list-style-type: none"> • Every year SCRA publishes its Business Plan for the year ahead. The purpose of the plan is to: <ul style="list-style-type: none"> ○ Set out the actions that will deliver SCRA's strategic outcomes and key priorities during the forthcoming year; ○ Outline the governance arrangements supporting the plan; and ○ Provide information about the ways in which SCRA will measure and monitor performance improvement. • The 2018/19 Business Plan will provide a detailed picture of how SCRA will seek to deliver the second year of its 3 year Corporate Plan 2017/20. <p>Issues arising during discussion:</p> <ul style="list-style-type: none"> • The Board agreed the revised guidance is simple and manageable. • A significant prioritisation exercise will be required in light of the budget discussions the Board have had earlier in this meeting • Sponsor Team suggested version controls of documents would help focus on priorities at one point in time verses the most recent version. 		

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	<p>Agreed:</p> <ul style="list-style-type: none"> • To approve the approach to allow further development of the Business Plan 2018/19. • To provide a list of what is taken out of the Business Plan via a prioritisation exercise • A statement to be added within the introduction about what is core and what are our statutory obligations. 	<p>Mar 18</p> <p>Mar 18</p>	<p>LB</p> <p>LB</p>
6.	<p>New Risks</p> <p>Financial sustainability and pay are already features of the SCRA strategic risk register. The impact/likelihood scoring will be reviewed in light of the known budget position and pay policy arrangements.</p> <p>The existing strategic risk on pay will be re-examined to focus on the gap between pay policy and wider workforce expectations</p> <p>No 'new' risks were identified however there is an immediate emerging 2018/19 budget financial risk which will be assessed – focussing on an inability to produce a balanced budget.</p>	<p>May 18</p>	<p>EM</p>
	<p>Date of Next Meeting</p> <p>Thursday 01 March 2018 – Additional Board Meeting, Ochil</p> <p>Thursday 01 March 2018 – Audit & Risk Committee, Ochil</p> <p>Thursday 22 March 2018 – Remuneration & Succession Planning Committee, Ochil</p> <p>Thursday 22 March 2018, Routine Board Meeting, Ochil</p>		