SOUTH LANARKSHIRE COUNCIL

Council Offices, Almada Street
Hamilton, ML3 0AA

Tuesday, 01 December 2020

Dear Councillor

Risk and Audit Scrutiny Committee

The Members listed below are requested to attend a meeting of the Committee to be held as follows:-

Date: **Wednesday, 09 December 2020**
Time: **10:00**
Venue: **By Microsoft Teams,**

The business to be considered at the meeting is listed overleaf.

Yours sincerely

Cleland Sneddon
Chief Executive

Members
Graeme Campbell (Chair), Walter Brogan, Mary Donnelly, Grant Ferguson, Martin Lennon, Julia Marrs, Davie McLachlan, Carol Nugent, Jared Wark

Substitutes
Janine Calikes, Margaret Cowie, Ian Harrow, Eric Holford, Bert Thomson

BUSINESS

Item(s) for Decision

Item(s) for Noting

Urgent Business

9   Urgent Business
Any other items of business which the Chair decides are urgent.

Clerk Name: Pauline MacRae
Clerk Telephone: 01698 454108
Clerk Email: pauline.macrae@southlanarkshire.gov.uk

RISK AND AUDIT SCRUTINY COMMITTEE

Minutes of meeting held via Microsoft Teams and in Committee Room 1, Council Offices, Almada Street, Hamilton on 21 September 2020

Chair:
Councillor Graeme Campbell

Councillors Present:
Councillor Walter Brogan, Councillor Mary Donnelly, Councillor Grant Ferguson, Councillor Julia Marrs, Councillor Davie McLachlan, Councillor Carol Nugent

Councillors' Apologies:
Councillor Martin Lennon, Councillor Jared Wark

Attending:
Finance and Corporate Resources
P Manning, Executive Director; Y Douglas, Audit and Compliance Manager; S Dunsmore, Insurance and Risk Manager; P MacRae, Administration Adviser

1 Declaration of Interests

No interests were declared.

2 Minutes of Previous Meeting

The minutes of the meeting of the Risk and Audit Scrutiny Committee held on 18 June 2020 were submitted for approval as a correct record.

The Committee decided: that the minutes be approved as a correct record.

3 Internal Audit Plan 2020/2021

A report dated 1 September 2020 by the Executive Director (Finance and Corporate Resources) was submitted on the proposed Internal Audit Plan for the period 1 September 2020 to 31 March 2021.

As a result of a change of working arrangements for the Internal Audit function in light of the Coronavirus pandemic, a work programme for the period 1 April to 31 August 2020, had been developed. This Plan was attached as Appendix 1 to the report, together with an update on progress at 28 August 2020.

A formal Audit Plan had now been prepared for the period 1 September 2020 to 31 March 2021. The proposed Internal Audit Plan, which included a brief outline scope for each proposed assignment, was attached as Appendix 2 to the report.

The Audit Plan aimed to reflect the key objective of the Service which was to deliver a programme of work that would inform the annual audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control arrangements.

The Plan would remain under review during the remainder of the year and might require amendment should resources be limited through absence or through a requirement to deliver a range of redeployed tasks. Any proposed changes to the Plan would be submitted to the Committee for approval.

The 2020/2021 Audit Plan would be delivered within the context of the revised Internal Audit Charter, attached as Appendix 3 to the report, and in accordance with the Public Sector Internal Auditing Standards (PSIAS).

The Committee decided: that the proposed Internal Audit Plan for 2020/2021, attached as Appendix 2 to the report, be approved.

[Reference: Minutes of 24 April 2019 (Paragraph 4)]

4   Internal Audit Activity as at 28 August 2020

A report dated 28 August 2020 by the Executive Director (Finance and Corporate Resources) was submitted on work completed by Internal Audit during the period 30 May to 28 August 2020.

As a result of a change of working arrangements for the Internal Audit function due to the Coronavirus pandemic, a work programme had been developed and this was attached as Appendix 1 to the report.

In practice, since March 2020, the Internal Audit function had also been redeployed, at times to a significant extent, to help deliver key finance tasks in light of the coronavirus pandemic. From 1 April to 31 August 2020, Internal Audit had delivered an element of planned audit work, in addition to specific COVID-19 related tasks across various Council Resources.

Delivery of the audit strategy would now be aligned to completion of the 2020/2021 Audit Plan and updates would be reported to each meeting of the Committee.

The Committee decided: that the report be noted.

[Reference: Minutes of 18 June 2020 (Paragraph 6)]

5   2019/2020 Year End Insured Risks Report

A report dated 24 August 2020 by the Executive Director (Finance and Corporate Resources) was submitted on the Council's insurance claims for the year to 31 March 2020 for the following main classes of insurance:-

- ♦   employer's liability
- ♦   public liability
- ♦   motor insurance
- ♦   property insurance and other miscellaneous risks

Appendix 1 provided annual comparisons of the numbers and values of claims by Resource for the years 2015/2016 to 2019/2020. The comparison showed an overall downward trend in claims numbers. Claims costs had fluctuated over the last 5 years with 2019/2020 showing the lowest number of claims received during the last 5 years.

Appendix 2 compared claim numbers and costs for 2019/2020, at 31 March 2020, with the equivalent position for 2018/2019. This showed a reduction of 36 claims (3.49%) on the numbers reported in 2018/2019 and a decrease in the cost of claims from £2.113 million in 2018/2019 to £1.947 million in 2019/2020.

Details were given on:-

♦ measures in place and mitigating actions proposed to manage insurance hotspots
♦ claim highlights for the year
♦ positive risk management activity aimed at reducing the number and cost of claims

A central fund was held to assist Resources in funding specific risk management initiatives. All bids for the limited funds were considered on their individual merits against set criteria.

Officers responded to members' questions on various aspects of the report.

The Committee decided: that the report be noted.

[Reference: Minutes of 27 November 2019 (Paragraph 4)]

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6 2018 National Fraud Initiative Exercise

A report dated 31 August 2020 by the Executive Director (Finance and Corporate Resources) was submitted on the 2018 National Fraud Initiative (NFI) exercise.

The NFI matched similar data across public sector systems and identified possible inconsistencies. Those inconsistencies, known as matches, required to be investigated by participating public bodies with a view to detecting fraud. Until 2014, the focus of the initiative had alternated annually between a limited and a full exercise. The full exercise continued to be undertaken every 2 years, however, the limited Single Person Discount (SPD) exercise, where the electoral register and council tax data were compared to detect cases where Single Person Discount was being claimed and there was more than 1 person over 18 in the household, could now be carried out annually. The 2018 NFI had been a full exercise and involved Council wide comparisons including:-

♦ benefits   ♦ blue badge holders
♦ payroll   ♦ recipients of direct funding
♦ creditors   ♦ private nursing home residents
♦ licences

Records had also been matched to the Department for Work and Pensions' deceased persons' records, and to Home Office immigration records.

Details were given on the results of the 2018 exercise which, for the Council, highlighted that:-

♦ at September 2019, a total of 22,926 matches had been identified. Following further data refreshes and a subsequent release of additional matches, the final number of matches totalled 22,942. Of those, it was intended to investigate a minimum of 2,099 matches
♦ 29 errors had been detected through the NFI exercise to date, with an estimated amount to be recovered of £29,846
♦ the non-cancellation of blue badges had resulted in a notional cost of £83,375

The following information was provided in Appendices 1 to 3 to the report respectively:-

♦   details of the match areas covered in the 2019/2020 exercise
♦   a comparison of matches reported to the Committee in 2019
♦   a detailed breakdown of the target investigations and outcomes

The Committee decided: that the report be noted.

[Reference: Minutes of 18 September 2019 (Paragraph 7)]

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7   The National Fraud Initiative 2018/2019

A report dated 29 August 2018 by the Executive Director (Finance and Corporate Resources) was submitted on the 2018/2019 National Fraud Initiative (NFI).

The NFI matched similar data across public sector systems and identified possible inconsistencies. Those inconsistencies, known as matches, required to be investigated by participating public bodies with a view to detecting fraud.

Audit Scotland published an overview report that set out NFI outcomes across Scotland, drew conclusions from those results and made a number of recommendations for consideration ahead of participation in the next NFI exercise.

The current exercise included a pilot of businesses inappropriately claiming Small Business Bonus Scheme relief. Incorrect records totalling £412,974 were identified across 7 local authorities participating in the pilot and the Scottish Government was now considering a national roll-out across all Scottish councils as part of future NFI exercises.

Details were given on the results of the 2018/2019 exercise which highlighted that:-

♦   124 Scottish public bodies including central government, local authorities and the NHS took part in the 2018/2019 NFI exercise. This was an increase from the previous exercise where 113 bodies took part
♦   despite an increase in the number of bodies participating in the exercise, the overall number of matches across Scotland fell to 580,393 (a decrease of around 11.6%) and overall financial outcomes fell to £15.3 million (a decrease of around 13.6%). Within South Lanarkshire, matches increased marginally by 643 (2.9%) and outcomes decreased by £15,154 (33.7%)
♦   Audit Scotland had concluded that the reduction in matches might be due to immigration data that was excluded from the exercise by the Home Office and the reduction in outcomes potentially reflected that there was less fraud and error, that stronger internal controls existed or that there had been a less effective detection of fraud and error.

Audit Scotland had highlighted the impact of COVID-19 on the fraud risk faced by the public sector and noted that challenges of delivering public services within the context of a pandemic had increased the risk of fraud and error linked to the extreme pressures faced and the necessity to revise controls and governance arrangements.

Action plans on the planning and management of the NFI and on working more effectively were attached as Appendices 4 and 5 of the report.

The Committee decided:

(1)   that the action plans detailed at Appendices 4 and 5 to the report be endorsed; and

(2)   that the contents of the report be noted

[Reference: Minutes of 18 September 2019 (Paragraph 7)]

8   Fraud Statistics Annual Report 2020

A report dated 31 August 2020 by the Executive Director (Finance and Corporate Resources) was submitted on fraud statistics for the year to 31 March 2020 and comparing those figures with the previous year's statistics.

The number, types, outcomes and costs of fraud investigations, together with performance measures for the year to 31 March 2020, were detailed in the report. A comparison to the statistics for the same period in the previous year was also provided.   Those statistics highlighted that:-

♦   137 fraud investigations with a total value of £132,000 had been reported in the period, representing a decrease in number and in value from the previous year
♦   66% of cases investigated were founded
♦   all except one founded case related to benefit fraud or fraud committed by a third party

On conclusion of all internal investigations, an assessment was made on whether improvement actions were necessary. 7 improvement plans had resulted from fraud investigations during the year to 31 March 2020.

The Committee decided: that the report be noted.

[Reference: Minutes of 18 September 2019 (Paragraph 8)]

9   Forward Programme for Future Meetings

A report dated 1 September 2020 by the Executive Director (Finance and Corporate Resources) was submitted on the outline forward programme for the meeting of the Risk and Audit Scrutiny Committee to be held on 9 December 2020.

As part of future arrangements, members were invited to suggest topics for inclusion in the Committee's forward programme.

The Committee decided: that the outline forward programme for the meeting of the Risk and Audit Scrutiny Committee to be held on 9 December 2020 be noted.

10 Urgent Business

There were no items of urgent business.

RISK AND AUDIT SCRUTINY COMMITTEE

Minutes of special meeting held via Microsoft Teams on 16 November 2020

Chair:
Councillor Graeme Campbell

Councillors Present:
Councillor Walter Brogan, Councillor Mary Donnelly, Councillor Grant Ferguson, Councillor Julia Marrs, Councillor Davie McLachlan, Councillor Carol Nugent, Councillor Jared Wark

Councillor's Apology:
Councillor Martin Lennon

Councillor Also Present:
Councillor John Ross

Attending:
Chief Executive's Service
C Sneddon, Chief Executive
Finance and Corporate Resources
P Manning, Executive Director; Y Douglas, Audit and Compliance Manager; P MacRae, Administration Adviser; E A McGonigle, Administration Officer; J Taylor, Head of Finance (Strategy)

Also Attending:
Audit Scotland
A Kerr, F Mitchell-Knight and D Richardson, External Auditors

1 Declaration of Interests

No interests were declared.

2 External Auditors' Annual Report to South Lanarkshire Council 2019/20

The following documents were submitted by Audit Scotland, the Council's external auditors:-

♦ letter and appendices relating to the 2019/2020 Annual Audit report on South Lanarkshire Council and registered charities administered by South Lanarkshire Council
♦ 2019/2020 South Lanarkshire Council proposed Annual Audit report to members of the Council and the Controller of Audit

The Audit Director, Audit Scotland, introduced the report and the Senior Auditor, Audit Scotland, spoke on the Annual Audit report and highlighted the following:-

♦ the audit of the 2019/2020 Annual Accounts
♦ financial management
♦ financial sustainability
♦ governance and transparency
♦ best value
♦ key messages
♦ 2019/20120 action plan on recommendations for improvement
♦ significant audit risks identified during planning of the audit
♦ summary of national performance reports 2019/2020

The Senior Auditor also referred to significant findings from the audit of financial statements in relation to:-

♦   impact of COVID-19
♦   pension liability
♦   non-domestic rates (NDR)
♦   holiday pay accrual – teachers and non-teachers
♦   recognition of liability
♦   long term debtor classification
♦   credit balances in debtors
♦   council houses – assets under construction
♦   asset register – fully depreciated assets
♦   housing revenue account (HRA) – rent arrears

The Senior Auditor also referred to an "emphasis of matter" paragraph contained in the Annual Audit report in respect of the challenges generally faced in obtaining reliable valuations of land and buildings as a result of the disruption caused by COVID-19.

The external auditors' opinion on the Council's Annual Accounts 2019/2020 and those of the 3 charities administered by the Council was unqualified.

As a result of the coronavirus pandemic, the Auditor General for Scotland and the Accounts Commissioner for Scotland had advised that current audit appointments would be extended by one year.

The Committee decided: that the report be noted.

3   Audited Annual Accounts 2019/2020

A report dated 6 November 2020 by the Executive Director (Finance and Corporate Resources) was submitted on the:-

♦   Council's Certified Annual Accounts and Charitable Trusts' Accounts for 2019/2020, which had received a clean audit certificate from the Council's external auditors, Audit Scotland
♦   requirement to approve the Annual Accounts 2019/2020 for signature in terms of both the Council's accounts and related charitable trusts

The accounts covered the Council as well as 3 Charitable Trusts managed by the Council, namely South Lanarkshire Council Educational Trust, South Lanarkshire Council Charitable Trust and the East Kilbride Information Technology Trust. A clean audit certificate had been received for each with no qualifications on the Council's accounts. An agreed action plan had been included in the external auditor's report and officers would work to ensure those were implemented in 2020/2021.

The Annual Accounts would be advertised as being available for public inspection on the Council's website and on request from Finance Services.

The Committee decided:

(1)   that the South Lanarkshire Council Annual Accounts 2019/2020 and the Charitable Trusts' Accounts, which had received a clean audit certificate from the Council's external auditors, Audit Scotland, be approved for signature; and

(2) that it be noted that the external auditors' report would be referred to a future meeting of South Lanarkshire Council for noting.

4 Urgent Business
There were no items of urgent business.

SOUTH LANARKSHIRE COUNCIL

Report

Report to:	**Risk and Audit Scrutiny Committee**
Date of Meeting:	**9 December 2020**
Report by:	**Executive Director (Finance and Corporate Resources)**

Subject:	**Good Governance Update**

1.   Purpose of Report
1.1.   The purpose of the report is to:-

♦   provide Committee with an update on the council's governance arrangements.

2.   Recommendation(s)
2.1.   The Committee is asked to approve the following recommendations:-

(1)   that the findings from the annual compliance check against the Local Code of Corporate Governance is noted;

(2)   that the updated Local Code of Corporate Governance is approved; and

(3)   that progress against the significant governance areas identified within the Annual Governance Statement 2019-20 is noted.

3.   Background
3.1.   Each year, the Council undertakes a comprehensive review of the governance arrangements that are required to support the Council's financial and operational controls. The annual review of governance arrangements informs the Governance Statement which is included within the Council's Annual Accounts.

3.2.   On 1 April 2016, a governance framework, Delivering Good Governance in Local Government came into effect, and the guidance for Scottish Local Authorities was published in December 2016. This framework was established by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).

3.3.   To achieve good governance, the Council should be able to demonstrate that its governance structures comply with the principles contained in the CIPFA/SOLACE framework (referred to as 'the framework' from here on) and should, therefore, develop and maintain a Local Code of Governance and governance arrangements reflecting these principles. A Local Code of Corporate Governance was developed and approved by the Council on 16 May 2018 and this is reviewed, updated and re-published annually. Compliance with the Code is also reviewed as part of the annual review of governance arrangements.

3.4. On 19 June 2019, the Risk and Audit Scrutiny Committee approved a revised reporting process which is as follows:-

- **Governance Statement - Significant Governance Areas** – These are areas that have a significant impact on the Council's governance arrangements. A position statement giving progress against these areas will be provided with the report on the review of the Local Code of Corporate Governance at the end of Quarter 2 and at Quarter 4 with the Governance Statement to the Risk and Audit Scrutiny Committee.

- **Director's Statement of Assurance - Resource Level Areas for Improvement** These are actions approved by each Director in their Statement of Assurance. Progress will be monitored by Resources and reported through the Resource/ Service Planning process at Quarter 2 and Quarter 4.

3.5. This report advises the Risk and Audit Scrutiny Committee of the findings from the annual compliance check against the Local Code of Corporate Governance; the outcome of the review of the Code and the updated document; and an update on progress against the significant governance areas highlighted in the 2019-20 Annual Governance Statement.

4. Findings from the Annual Compliance Check against the Code

4.1. The Council annually reviews the effectiveness of its governance arrangements. There are a few key sources of assurance that inform this review, however, the main purpose of the Annual Governance Statement is to explain how the Council has complied with the principles in its code and provide assurance as to how these are met.

4.2. The principles in the code underpin the process for the annual review of governance arrangements and there is a strong golden thread running through the key documents in this process, namely the Resource/Corporate Self-Assessments, the Directors' Statements of Assurance and the Governance Statement.

4.3. The table at Appendix 1 has been extracted from the 2019-20 Annual Governance Statement and shows the significant elements of the systems and processes that comprise the Council's governance arrangements and important changes/ developments. This section of the statement shows how the Council has complied with its code.

5. Annual Review of the Code

5.1. As part of the evaluation of the annual review of governance arrangements, an annual review of the code is carried out. The code is updated with any changes to the approach the Council uses to review its governance arrangements and it is compared with the corporate annual self-assessment and updated as required.

5.2. The revised code is attached at Appendix 2 and has been amended as follows:-

- The introduction sets out the purpose and key elements of the code. Updates have been made to sections 4 and 5 to provide additional information on how the code fits in with the annual review of governance arrangements;
- Section 1 outlines the actions and behaviours that demonstrate good governance as set out in the National Framework. Changes here relate to the alignment of the principles contained in the code with the Council's values;

- Section 2 provides links to the policies, procedures and other documentary evidence that demonstrate the Council's governance arrangements. This section has been updated with changes identified through the 2019-20 corporate governance self-assessment.

6. Significant Governance Areas

6.1. Progress on the significant governance areas highlighted within the Annual Governance Statement 2019-20 is attached at Appendix 3.

7. Communication of the Code

7.1. The Good Governance Learn on Line course was reviewed in late 2019 and republished in March 2020.

7.2. The revised code is published annually alongside other key governance documents on the governance information pages on the Council's website.

8. Employee Implications

8.1. Officers will continue to attend the Good Governance Group and will commit time to review and monitor governance and assurance arrangements.

8.2. The Employee Code of Conduct was updated to reflect the new Local Code of Corporate Governance and issued to managers and employees during March 2019.

9. Financial Implications

9.1. There are no financial implications directly associated with this report.

10. Climate Change, Sustainability and Environmental Implications

10.1. There are no implications for climate change, sustainability or the environment in terms of the information contained within this report.

11. Equality Impact Assessment and Consultation Arrangements

11.1. All Resources, through senior officers, are involved in the progress, monitoring and review of governance good arrangements and the development of the Annual Governance Statement and Improvement Plan.

11.2. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.

Paul Manning
Executive Director (Finance and Corporate Resources)

11 November 2020

Link(s) to Council Objectives/Ambitions/Values
- All Council Objectives and Values

Previous References
- Report on the "Good Governance Statement 2019-20 and Q4 Progress" on 18 June 2020

List of Background Papers
- None

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Geraldine McCann, Head of Administration and Legal Services
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or

Aileen Murray, Community Planning and Governance Adviser
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Local Code of Corporate Governance – 2019-20 Compliance Summary

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
Links to council's values: • Accountable, effective, efficient and transparent; Working with and respecting others
How we do this:
- The council's values and objectives provide clear direction to councillors and employees and are embedded in all policies and processes.   - Standards of conduct and integrity were promoted through the national Code of Conduct for Councillors and by the Standards and Procedures Advisory Forum.   - A revised Code of Conduct for Councillors was published and further awareness training was completed during May 2019. This is supplemented by role profiles which have a core accountability to maintain the highest standards of conduct.   - The employee Code of Conduct outlines standards of conduct and integrity and all breaches were investigated through the employee disciplinary process and the recommended actions taken.   - To support integrity in decision making, the council has a number of committee procedural documents including decision making protocols known as the Scheme of Delegation, terms of reference documents, standing orders on procedures and contracts and financial regulations.   - To ensure openness and transparency in decision making processes, all declarations of interest made by councillors at meetings were recorded and made available for public inspection.   - There is a range of policies such as the Counter Fraud, Bribery and Corruption Policy Statement and Strategy, Fraud Response Plan, Whistleblowing for Third Parties and Confidential Reporting procedures that are used to support a culture of ethical behaviour amongst employees and councillors. These policies were reviewed and updated during 2019 to ensure that they reflected best practice.   - The council responded to all reported cases concerning employees of suspected unethical behaviour and non-compliance with the law/policy.
Principle B: Ensuring openness and comprehensive stakeholder engagement
Links to council's values: Accountable, effective, efficient and transparent; Fair, open and sustainable; Focused on people and their needs; Working with and respecting others
How we do this:
- To ensure transparency and openness in decision making processes, all committee and forum meetings (except the Standards and Procedures Advisory Forum) were open to the public and agendas, reports and minutes were published on the council's website and printed copies were available for public inspection.   - The Committee Management Information System allows members of the public to register and be notified when committee and forum papers are published. The system also facilitates the creation of online petitions to increase the potential reach of signatories.   - All committee/forum meetings are held in accessible venues and in the council's rural area, area committees are now held in different community venues across the area.   - The first public meetings of the Petitions Committee took place during 2019.   - The work of the council and key information from our partners is communicated regularly using a range of communication channels. The South Lanarkshire View pages on the council website provide a dedicated source of local information and news for communities.

- A variety of social media channels are used to communicate updates and share information.
- The council's Community Engagement Team continues its work to increase stakeholder engagement and involvement in decision making processes through the development of a further four new Community Planning Partnership Neighbourhood Plans which are aimed at improving outcomes and reducing inequalities.
- The Community Engagement Co-ordination Group maintained an overview of partnership community engagement activity. The work of this group is underpinned by the Community Engagement Framework.
- The council carried out 350 surveys and engagement activities with residents, employees and partners, and through the council's Citizens' Panel to inform policy and service delivery. Further information on our surveys is published on the [council's website](#).
- To ensure inclusivity and help shape service delivery, the council co-ordinates regular engagement with targeted groups of people such as young people, older people, people with disabilities, black and ethnic minorities, etc. Groups considered items such as the budget consultation, rent setting and performance reporting.
- The [Participation Requests](#) and [Community Asset Transfer](#) processes support communities to engage with the council to improve local outcomes.
- The council's performance [Spotlights](#) which now link to additional performance information have simplified how the council reports annually to the public on what has been achieved and the [18 public performance reports](#) provide a comprehensive overview of service performance. These demonstrate the council's commitment to continuous improvement and achieving Best Value; summarise the progress that the council has made in meeting its objectives and how it is performing locally and nationally.
- The council's Digital Inclusion Strategy 2020-23 sets out the actions that the council will take to assist those people who are unable to get online to access services digitally.
- A comprehensive range of information on how the council operates is available on the website. The [Freedom of Information Publication Scheme](#) ensures that key information about how the council works is accessible to the public.

Principle C: Defining outcomes in terms of sustainable, economic, social and environmental benefits
Links to council's values: Accountable, effective, efficient and transparent; Fair, open and sustainable; Focused on people and their needs
How we do this:

- The council has a Capital Strategy that has a long-term outlook on future capital investment (up to 2027-28). This document is underpinned by a suite of Asset Management Plans which are aligned with the council's objectives and focus on creating an efficient, fit-for-purpose and sustainable core estate that delivers best value in terms of investment, running costs and environmental impact.
- The Council Plan 2017-22 and Community Plan 2017-27 have clearly defined economic, social and environmental outcomes to be delivered during the period.
- Annual Resource Plans which deliver the objectives of the Council Plan were reviewed and updated. These plans outline the outcomes and actions to be achieved within the year and reference linkages with other key strategic plans of the council and partnership plans.
- The Sustainable Development and Climate Change Strategy 2017-22 which sets out the council's strategic outcomes in terms of the council, environment and communities for sustainable development and climate change during the period was developed using the principles of the United Nation's Sustainable Development Goals.
- A new Climate Change and Sustainability Committee was introduced to oversee the delivery of the Climate Change and Sustainable Development Strategy and the council's transition to net-zero greenhouse gas emissions.

- Sustainability principles are embedded in procurement processes and in recognition of the importance of our suppliers in achieving the council's aim to become more sustainable.

- Strategic Environmental Assessments (SEAs) were completed for all relevant council led policies, plans and strategies developed during 2019-20 and the council was recognised for good practice in a national SEA research publication.
- The proposed [South Lanarkshire Local Development Plan 2](#) is currently undergoing examination by a Reporter appointed by Scottish Ministers. The spatial strategy of the plan is to encourage sustainable economic growth and regeneration, a move towards a low carbon economy, protect the natural and historic environment and mitigate against the impacts of climate change.
- A summary of the findings resulting from [Equality Impact Assessments](#) of the council's key decisions on service users, communities and businesses have been published on the council's website.
- Strategic decisions of the council have been subject to a Fairer Scotland Impact Assessment which considers how inequalities of outcome can be reduced.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Links to council's values:
Accountable, effective, efficient and transparent; Ambitious, self-aware and improving; Focused on people and their needs; Working with and respecting others

How we do this:

- There is a standard approach to identifying savings across the council. The council's efficiency programme is overseen by the Senior Management Team. Frameworks are in place for holding discussions with key stakeholders. Savings achievements are monitored monthly and reported to the Senior Management Team quarterly.
- The Financial Strategy which is aligned with the council's objectives was updated during the year to reflect the latest internal and external influences. This plan sets out the assumptions in terms of commitments, grant funding and efficiency requirement and demonstrates sound financial management and the ability to address projected funding gaps.
- The annual budget setting consultations took place with members of the public, councillors, trade unions and employees to inform savings proposals. Work took place during 2019 to widen the reach of the consultation with members of the public. The budget is open to scrutiny and amendment by councillors until the approval of the final budget.
- The council's Performance Management Framework has ensured that progress against intended outcomes has been regularly reported to Management Team, Committees and the Performance and Review Scrutiny Forum. Decisions and actions to address performance issues have been taken and monitored to ensure that they have been effective.
- The review of performance reporting during 2019 has resulted in a simplified process with the number of measures reported in Resource Plans being reduced by 21% and the number reported against the Council Plan, Connect by 36%.
- The Public Bodies (Joint Working Act) sets out those Adult Care Services that are delegated to the Integration Joint Board (IJB). These services continue to be operationally delivered by the council in line with the strategic direction set out in the Strategic Commissioning Plan and annual IJB Directions.
- The council considers the specification and achievement of community benefits, which focus on the health, economic, social and environmental wellbeing of the South Lanarkshire area, when awarding contracts.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

How we do this:

- Senior Managers have overseen the annual scrutiny of the council's assets through the review of a suite of Asset Management Plans. Service Asset Management Plans have been developed in line with CIPFA guidance and these feed into the Corporate Asset Management Plan which outlines priorities and provides an overview of how the council has performed in this area.
- The council's Scheme of Delegation and Terms of Reference ensured that committees, officers and statutory officers were clear on the decisions that could be made within their area of authority. This is supplemented by councillor's role profiles which outline the key purpose, specific and core accountabilities for each role. These documents were updated and approved by Committee during 2019-20.
- Training requirements were identified and learning and development programmes were developed and offered to all councillors.
- The council continues to work with a range of public sector, business and academic partners to improve outcomes for those living and working in South Lanarkshire. Strategic Partnerships include the Community Planning Partnership and the Glasgow City Region City Deal.
- Each Resource reviews Workforce plans and related action plans to better understand workforce capacity issues, further challenges and opportunities to ensure that resources are in the right place, at the right time and people have the right skills. The council-wide Workforce plan 2020-23 was reviewed during 2019.
- The council recognises that skilled and motivated employees are a key asset. All employees have an annual performance appraisal which links to the council values and a Personal Development Plan. The council offers a range of training interventions to support employee development.
- A survey of all council employees was undertaken during 2019 and the feedback will be used to develop improvement plans. 77% of those who responded said that they were generally satisfied with their job.
- In terms of the 2018-19 Local Government Benchmarking Framework results, the council is performing better than the Scottish average levels for almost half of the indicators. Comparisons against other councils showed a similar result. The results were analysed and an action plan was developed and will be monitored by the Senior Management Team.
- The council completed its annual self-assessment programme and progress of improvement activity was reported to the Senior Management Team and the Performance and Review Scrutiny Forum.
- The council has a robust complaints process which is underpinned by national complaints handling standards. Complaints performance was regularly reported to Senior Management and committee and [learning from complaints](#) which is integral to this process is also published on the council's website.
- A range of policies and activities are in place to support the Health and Wellbeing of employees including physical and mental health.

Principle F: Managing risks and performance through robust internal control and strong public

financial management

Links to council's values:
Accountable, effective, efficient and transparent; Ambitious, self-aware and improving

How we do this:

- The council has put in place comprehensive arrangements for identifying, evaluating and controlling significant risks which threaten the council's ability to meet its objectives to deliver services to the public. There is also a robust process in place for compliance monitoring of the council's Risk Management Strategy, Resource Risk Registers and Control Plans.
- A full review of the Risk Management Strategy which clearly defines roles and responsibilities for councillors and employees was completed during 2019-20. A number of changes were made to reflect national best practice.
- The council's Internal Audit Service which complies with Public Sector Internal Audit Standards completed its annual programme of risk based audits with an objective of providing an opinion on the adequacy and effectiveness of the council's risk management, governance and internal control arrangements. Where improvements were required, action plans were developed and monitored and where necessary follow-up audit work completed.
- The Information Governance Board ensured regular scrutiny and the promotion of effective arrangements for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.
- The annual review of compliance with the council's Information Management Framework did not highlight any significant areas of concern.
- The system of internal financial control is based upon the Financial Regulations which set out the rules to ensure robust internal control over the council's finances. Control is maintained through regular management information, management supervision and a structure of delegation and accountability. External Audit of the council's accounts is robust and a "clean audit certificate" was issued for 2018-19.
- Through a well-established Performance Management Framework, the council has clearly defined processes in place for the identification, monitoring and reporting of its objectives to ensure continued effectiveness and the achievement of Best Value. Progress is monitored and reported regularly to both managers and councillors. This includes areas of under-performance and the related improvement actions.
- The new South Lanarkshire Charitable and Educational Trusts were approved by OSCR during December 2019 and arrangements are being made to transfer the assets. The new constitutions will ensure that these Trusts operate in a manner designed to benefit communities.
- The Executive Director of Finance and Corporate Resources is a member of the council's Senior Management Team and as such, is integral in all major decisions taken by the council, and in material matters which are submitted to councillors for decision. This involvement fulfils the expectation of CIPFA in terms of the role of the Chief Financial Officer.

Principle G: Fair, Open and Sustainable; Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Links to council's values:
Accountable, effective, efficient and transparent; Ambitious, self-aware and improving; Working with and respecting others

How we do this:

- The Good Governance Group has completed the annual review of governance arrangements at resource level and in line with the CIPFA/SOLACE Delivering Good Governance Framework. Governance improvement actions have also been identified and are included in Resource/Service Action Plans. Progress against actions including those highlighted as significant governance areas for action will be reported to the Senior Management Team and committee.
- In the 2019 annual audit report, the external auditor concluded that the council in its annual governance statement discloses the extent to which the organisation complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016 published by CIPFA and SOLACE and highlighted this approach as good practice.
- All Directors completed their annual Statement of Assurance and one Director identified compliance issues.
- The council prepares and publishes an Annual Governance Statement which reflects on the adequacy and effectiveness of the council's governance arrangements. This is independently considered by External Audit and published with the Annual Accounts and separately on a dedicated governance web page.
- The annual review of governance arrangements for the council's at Arm's Length External Organisation (ALEO) and key external service providers has not highlighted any areas for improvement.
- The annual review of the Local Code of Corporate Governance was completed and the revised Code was approved by committee and re-published on the council's website.
- Committee meetings were held in public and all agendas, reports and decisions were published (except those exempt under the Local Government (Scotland) Act 1973) on the council's website.
- The Risk and Audit Scrutiny Committee considered the adequacy and effectiveness of the council's governance arrangements and internal control environment and approved the Annual Governance Statement and Accounts.
- Outcomes from internal audit activity were reported to the Senior Management Team and to the Risk and Audit Scrutiny Committee.
- Outcomes from external audit and inspection activity is reported to the appropriate committee.
- The council's latest Best Value Assurance Review concluded that the "council performs very well, benefits from strong leadership, clear direction and displays many of the characteristics of best value". Significant progress has been made against the improvement action plan and progress has been reported to the Senior Management Team and the Performance and Review Scrutiny Forum.
- During 2019-20, the council were the subject of a joint inspection of services for children and young people in need of care and protection. The outcomes from the report have been reviewed and an improvement plan has been developed for implementation.

Local Code of Corporate Governance

Introduction

1. What is Corporate Governance?

South Lanarkshire Council has set the framework for strong Corporate Governance by having a clear vision which states that the council will:-

"Improve the quality of life of everyone in South Lanarkshire"

The function of good governance in the public sector is to ensure that organisations achieve their intended outcomes while acting in the public interest at all times. This means doing the right things, in the right way, for the right people, at the right time, in an inclusive, open, honest and accountable manner.

2. Purpose

This document sets out South Lanarkshire Council's Local Code of Corporate Governance which has been produced in accordance with the principles and requirements contained within the framework established by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) in the publication, Delivering Good Governance in Local Government Framework (2016 Edition) (referred to as "The Framework" from here on). It comprises of a framework of policies, procedures, behaviours and values by which the council is controlled and governed. It shows how the council will continue to review the governance arrangements that are currently in place and implement improvements where necessary.

The Code is split into two sections:-
- Section 1 outlines the actions and behaviours that demonstrate good governance as set out in the framework; and
- Section 2 provides links to the policies, procedures and other documentary evidence that demonstrate the council's governance arrangements.

These provide the structures and guidance that our councillors and employees need to ensure effective governance across the council.

3. Good Governance in the Public Sector (The Framework)

The Framework defines the principles that should underpin the governance of each council and provides a structure to help councils with their approach to governance. Whatever arrangements are in place, councils should test their governance structures and partnerships against the principles contained in the Framework by:-

- reviewing existing governance arrangements;
- developing and maintaining an up-to-date local code of governance, including arrangements for ensuring ongoing effectiveness; and
- reporting publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.

To achieve good governance, each council should be able to demonstrate that its governance structures comply with the principles contained in this Framework. It should therefore develop and maintain a local code of governance/governance arrangements reflecting the principles set out.

The diagram below illustrates the seven principles of good governance in the public sector and how they relate to each other:-
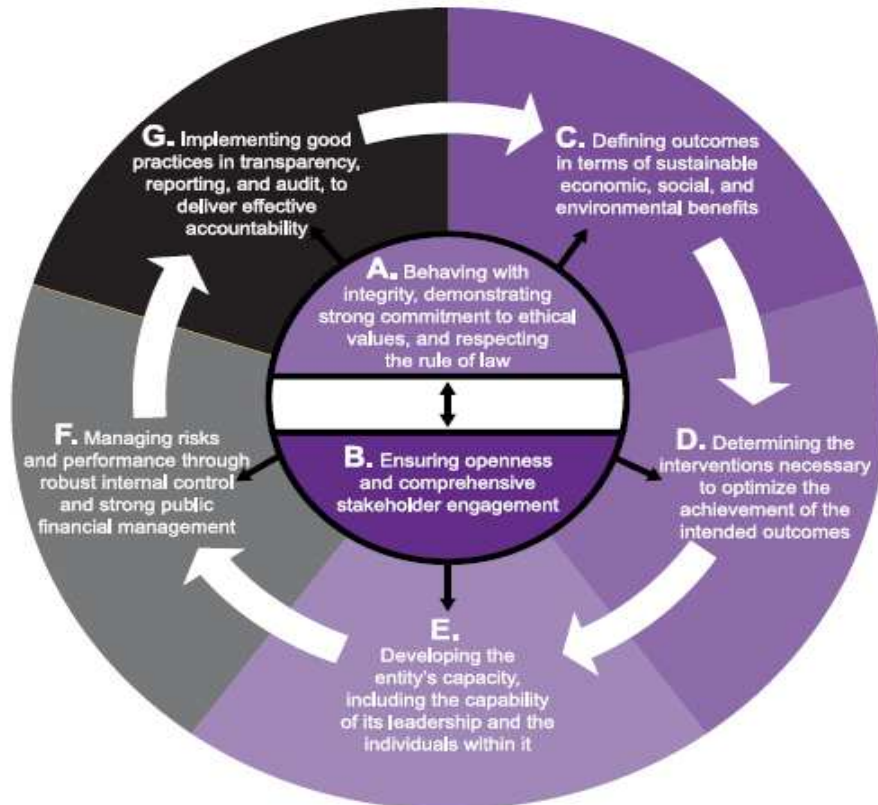
Further information regarding each of the above principles and the behaviours and actions that demonstrate good governance in practice are detailed at Section 1.

4. Monitoring and Review
The council will monitor its governance arrangements for their effectiveness in practice and will review them on a continuing basis to ensure that they are up to date. For more information on how we do this see the council's Annual Governance Statement which can be found on the governance information page on the council's website.

5. Compliance with the Code
Compliance with the code will be assessed annually using the councils "Governance Assurance Framework". This will be carried out by a governance working group which is chaired by the council's monitoring officer and comprises of senior officers from each of the council's five departments. The Internal Auditor also attends these meetings. The results of the assessment will be reported to the Risk and Audit Scrutiny Committee. This will incorporate recommendations for additions and/or improvements to the code to reflect any changes in the way in which the council does business or new legislation affecting the council's governance arrangements.

Each year the council will publish an Annual Governance Statement. The Leader of the Council and the Chief Executive are required to produce this as part of the auditing of the council's annual accounts. The document sets out the following:-

- the scope of the council's responsibility;
- the purpose of the council and it's governance framework;
- how the council monitors and evaluates the effectiveness of its governance arrangements;
- key elements of the council's governance framework. This is the main part of the document which sets out how the council has complied with the principles in this code and provides assurance as to how they are met;
- provides an opinion on the effectiveness of the council's arrangements; and
- provides details of improvements that have been delivered and are required moving forward.

In addition, the council's Internal Audit team will also conduct an annual independent audit reviewing the adequacy, effectiveness and extent of compliance with the code.

6. Certification

The council is committed to the seven principles of good corporate governance detailed within the Framework and demonstrates this commitment through the development, adoption and implementation of a Local Code of Corporate Governance.

We hereby certify our commitment to this Code of Corporate Governance and will make sure that the council continues to review, evaluate and develop the council's governance arrangements to ensure continuous improvement of the council's systems.

John Ross
Leader of the Council

Signature: **Date:** 9 December 2020

Cleland Sneddon
Chief Executive

Signature: **Date:** 9 December 2020

Section 1

Actions and behaviours that demonstrate good governance in practice

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

What this means in practice:- The council are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

Links to council's values:
Accountable, effective, efficient and transparent; Working with and respecting others

Sub principles:	South Lanarkshire Council is committed to:-
A1: Behaving with integrity	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the council.
	Ensuring members take the lead in establishing specific standard operating principles or values for the council and its employees and that they are communicated and understood. These should build on the Seven Principles of Public Life (The Nolan Principles).
	Leading by example and using the above standard operating principles or values as a framework for decision making and other actions.
	Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively.
A2: Demonstrating strong commitment to ethical values	Seeking to establish, monitor and maintain the council's ethical standards and performance.
	Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the council's culture and operation.
	Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.
	Ensuring that external providers of services on behalf of the council are required to act with integrity and in compliance with ethical standards expected by the council.
A3: Respecting the rule of law	Ensuring members and employees demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.
	Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.
	Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders.
	Dealing with breaches of legal and regulatory provisions effectively.
	Ensuring corruption and misuse of power are dealt with effectively.

Principle B: Ensuring openness and comprehensive stakeholder engagement

What this means in practice:- The council is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

Links to council's values:
Accountable, effective, efficient and transparent; Fair, open and sustainable; Focused on people and their needs; Working with and respecting others

Sub principles:	South Lanarkshire Council is committed to:-
B1: Openness	Ensuring an open culture through demonstrating, documenting and communicating the council's commitment to openness.
	Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided.
	Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear.
	Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action.
B2: Engaging comprehensively with institutional stakeholders	Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.
	Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively.
	Ensuring that partnerships are based on: trust; a shared commitment to change; a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit.
B3: Engaging with individual citizens and service users effectively	Establishing a clear policy on the types of issues that the council will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.
	Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement.
	Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs.
	Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account.
	Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.
	Taking account of the impact of decisions on future generations of tax payers and service users.

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

What this means in practice:- The long-term nature and impact of many of the council's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the council's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

Links to council's values:
Accountable, effective, efficient and transparent; Fair, open and sustainable; Focused on people and their needs

Sub principles:	South Lanarkshire Council is committed to:-
C1: Defining Outcomes	Having a clear vision which is an agreed formal statement of the council's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the council's overall strategy, planning and other decisions.
	Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer.
	Delivering defined outcomes on a sustainable basis within the resources that will be available.
	Identifying and managing risks to the achievement of outcomes.
	Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available.
C2: Sustainable economic, social and environmental benefits	Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision.
	Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the council's intended outcomes and short-term factors such as the political cycle or financial constraints.
	Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.
	Ensuring fair access to services.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

What this means in practice:- The council achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that the council has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

Links to council's values:
Accountable, effective, efficient and transparent; Ambitious, self-aware and improving; Focused on people and their needs; Working with and respecting others

Sub principles:	South Lanarkshire Council is committed to:-
D1: Determining interventions	Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided.
	Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.
D2: Planning interventions	Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.
	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.
	Considering and monitoring risks facing each partner when working collaboratively, including shared risks.
	Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances.
	Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured.
	Ensuring capacity exists to generate the information required to review service quality regularly.
	Preparing budgets in accordance with objectives, strategies and the medium term financial plan.
	Informing medium and long-term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.
D3: Optimising achievement of intended outcomes	Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints.
	Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.
	Ensuring the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.
	Ensuring the achievement of 'social value' through service planning and commissioning.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

What this means in practice:- The council needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve intended outcomes within the specified periods. The council must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

Links to council's values:
Accountable, effective, efficient and transparent; Ambitious, self-aware and improving; Excellent employer; Focused on people and their needs; Working with and respecting others

Sub principles:	South Lanarkshire Council is committed to:-
E1: Developing the entity's capacity	Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness.
	Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently.
	Recognising the benefits of partnerships and collaborative working where added value can be achieved.
	Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.
E2: Developing the capability of the entity's leadership and other individuals	Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained.
	Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body.
	Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority.
	Developing the capabilities of members and senior management to achieve effective leadership and to enable the council to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: • Ensuring members and employees have access to appropriate induction tailored to their role and that ongoing training and development matching individual and council requirements is available and encouraged; • Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis; and • Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it (continued)	
Links to council's values: Accountable, effective, efficient and transparent; Ambitious, self-aware and improving; Excellent employer; Focused on people and their needs; Working with and respecting others	
Sub principles:	**South Lanarkshire Council is committed to:-**
E2: Developing the capability of the entity's leadership and other individuals (continued)	Ensuring that there are structures in place to encourage public participation.
	Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections.
	Holding staff to account through regular performance reviews which take account of training or development needs.
	Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.

Principle F: Managing risks and performance through robust internal control and strong public financial management

What this means in practice:- The council needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability. It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

Links to council's values:
Accountable, effective, efficient and transparent; Ambitious, self-aware and improving

Sub principles:	South Lanarkshire is committed to:-
F1: Managing risk	Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making.
	Implementing robust and integrated risk management arrangements and ensuring that they are working effectively.
	Ensuring that responsibilities for managing individual risks are clearly allocated.
F2: Managing performance	Monitoring service delivery effectively including planning, specification, execution and independent post-implementation review.
	Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the council's financial, social and environmental position and outlook.
	Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the council's performance and that of any organisation for which it is responsible. (Or, for a committee system - Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making).
	Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement.
	Ensuring there is consistency between specification stages (such as budgets) and post-implementation reporting (e.g. financial statements).
F3: Robust internal control	Aligning the risk management strategy and policies on internal control with achieving objectives.
	Evaluating and monitoring risk management and internal control on a regular basis.
	Ensuring effective counter fraud and anti-corruption arrangements are in place.
	Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.

Principle F: Managing risks and performance through robust internal control and strong public financial management (continued)	
Links to council's values: Accountable, effective, efficient and transparent; Ambitious, self-aware and improving	
Sub principles:	**South Lanarkshire is committed to:-**
F3: Robust internal control (continued)	Ensuring an audit committee or equivalent group/function, which is independent of the executive and accountable to the governing body; • provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment; and • that its recommendations are listened to and acted upon.
F4: Managing data	Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.
	Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies.
	Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.
F5: Strong public financial management	Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance.
	Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.

Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

What this means in practice:- Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the council plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Links to council's values:
Accountable, effective, efficient and transparent; Ambitious, self-aware and improving; Working with and respecting others

Sub principles:	South Lanarkshire Council is committed to:-
G1: Implementing good practice in transparency	Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.
	Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.
G2: Implementing good practices in reporting	Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way.
	Ensuring members and senior management own the results reported.
	Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement).
	Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate.
	Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations.
G3: Assurance and effective accountability	Ensuring that recommendations for corrective action made by external audit are acted upon.
	Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon.
	Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.
	Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement.
	Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met.

Policies, Procedures and other documentary evidence

Evidence that the council complies with the requirements of the framework (see Section 1) (Link provided where available)	Core Principles						
	A	B	C	D	E	F	G
Annual Accounts							●
Annual Performance Spotlights		●	●				●
Annual Resource budget strategy meeting				●			
Fraud management plan and procedures	●					●	
Asset Management					●		
Audit Scotland monitoring and reporting process					●		●
Behaviours Framework/Performance Appraisal	●				●		
Budget Consultations and Savings Plans		●	●	●			
Business Continuity Plans/Recovery Plans				●		●	
CEO/Political leaders meetings					●		
Codes of Conduct (Link to Councillors Code)	●				●		
Committee Management Procedural Documents	●	●					
Communication plans and strategies		●		●			
Community Engagement and Participation Strategy Community Engagement Partnership Group Community Engagement Team Participation Requests Community Asset Transfer		●			●		
Community Planning Partnership Plans Community Plan Annual Report		●	●	●	●		●
Complaints Handling; You said, we did	●	●		●	●		
Consultation Database		●		●			
Corporate Management Team, Committees and Forums	●	●	●	●	●	●	●
Council Plan – Connect	●	●	●	●	●		
Digital Communications	●	●		●			●
Empower Self-Assessment process					●		
Equality Impact Assessments/Equal Opportunities Policy	●	●	●	●	●		
Financial Management			●	●		●	●

Evidence that the council complies with the requirements of the framework (see Section 1) (Link provided where available)	Core Principles						
	A	B	C	D	E	F	G
Financial Regulations	●				●	●	
Freedom of Information Act Publication Scheme (How the council works)		●					
Governance Arrangements Register of Partnerships		●			●		●
Induction process/programme	●				●		
Information Governance Data Protection Privacy Impact Assessment	●	●				●	
Internal Audit Plan	●			●		●	●
Investors in People Award	●				●		
Learning and Development Programmes	●				●		●
Local Code of Corporate Governance	●						●
Local Government Benchmarking Framework				●	●	●	●
Media and Public Relations		●					
Members Role profiles					●		
Monitoring Officer provisions	●						
Multi-member ward protocol					●		
Neighbourhood Planning		●	●	●	●		
Officer job description/specifications	●						
Participatory Budgeting			●				
Partnerships: Glasgow Region City Deal/Clyde Valley		●			●		●
People's Panel		●		●	●		
Performance Management				●	●	●	
Personnel strategies, policies and procedures	●				●		
Procurement	●		●	●		●	
Public Performance Reports		●			●		●
Records Management Policy						●	
Register of gifts and hospitality/Register of Interests	●						
Resource Contingency Plans						●	

Evidence that the council complies with the requirements of the framework (see Section 1) (Link provided where available)	Core Principles						
	A	B	C	D	E	F	G
Resource Plans / Health and Social Care Strategic Commissioning Plan			●	●		●	
Risk and Audit Scrutiny Committee						●	
Risk Management			●	●		●	●
Scheme of Delegation	●				●		
Scrutiny Forums	●					●	
Service Review Framework				●	●		
Standards and Procedures Advisory Forum	●				●		
Standing Orders on Procedures / Standing Orders on Contracts	●			●	●	●	
Statutory guidance	●						
Strategic Environmental Assessments			●				
Strategies and Policies	●		●				
Terms of Reference, the council, committees and associated forums	●				●	●	
Whistle blowing policies (link to Third Parties)	●					●	
Workforce planning					●		

Annual Governance Statement 2019-20 – Significant Governance Areas

Quarter 2 update - April 2020 to September 2020

Areas identified in 2019-20	Actions	Quarter 2 Progress
COVID-19 pandemic The council will continue to respond to matters arising from the COVID-19 pandemic	The council will continue to monitor national guidance; maintain ongoing resilience arrangements; and implement further measures as and when required in response to the pandemic. A recovery working group has been established with the remit to develop a council recovery plan for implementation. The plan will focus on the following four themes:- • Council Services; • Business Support; • Health and Social Care Partnership; and • Community Groups Corporate and Resource risk registers will continue to be monitored and updated to reflect national and local developments.	A recovery working group has been established with the remit to develop a council recovery plan for implementation. The work on the original recovery plan was led by the Executive Director, Housing and Technical Resources. From a governance perspective, a Recovery Board was established and has met for the last four months. This is an elected member group which is also attended by the full Corporate Management Team. An update on the Recovery Board activity, providing a summary of business items considered to date was submitted to the Executive Committee on 12 August 2020. A significant piece of work has been completed to collate and summarise the risk implications of the COVID-19 pandemic, with risks captured on both the council's Corporate and the Community Planning Partnership risk registers. Individual Resource risk registers are also being updated to capture specific implications of the pandemic to them and this will be reflected in the 2020/21 Resource Risk Register Committee reports. The Recovery Board is on hold at present. Due to the current government guidance, recovery efforts will need to be reconsidered. Corporate and Resource risk registers will continue to be monitored and updated to reflect national and local developments.

Areas identified in 2019-20	Actions	Quarter 2 Progress
Brexit Impact of the UK leaving the European Union on the council	The potential implications for the council in relation to:- • Funding and finance; • Workforce and employment; • Procurement and trade; • Legislation; and • Support to local businesses have been considered and the council will continue to closely monitor the situation with contingency arrangements being implemented where required.	The Brexit working group are currently reviewing the Reasonable Worst Case Planning Assumptions provided by the UK Government. This will feed into an exercise that is considering the risks of a no deal Brexit to the council and the action that can be taken to mitigate some of the impact. The council is working collaboratively with partners through the Local Resilience Partnership structure to prepare for any civil emergency scenarios which may arise as a result of Brexit.
I.T Infrastructure Migration of computer systems to an external provider	• Conduct procurement to identify and award contract for external hosting services. • Complete planning for migration of all computer systems from Caird Data Centre. • Complete preparatory work to set up new network hubs. • Commence move of IT systems to new provider.	Procurement has been completed and the contract awarded for external hosting services. The building works for the network hubs in the Council Offices, Almada Street, Hamilton and Brandon Gate, Hamilton have also been completed.
Cyber Resilience Compliance with legislative and regulatory policy	• Maintaining Public Sector Network (PSN) accreditation and instilling an ethos of ongoing compliance. • Continued compliance and accreditation to Cyber Essentials Plus. • Moving forward working towards the guidelines outlined within the Scottish Public Sector Cyber Resilience Framework. • Continued awareness training for all SLC staff around the area of Cyber Resilience.	The PSN accreditation was achieved in August 2020 and the programme of work is underway to achieve Cyber Essentials Plus. Work continues towards implementing the Cyber Resilience Framework and a new Cyber Security Learn on Line module is currently being developed.

Areas identified in 2019-20	Actions	Quarter 2 Progress
Participatory Budgeting 1% of the council's budget to be subject to Participatory Budgeting	By 2021 all Scottish councils are required to commit 1% of their budget to Participatory Budgeting (with the "council budget" being defined as the council's Total Estimated Expenditure (TEE) less Assumed Council Tax Income both taken from the Government's Finance Settlement). Councillor's awareness sessions have been conducted and a webinar made available for councillors. Further update reports will be submitted to committee.	There are ongoing discussions with the Scottish Government around the timeframe for delivering on Participatory Budgeting. It is expected that the 2021 timeframe will slip. Earlier in the year, as a result of work carried out by the Standards and Procedures Advisory Forum, changes were made to the standing orders around the role of Area Committees, allowing them to play a greater role in the consideration of proposals around Participatory Budgeting. In addition, a paper was presented to the Executive Committee in June 2020 to take forward a proposal for Participatory Budgeting. No agreement was made at that meeting. Further reports to elected members are planned before the end of December 2020.
Financial Challenges Reduction in council funding, resulting in difficulties maintaining front line services	The council faces a challenging situation in the medium to long-term because of reduced funding in real terms, rising costs and an increase in demand. The council has developed a long-term strategy which identifies budget pressures, future risks and uncertainties, and projects budget gaps to 2028-29. The Budget Strategy for 2021-22 will be updated and presented to councillors during autumn 2020.	The Budget Strategy for 2021-22 was approved by members in June and a package of savings will be presented to members in November 2020. The budget requires to be approved by March 2021.

Areas identified in 2019-20	Actions	Quarter 2 Progress
GDPR Compliance with the new General Data Protection Regulations (GDPR)	GDPR came into effect on 25 May 2018. The council is progressing its GDPR action plan and has appointed a Data Protection Officer; approved an Information Security Policy; completed an information audit; and delivered internal and external training. The council is currently in the process of developing and implementing a new file plan system to provide a greater level of control over the management of all data held by the council. Stage One was completed December 2018 and Stage Two is ongoing and work is taking place to implement a case management system to be used by Councillors. Work is ongoing to improve performance relating to requests for information. An action plan has been developed and is being implemented. This is being monitored by the Senior Management Team.	Owing to staff changes and the onset of the current pandemic (with diversion of resources) work on the EDRMS and Councillors Case Management System has not progressed as much as originally envisaged. Options are currently being considered for moving forward and an update will be provided to the Project Review Board during the next few weeks. Work on the implementation of the action plan to improve performance in relation to information requests is ongoing but has been delayed due to COVID.
Integrated Joint Board – Health and Social Care The need for the council to deliver the objectives set out in the Integrated Joint Board (IJB) Strategic Commissioning Plan 2019-22	The current strategic direction set out and approved by the IJB is detailed within the Strategic Commissioning Plan. The council and NHS Board are required to deploy their resources in line with this strategic direction. The IJB issues Directions that set out the key actions to be delivered by the council during the year 2020-21 and these Directions were agreed by the IJB at it special budget meeting in March 2020. The council will provide progress updates	The Strategic Commissioning Plan (SCP) and the issue of Directions to the Health Board and the Local Authority for the financial year 2020/2021 was approved on 30 March 2020. The IJB acknowledged the potential impact of the Covid-19 pandemic on each partner's ability to implement the strategic commissioning intentions and the Directions as originally planned. Progress to date in respect of the implementation of the 2020/2021 Directions reflects the position at 9 September 2020. Of the 35 Directions issued, progress is summarised as

Areas identified in 2019-20	Actions	Quarter 2 Progress
	against Directions for which it is the lead organisation.	follows:- • 4 on hold, not possible to progress during this period; • 22 progressing but change in outcomes and/or delay expected; • 3 progressing as originally planned; and • 6 directions completed.
Integrated Joint Board – Health and Social Care The need for the council to deliver improvements within Care at Home to meet regulatory requirements	Following inspection activity in the latter half of 2019, the Care Inspectorate identified concerns in the delivery of Care at Home services in both the Hamilton and Rutherglen/Cambuslang services. Improvement plans have been devised and are being progressed by the services with progress overseen by a Programme Board. Regular updates on progress are provided to the Health and Social Care Partnership Senior Management Team; the council's Senior Management Team; the Social Work Committee; and the Integrated Joint Board.	Progress continues to be made. The Care at Home Transformation Board is progressing 11 workstream areas. Meeting with Care Inspectorate and agreement to lift the voluntary moratorium on 31 August 2020 due to progress made in taking forward the Improvement Action Plan. The Improvement Notice has been lifted in the Hamilton area on 9 October 2020 and the Care Inspectorate will formally write to the council to advise of improved grades. A new management team has been established in both Hamilton and Rutherglen/Cambuslang areas. Improvement plans have been developed and monitored via weekly meetings and reports to the Improvement Board. A wide ranging programme of work has been undertaken in both areas that has included:- • The review of all service users; • Creation of updated support plans for all service users; • A programme of staff training in relation to Support Planning, Assessment of Need and Risk and Adult Support and Protection. This has been delivered to all staff within Hamilton and Rutherglen/Cambuslang and office based staff from all localities;

Areas identified in 2019-20	Actions	Quarter 2 Progress
		• Establishment of staff forums; and • Improved staff communication methods.
National expansion in early years education and childcare provision The council is likely to face challenges in acquiring the necessary physical assets and staffing levels to meet the commitments by 2020	The impact of the COVID-19 pandemic and the announcement by the Scottish Government to close all schools and educational settings from 20 March 2020 for an indefinite period will result in a delay in meeting the target dates for the full delivery of 1140 hours early learning and childcare by August 2020. COSLA have intimated to councils the extension given in legislation to the timeframe for the delivery of 1140 hours. This will be subject to review by the council in partnership with the Scottish Government. Strategic and operational plans are in place with key milestones identified in terms of infra-structure, financial, personnel, quality standards, training and recruitment and on consultation with partners and parents. Regular reporting mechanisms are also in place with updates provided to committee including engagement with partner providers to increase private and third sector partnership.	All schools and early years' settings re-opened to children and young people on 12 August 2020 in line with Scottish Government guidance and the requirement to ensure COVID-19 preventative measures were in place in all establishments. The national guidance on the re-opening of schools highlighted, that 'we do not expect the return to school in August to be a return to normal'. In line with the Education Recovery Plan, a restart of the significant investment made through the capital programme to expand the delivery of 1140 hours has taken place. The support of council services has been instrumental in re-starting the building programme. Woodhill Early Learning and Childcare in Kirkmuirhill opened its doors to children and staff in September 2020. The nursery offers 63 places and is an important milestone in the expansion of early years' capacity (Target South Lanarkshire Council wide: 1658 places). Admissions were reviewed and places reallocated. All families (approximately 7300 children so far) have been allocated the statutory minimum of 600 hours, however, it has been possible to provide 1140 hours places to almost 6,000 (83%) eligible families. As the capital programme progresses, further 1140 hours places will increase. Approximately 2,200 families are accessing places through our contracted funded providers, all at 1140 hours.

Areas identified in 2019-20	Actions	Quarter 2 Progress
Welfare Reform Impact of Welfare Reform on council services	Regular update reports on Welfare Reform are provided to the Senior Management Team (SMT), committee and the Community Planning Partnership (CPP) Board to ensure effective partnership working. During the year, a Welfare Reform Workshop was held with Partners and Third Sector Organisations. As a result, the Welfare Reform information provided to the SMT and the CPP Board and the membership of the Welfare Reform Group is being reviewed. During 2020-21, the council will be looking at the structures and services used to support those affected by Welfare Reform.	Work is ongoing to identify improvements to the delivery of financial advice and support services and the reported performance data. This work is being done in conjunction with Citizens Advice in South Lanarkshire.
Review of Community Planning Provide support to the review of Community Planning arrangements	During 2019, the Community Planning Partnership Board undertook a self-assessment of the current Community Planning arrangements. Improvement actions were later supplemented by the recommendations from the council's Best Value Assurance Review and a group has been set up to take these forward. The review group will consider several key areas including structures, governance and accountability arrangements and the council will provide resources to support the group and the implementation of the agreed actions.	The work of the review group is complete and a report outlining proposals re the Community Planning Partnership structures and governance arrangements went to the Community Planning Partnership Board in September 2020. The Board agreed to implement new interim structures with a view to moving towards permanent arrangements in line with the revision of the Community Plan priorities taking place with communities. New governance and accountability arrangements were agreed and are being implemented.

	Agenda Item
Report	**5**

Report to:	**Risk and Audit Scrutiny Committee**
Date of Meeting:	**9 December 2020**
Report by:	**Executive Director (Finance and Corporate Resources)**

Subject:	**Internal Audit Activity as at 20 November 2020**

1. Purpose of Report
1.1. The purpose of the report is to:-

♦ update the Risk and Audit Scrutiny Committee (RASC) on progress by, and performance of, the Internal Audit service in the period to 20 November 2020

2. Recommendation(s)
2.1. The Committee is asked to approve the following recommendation(s):-

(1) that progress and performance is noted

3. Background
3.1. Findings from internal audit assignments are reported to the Committee throughout the year. The last progress report to the Committee was in September 2020 and reported on work completed in the period 30 May to 28 August 2020. This report covers all work completed in the period 29 August to 20 November 2020.

3.2. Standard performance management processes have been suspended since the start of 2020/2021 with individual tasks instead having specific target dates for completion, agreed at the outset and then used for monitoring purposes. In September 2020, Members were asked to note the temporary performance management arrangements that had been put in place and that standard performance indicators would be used to monitor delivery of the Audit Plan through until 31 March 2021.

3.3. Only a small number of assignments have been concluded in the period covered by this report, with the majority of the time spent delivering re-deployed tasks and concluding and reporting on audit work for external clients. It is intended to resume reporting of standard performance indicators to the Committee in March 2021.

4 Progress with Delivery of the 2020/2021 Audit Plan
4.1 57% of planned assignments were in progress as at 20 November 2020 and work plans are in place to conclude on these and the remainder of the assignments in the Plan by 31 March 2021. In conjunction with delivering allocated assignments, Internal Audit will continue to check and facilitate payment of COVID-19 support grants.

5.   Findings

5.1.   Appendix One lists all assignments completed in the period 29 August to 20 November 2020.

5.2.   There were no significant audit assignments finalised for South Lanarkshire Council in this period and Members are asked to note findings.

5.3.   Moving forward, the format for presenting findings within Internal Audit 'activity' reports to the Committee is being reviewed to ensure that this fully supports Member scrutiny. Future reports will set out 'key messages' for more completed assignments and add further detail on the context and nature of findings that are being reported. For relevant audit assignments, the activity report will also set out key areas of assurance that Members should consider alongside a summary of the extent to which highlighted risks are being managed and mitigated.

6.   Progress Against Strategy

6.1.   The Public Sector Internal Audit Standards (PSIAS) require progress against the audit strategy to be monitored and reported to the Committee as part of regular monitoring reports that are presented at each meeting.

6.2.   Delivery of the strategy will be evidenced by completion of the 2020/2021 Plan and will be monitored through the performance indicators that are being reinstated for the remainder of the financial year.

7   Internal Audit Plan 2021/2022

7.1   Work will shortly commence to prepare the 2021/2022 Internal Audit Plan. Resources and External Audit will be consulted by the end of the calendar year to discuss ideas and suggestions for inclusion in the Plan. Suggestions are also being sought from members of this Committee. Ideas and suggestions should focus on specific risk areas where there are known control weaknesses.

7.2   Once the consultation process has been concluded, the comprehensive list of audit 'ideas' will be risk assessed and an audit plan presented to this Committee for approval that ensures adequate coverage across risk areas.

8.   Employee Implications

8.1.   There are no employee issues.

9.   Financial Implications

9.1.   A breakeven position is forecast at the end of the financial year for the Internal Audit section.

10.   Climate Change, Sustainability and Environmental Implications

10.1.   There are no implications for climate change, sustainability or the environment in terms of the information contained within this report.

11.   Other Implications

11.1.   The main risks to the delivery of the Audit Plan are, generally, vacancies and team up-skilling requirements, unforeseen service demands and delays with client sign-off. Normally, these would be mitigated by coaching and training, regular meetings and escalation processes as well as inclusion of contingency time within the annual plan. However, given the ongoing pandemic, these risks require particular consideration and the proposed Audit Plan for the remainder of 2020/2021 will remain under review. Any required amendments will be presented to this Committee for approval.

12.   Equality Impact Assessment and Consultation Arrangements

12.1. There is no requirement to equality assess the contents of this report.

12.2. Heads of Service are consulted on each and every audit assignment.

Paul Manning
Executive Director Finance and Corporate Resources

24 November 2020

Link(s) to Council Objectives/Ambitions/Values
- Achieve results through leadership, good governance and organisational effectiveness

Previous References
- Internal Audit Activity as at 29 May 2020 – Risk and Audit Scrutiny Committee, 18 June 2020
- 2020/2021 Internal Audit Plan – Risk and Audit Scrutiny Committee, 21 September 2020
- Internal Audit Activity as at 28 August 2020 – Risk and Audit Scrutiny Committee, 21 September 2020

List of Background Papers
- Figtree extracts of Action Plans

Contact for Further Information
If you would like to inspect the background papers or want further information, please contact:-
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Job no.	Assignment name	Draft Issue	Final Issue	Assurance Info
Prior Year Assignments				
I821026	Annual Assurance Report 2019/2020	19/05/2020	18/06/2020	Preparation and presentation of annual 2019/2020 report.
I613133	Mobile Working (Home care)	31/03/2019	31/03/2020	Actions from the previous audit report undertaken on mobile devices have been delivered. IT and Home Care Services consider that the mobile working project has delivered, through cost avoidance, savings and service improvements which are being monitored by existing budget monitoring arrangements. Mobile working has been implemented but there is not sufficient evidence of monitoring undertaken by the Service to verify that benefits are being fully realised. However, the client has indicated that this should be addressed through the recent implementation of a project management team, specifically around the availability of robust Business Case documentation and the realisation of benefits. Given the likelihood that mobile working will be implemented across other Services it is important that these issues are addressed moving forward.

Current Year – Other Output				
I350080	Annual Assurance Statement Peer Review	27/05/2020	18/06/2020	Review of Resource Directors' Statements of Assurance. Feedback provided to assist with preparation of the 2019/2020 Annual Governance Statement.
I810024	Audit Plan 2020/2021	31/03/2020	21/09/2020	Preparation and presentation of 2020/2021 Audit Plan.

Current Year – Assurance Reports				
I674184	Stolen TV Aerials	27/08/2020	27/08/2020	Investigation did not identify culprit. Seven recommendations made and agreed with Service to strengthen internal controls and mitigate against risk of further thefts.

External Clients				
I910122	SLLC Administration 2019/2020	31/03/2020	16/11/2020	Reported to SLLC
I916118	SLLC Fraud Alerts 2019/2020	31/03/2020	16/11/2020	Reported to SLLC
I924114	LVJB Follow up 2019/2020	14/05/2020	14/05/2020	Reported to LVJB
I928115	LVJB Annual Report, Planning/Administration 2019/2020	14/05/2020	14/05/2020	Reported to LVJB
I943131	IJB Ministerial Strategic Group Action Plan	22/05/2020	22/05/2020	Reported to IJB
I943132	IJB Governance Arrangements	22/05/2020	22/05/2020	Reported to IJB
I944129	IJB Formal Follow-up 2019/2020	22/05/2020	22/05/2020	Reported to IJB
I928143	LVJB 2019/2020 Annual Report	13/05/2020	01/06/2020	Reported to LVJB
I948127	IJB Annual Audit Report 2019/2020	22/05/2020	30/06/2020	Reported to IJB
I948157	IJB 2019/2020 Annual Report	11/06/2020	30/06/2020	Reported to IJB
I912139	SLLC CCM	16/06/2020	27/08/2020	Reported to SLLC
I923112	LVJB NDR Appeals 2019/2020	14/05/2020	02/09/2020	Reported to LVJB

SOUTH LANARKSHIRE COUNCIL

Report

Report to:	**Risk and Audit Scrutiny Committee**
Date of Meeting:	**9 December 2020**
Report by:	**Executive Director (Finance and Corporate Resources)**

Subject:	**Review of Council's Top Risks/Year End Risk Management Report**

1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ provide the Risk and Audit Scrutiny Committee (RASC) with an update on the Council's top risk register following the review and consultation process
- ♦ provide an update on progress with risk management activity undertaken during 2019/2020

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- **(1)** that the updated Council top risks are noted
- **(2)** that Resource compliance with the requirements of the Risk Management Strategy is noted
- **(3)** that the progress being made in delivering actions to mitigate top Council risks is noted

3. Background

3.1. Annual reviews of the Council's top risks are undertaken. This year's review commenced in May 2020. The consultation entailed views being sought from Heads of Service, Elected Members and Trade Unions on new areas of risk. At the same time, an exercise was undertaken to capture risk implications stemming from the Covid-19 global pandemic.

3.2. The results of the work undertaken was considered and used to inform proposals for a refined set of top risks. The feedback was used to review risk descriptions, as required.

3.3. The content of this report provides the RASC with the findings of the review in respect of these risks.

4. Results of the Review of the Council's Top Risks

4.1. To assist the review process, the following broad criteria were recommended as a guide to concluding what constitutes a top risk:
- ♦ it threatens delivery of corporate objectives
- ♦ it impacts on other services or partnerships
- ♦ there are financial impacts or it impacts on other key priority strategies
- ♦ there are impacts of a social or demographic context

4.2. On the whole, the risks from last year's review, as detailed in the report to the RASC on 27 November 2019 were still deemed to be valid, with the majority of these risks having been impacted upon by the Covid-19 pandemic. Further details of these impacts are noted at section 8.

4.3. The main changes to the top risks are summarised below:-
   ♦ a new risk has been added to the risk register in respect of 'The Covid-19 pandemic'
   ♦ a new risk has been added to the risk register in respect of 'Failure to evidence progress against Social Work Care Inspectorate Requirements'
   ♦ all risks have been rescored in line with the revised 5x5 risk scoring matrix. The scoring matrix was changed from a 3x3 matrix, following a review of the Council's Risk Management Strategy at the start of the year. The revised 5x5 scoring matrix and definitions for likelihood and impact is shown at Appendix One.
   ♦ risk descriptions, controls and actions have been updated, as required, on individual risks, following discussion with risk owners.

4.4. The Council's top risk register is monitored on an ongoing basis and updates are reported annually to this Committee. Risk scores and rankings may be amended if new information comes to light that allows the position to be reassessed.

4.5. As a result of the above changes and taking account of revisions of risk scores, the top risk register for 2020 is attached at Appendix Two.

4.6. Within Appendix Two, categories one and two relate to very high and high level risks. To maintain focus on the higher scored risks, those risks with a medium or low residual risk score have been excluded. These risks will continue to be monitored to ensure that they are adequately managed.

5. **New Risks Added to the Risk Register**

5.1. **Covid-19 Global Pandemic**
5.1.1. A new risk strategic risk on the global pandemic has been added as the standout risk on the Council's 2020 top risk register. The risk has been framed around the adequacy of the Council's response to the pandemic; maintaining critical services; delivering emergency response commitments as a Category One Responder; and protecting wellbeing of employees and service users as far as reasonably practicable. Responding to the pandemic impacts upon on everything else the Council does.

5.1.2. The main impacts facing the Council, our partners, local businesses and the community are captured under seven main risk headings:
   • impact on service delivery
   • health and safety
   • wellbeing of Council employees
   • effect on members of the public
   • effect on local businesses
   • financial
   • emergency response commitments as a category one responder

5.1.3. The Council's response to the pandemic has been largely driven through resilience arrangements, maintaining service provision where possible, with support being provided to businesses and vulnerable members of the community.

5.1.4. The implications of Covid-19 and the Council's response to it is an ever-changing situation, with the risk and controls being kept under review and updated as required.

5.1.5. The Council continues to monitor national guidance; maintains ongoing resilience arrangements; and implements further measures as and when required in response to the pandemic.

5.1.6. In anticipation of the nation's emergence from the current pandemic situation, all Council Resources have been making plans for short and long term recovery. It is important to recognise that these plans are informed by and dependent on guidance issued by the Scottish Government. As such, in developing these plans, consideration requires to be given to staff and their wellbeing, and appropriate use of assets and finances.

5.1.7. At a corporate level, a strategic recovery plan and the establishment of a Recovery Board has been approved by the Executive Committee. The recovery plan focuses on four workstreams, namely:
- Council – organisational recovery
- Support for business recovery
- Health and Social Care Partnership – learning, influence on service wide redesign
- Community and voluntary organisations – how to retain the contribution from these groups

5.1.8. Implementation of recovery plans is subject to Government guidance.

5.2. Social Work Care Inspectorate Rquirements

5.2.1. A number of areas for improvement have been identified by the Care Inspectorate in respect of specific elements of Social Work Registered Care at Home Services. Given the challenges of achieving these improvement actions, a new risk has been added to the Council's top risk register in respect of 'Failure to evidence sufficient progress against Social Work Care Inspectorate requirements'. Service delivery in this area has been further challenged by Covid-19.

5.2.2. To address this risk and to respond to the Care Inspectorate Improvement Notice, a transformation and improvement programme is underway to address in the short term the specific requirements and also take forward medium and longer term actions to remodel the entire service and improve governance arrangements, with actions being progressed in respect of training, recruitment, employee support, service delivery and communications.

5.2.3. A voluntary moratorium was in place, with no new service users in Hamilton, Rutherglen and Cambuslang areas for Council provided services. The moratorium for Rutherglen and Cambuslang was lifted on 31 August 2020, with services recommencing incrementally.

5.2.4. The Hamilton service was subject to inspection during the week of 5 October 2020. Following a rigorous inspection process, the Service has received exceptionally positive feedback. Inspectors highlighted the considerable progress that had been achieved by the Service and assessed the Service as having met all the requirements of the Improvement Notice and have subsequently agreed to the lifting of the notice. As a result of this progress, agreement was reached to lift the moratorium in the Hamilton service from 16 November 2020.

5.2.5. Good progress has been made within these services, but they remain on an improvement journey. Whilst the level of risk to both service users and the Council has reduced, the overall risk rating will be only be formally reassessed after the findings of

the recent Rutherglen Service inspection have been received and reviewed. Future progress will continue to be monitored and actions taken as appropriate, with updates provided to the Social Work Committee.

6.   Horizon scanning/Top Risk Developments

6.1.   IT Developments

6.1.1. There are two forthcoming IT developments that present a risk to service delivery for the Council. The first of these falls under the Council's IT and Digital Strategy, where plans are in place to move its computing estate to the cloud. The first stage of this programme is to exit from the Caird Data Centre by the end of 2021 and migrate all Council servers and storage to a hybrid cloud solution. The timeline is aligned with the sale of the University of the West of Scotland (UWS) land for redevelopment and IT Services will be working towards completing this move by December 2021.

6.1.2 The second development area is the transition from the current analogue community alarm service to a digital solution (A2D). There is a risk that the Council is not adequately prepared to achieve this transition within the pre-determined timescale. Telecommunication companies have stated that they will no longer be supporting the Public Switched Telephone Network (PSTN) and that they will be switching off this service by 2025. South Lanarkshire Council's community alarm service is delivered over the PSTN and there are currently more than 10,000 community alarm service users. A strategic Project Review Board has been established to oversee and guide the A2D project in the successful transition to a digital solution.

6.2.   Brexit/Concurrent Risks

6.2.1. The UK left the European Union political structure on 31 January 2020 and entered a transition period that is due to run until the end of the calendar year.

6.2.2. Negotiations have been ongoing between the EU and the UK Government since June 2017 to agree the process and principles for the UK leaving the EU. There remains a risk that negotiations cease or fail to conclude with an agreement before the 31 December 2020 deadline.

6.2.3. If a deal is not agreed, there could be significant impacts on the Council which would require to be managed effectively. Areas could include:-
- funding and finance (e.g. Economic changes; EU Funding; increased costs)
- workforce and employment (e.g. loss of available workforce; skills shortages)
- procurement and trade (e.g. Availability of imported goods; supplier bases affected)
- legislation (e.g. Changes in laws covering the environment; procurement)
- support to businesses located within the South Lanarkshire area (Economic Development)

6.2.4. The UK Government has proposals in place to replace European Regional Development Fund (ERDF) and the European Social Fund (ESF) with a Shared Prosperity Fund, however, no details are currently available regarding the levels of funding accessible to the Council and how it can be used.

6.2.5. Current projects that are funded from EU monies may also be affected, resulting in personnel implications, if these projects come to an end.

6.2.6. The issue of concurrent risks is an area which the Council and its partners may well have to manage in the forthcoming months.

6.3. Impact of Covid-19 on Other Top Risks

6.3.1. The Covid-19 pandemic has impacted on everything that the Council does, including the way we deliver our services. Resources in some instances have been diverted to provision of some new services which the Council has required to provide in response to the pandemic. Consequently, a number of current top risks have been affected by the pandemic. Where required, additional controls have been implemented to manage these risks. Two significant examples relate to funding and IT developments.

6.3.2. Due to the ongoing Covid-19 global pandemic, the Council are experiencing increased significant levels of expenditure to maintain front line services, provide appropriate PPE to key workers, to ensure the wellbeing of all of the South Lanarkshire community, and to prepare for the recovery from the pandemic. Discussions continue between Local Government and the Scottish Government on a series of financial flexibilities which could assist councils in meeting funding shortfalls in respect of the additional costs of Covid-19. This also leads to diverting resources away from other areas.

6.3.3. A sudden and significant increased demand for agile working stemmed from the pandemic. To date, significant progress has been made in this respect with IT Services working towards full deployment of Windows 10 laptops; Office 365; and Soft Phones by the end of the current financial year, to progress agile working across the Council.

6.3.4. Each of the top risks that have been affected by the pandemic will be monitored via the appropriate Resource Risk Forums.

7. Scope and Appetite for Risk

7.1. The Council aims to be risk embracing, that is, it will accept a tolerable level of risk in seeking service efficiencies and in agreeing control measures.

7.2. The level of risk facing the Council is measured both before (inherent risk) and after (residual risk) consideration of controls. The Council should never carry a very high residual risk exposure as this would indicate instability but a low residual risk exposure should also be avoided as this indicates lack of innovation.

7.3. The Council's universal risk tolerance levels were recently updated as part of the review of the risk management strategy this year, with the ideal risk profile defined as:-
   ♦ no more than 10 per cent of residual risks at a very high level
   ♦ no more than 15 per cent of risks at a high level
   ♦ around 50 to 60 per cent of residual risks at a medium level
   ♦ no more than 30 per cent of residual risks at a low level

7.4. Table Three below shows the top risks heat map, i.e. it details the total number of risks for each individual risk score. Table Four below notes the overall risk profile for the top risks.

Table Three – Top Risks Heat Map

Likelihood		1 Negligible	2 Minor	3 Moderate	4 Major	5 Catastrophic
	5 Almost Certain			1	3	
	4 Likely			3		1
	3 Possible			4	4	
	2 Unlikely			2	3	
	1 Rare				1	
		1 Negligible	2 Minor	3 Moderate	4 Major	5 Catastrophic
				Impact		

Table Four –Top Risks Risk Profile

Risk Category	Risk Rating	Number of risks	Percentage of risks
1	Very high	5	23%
2	High	14	63%
3	Medium	3	14%
4	Low	0	0%

7.5.   Despite the fact that the profile noted in Table Four is outwith the ideal universal risk exposure defined by the Risk Management Strategy, this risk exposure is reasonable as these are the highest level risks currently being faced by the Council and, as per the examples provided at section 6.3, a number of the top risks scores have increased significantly this year as a result of the effects of Covid-19.

7.6.   A number of risks that were noted as being at a low level at last year's review are no longer included within the risk profile, as these risks are now contained within the relevant Resource risk registers only.

8.   Resource Compliance with the Risk Management Strategy

8.1.   Risk Sponsors are required on an annual basis to assess their Resource's compliance with the Risk Management Strategy and provide supporting evidence. The information for 2019/2020 is summarised in the end of year compliance statement which is attached at Appendix Three.

8.2.   Appendix Three shows that Resources continue to demonstrate full compliance with the Strategy, having scored 42 out of 42.

8.3.   It is important that the current level of compliance is maintained to demonstrate effective risk management which contributes to robust service planning and improved decision making.

9.   Progress Made in Delivering Actions to Control the Council's Top Risks

9.1.   On a quarterly basis, performance in completing actions on the Council's top risk control plan is monitored. As at 31 March 2020, the percentage of actions completed was 100 per cent against an overall target of 90 per cent.

9.2.   Table Five below shows the overall status as at 31 March 2020 for all actions relating to the Council's top risk register.

Table Five – Completion of top risk control actions

Action Status	Number of actions	Percentage of actions
Complete	16	100%
Outstanding as past due date	0	0
Total	**16**	**100%**

9.3.   Actions identified during this year's review have been included within the 2020/2021 top risk control plan. This contains a total of 26 actions.

10. Employee Implications

10.1. There are no direct employee implications relative to this report. There are proposed risks which are classified under the heading of employee. Where this is the case the appropriate controls and actions have been included in the risk control cards and progress will be monitored.

11. Financial Implications

11.1. There are no direct financial implications associated with the Council's top risks. There are a number of proposed risks which are classified under the heading of financial, including additional costs stemming from Covid-19. Where this is the case, the appropriate controls and actions have been included in the risk control cards and progress will be monitored.

12 Climate Change, Sustainability and Environmental Implications

12.1 Sustainable development issues are included within the Council's top risk register through being linked directly to the Council plan objective 'make communities safer, stronger and sustainable'

12. Other Implications

12.1. Failure to demonstrate that risk is actively considered and managed can not only lead to avoidable financial loss but could also adversely affect delivery of services and could affect the Council's reputation. The work carried out to identify and review the Council's top risks and to determine the risks controls and actions necessary enables the Council to manage the impact.

13. Equality Impact Assessment and Consultation Arrangements

13.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.

13.2. Consultation has taken place with Heads of Service, Risk Lead Officers, Elected Members, Trade Unions and Resource Risk Sponsors.

Paul Manning
Executive Director (Finance and Corporate Resources)

9 November 2020

Link(s) to Council Values /Objectives/Ambitions
♦ Values: Accountable, effective, efficient and transparent

Previous References
♦ Report to RASC – Review of Council's Top Risks/Year End Risk Management Report – 27 November 2019
List of Background Papers
♦ None

Contact for Further Information
If you would like to inspect the background papers or want further information, please contact:-
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Appendix One – 2020 Risk scoring matrix and likelihood and impact definitions

Likelihood

Score	1	2	3	4	5
Description	Rare	Unlikely	Possible	Likely	Almost certain
Likelihood of occurrence	1 in 10 years	1 in 3 years	1 in 2 years	Annually	Monthly
Probability of occurrence	The event may occur in certain circumstances	The event could occur	The event may occur	The event will probably occur	The event is expected to occur or occurs regularly

Impact

	Reputation	Financial	Service delivery/ Time to recover	Compliance	Safety
1 Negligible	Public concern restricted to local complaints	<£50,000 per annum	No impact to service quality; limited disruption to operations.	No external interest	Minor injury – no lost time
2 Minor	Minor adverse local/public/media attention and complaints	£50,000-£250,000 per annum	Minor impact to service quality; minor service standards are not met; short term	Very minor attention from legislative /regulatory body	Minor injury – resulting in lost time
3 Moderate	Adverse national media Public attention	£250,000 to £500,000 per annum	Significant fall in service quality; major partnership relationships strained; serious disruption in service standards	Short-term attention from legislative/ regulatory body	Major injury or ill health resulting in lost time
4 Major	Serious negative national or regional criticism	£500,000 to £1million per annum	Major impact to service delivery; multiple service standards are not met; long term disruption to operations; multiple partnerships affected	Medium-term attention from legislative/ regulatory body	Fatality; Or injuries to several people
5 Catastrophic	Prolonged international, regional and national condemnation	>£1million per annum	Catastrophic fail in service quality and key service standards are not met; long term catastrophic interruption to operations; several major partnerships are affected	National impact with rapid intervention of legislative/ regulatory body	Multiple fatalities; Or injuries to large number of people

The assessments for impact and likelihood combine to provide an overall inherent risk score on the scale of between 1 and 25, using the Council's recognised risk matrix.

Risk matrix

Likelihood		Impact				
5 Almost Certain		5	10	15	20	25
4 Likely		4	8	12	16	20
3 Possible		3	6	9	12	15
2 Unlikely		2	4	6	8	10
1 Rare		1	2	3	4	5
		1 Negligible	**2** Minor	**3** Moderate	**4** Major	**5** Catastrophic
		Impact				

The risk score is calculated as follows:

Likelihood score x Impact score = Risk Score

Appendix Two – Council top risk register 2020

Risk Category	Key risk	Inherent Risk Score	Residual Risk Score	Controls (Good, adequate, poor)
1 **Very High** **(15-25)**	The Council does not provide an adequate response to the pandemic; maintaining critical services; delivering emergency response commitments as a Category One Responder; and protecting wellbeing of employees and service users as far as reasonably practicable. Responding to the pandemic will impact on everything else the Council does.	25	20	Good
	Reduction in Council funding/income, as well as increased service demands, results in difficulties achieving savings and maintaining front line services	25	20	Adequate
	The Council is significantly affected by the impact of the UK leaving the European Union	25	20	Adequate
	Failure to evidence progress against Social Work Care Inspectorate Requirements	25	20	Adequate
	Failure to meet the Council's sustainable development and climate change objectives	20	15	Good
2 **High** **(8-12)**	Public Protection	16	12	Good
	Failure to fulfil emergency response commitments befitting the Council's status as a Category One (emergency) responder.	25	12	Adequate
	Potential liability arising from claims of historic abuse	16	12	Good
	Fraud, theft, organised crime and cyber attacks	20	12	Adequate
	Failure to adequately prepare for the national expansion in early years education and child care provision	16	12	Adequate
	Information Governance not subject to adequate control	20	12	Adequate
	The Council fails to evidence delivery of actions necessary to achieve the objectives set out in the IJB Strategic Commissioning Plan	16	12	Adequate

	Procurement practice and management of contracts	25	9	Good
	IT Development and functionality does not meet service requirements	20	9	Adequate
	Lack of capacity and skills to meet increased service demands	20	9	Good
	Adverse weather	16	9	Good
	Death or injury to employees, service users or members of the public affected by Council operations	20	8	Good
	Failure to maintain the required pupil/teacher ratio	20	8	Good
	Failure to achieve the outcomes of the Community Plan	20	8	Adequate

Note: The new risk scoring methodology was implemented this year, which carries a maximum risk score of 25, with the maximum risk score under the previous matrix being 9.

Appendix Three - 2020/2021 Compliance with Risk Management strategic requirements

<u>Key</u>
Score 3= Up to date and in line with requirement
Score 2= Work in progress
Score 1= Needs addressed

Requirement from Risk Management strategy	Community and Enterprise Resources	Education Resources	Finance and Corporate Resources	Housing and Technical Resources	Social Work Resources
Risk registers are updated on an annual basis	3	3	3	3	3
Delivery of Resource risk control actions and control actions for top risks lead by the Resource are progressed.	3	3	3	3	3
The risk register and risk control plan are approved annually by the Resource Management Team	3	3	3	3	3
The risk register is presented for noting; and assurance of delivery of actions is given to the Resource Committee on an annual basis.	3	3	3	3	3
Information held on Figtree reflects the latest Resource Risk Register and Risk Control Plan	3	3	3	3	3
The Council's agreed risk profile and risk tolerance level is adopted.	3	3	3	3	3
Risk evaluations are undertaken prior to the commencement of major projects, partnerships and organisational changes	3	3	3	3	3
Formal risk sharing agreements for major partnerships and contracts are in place	3	3	3	3	3
Major decisions are transparent and clearly show the following key elements: • Full cost over life of proposal; • Funding source; • Savings or efficiencies; • Other benefits; • Associated risks and how they will be managed.	3	3	3	3	3
Elected members are kept informed of risks by using the "Other Implications" section of the Committee report template. This section should include: • The risks involved with the report's recommendations; • The potential positive and negative consequences; • How these risks are currently being managed (existing controls) or how they will be managed going forward (additional actions); • Link to risks on the Council's top risk register.	3	3	3	3	3
Assurance is gained from contractors and sub-contractors, in line with procurement processes, of their adoption of recommended risk management practices, particularly that adequate insurance cover, safe health and safety practices, and equalities, sustainable development, business continuity and scrutiny procedures are in place.	3	3	3	3	3
Regular Resource Risk Management Group meetings (or alternative where risk management is a standing agenda item).	3	3	3	3	3
Liaison with Service Planners to ensure that risks associated with Council and Resource plans are identified and assessed; and that appropriate plans are put in place to manage these risks.	3	3	3	3	3
Management of insurance hotspots and required mitigating actions	3	3	3	3	3
Total	**42**	**42**	**42**	**42**	**42**
Percentage compliance	**100%**	**100%**	**100%**	**100%**	**100%**

SOUTH LANARKSHIRE COUNCIL

Report

Report to:	**Risk and Audit Scrutiny Committee**
Date of Meeting:	**9 December 2020**
Report by:	**Executive Director (Finance and Corporate Resources)**

Subject:	**Audit Scotland Report - Local Government in Scotland Overview 2020**

1. Purpose of Report

1.1. The purpose of the report is to:-

- provide the Committee with a summary of the information contained within the Audit Scotland Report 'Local Government in Scotland: Overview 2020' published in June 2020

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

(1) that the key messages and recommendations be noted.

3. Background

3.1. In June 2020, Audit Scotland published the above report on behalf of the Accounts Commission. This 'overview' report is prepared each year and covers key areas of current and future activity relative to local government and an opinion on how these are or should be managed.

3.2. The report was produced prior to the Coronavirus pandemic and was issued "after careful consideration" because, even though the world in which councils are operating has dramatically changed in the last few months, the Commission believes the report still contains important messages which will be helpful as part of the recovery.

3.3. This report provides a summary of the Local Government in Scotland Overview document.

4. Report Content and Key Messages

4.1. The report is divided into 3 main sections:-

- **The challenges.** This section analyses the challenges facing local government across a number of "landscapes" – political and economic; community needs; policy; and financial. Topics covered include:-

  - COVID-19 pandemic
  - withdrawal from EU
  - Scotland's changing economic situation
  - population growth, within which 65+ group is growing and % of children decreasing

- ♦ rising poverty levels
- ♦ the National Performance Framework
- ♦ the Fairer Scotland Duty
- ♦ Health and Social Care Integration
- ♦ increasing cost pressures
- ♦ managing the funding gap

♦ **Doing things differently**. This section looks at where councils need to plan and implement changes that will allow them to meet the needs and improve the outcomes for their communities in an increasingly challenging context. The core aspects that need to be considered by political and management leaders include:-

- ♦ leadership
- ♦ change and improvement
- ♦ workforce planning
- ♦ partnership working
- ♦ community empowerment and engagement

♦ **Service case study focusing on planning.** The final section looks at Planning Services as an example of a service that has been significantly affected by reduced budgets and staff numbers in recent years, while at the same time being an important service supporting delivery on national policy outcomes such as inclusive, sustainable economic growth and protecting and enhancing the environment.

4.2.   There are a number of key messages noted within the report, reproduced below. With respect to the 3.9% increase in funding within the second bullet point, the Committee may wish to note that this includes funding for additional duties and commitments.

♦ Councils are working hard to deliver services to their communities, but the context they are working in is increasingly uncertain and complex. Demographic and social change is creating demand for services, while the strain on budgets continues to intensify. National policy commitments are increasing and the stresses on other public and third sector partners add to the difficulties in delivering services. The cumulative effect of these pressures on councils is beginning to show across service performance and use of financial reserves

♦ Scottish Government revenue funding to councils has reduced in real terms over the period 2013/2014 to 2020/2021 by 3.3%. Since 2017/2018, however, it has increased by 3.9% in real terms, to £10.7 billion in 2020/2021. This does not include additional funding in response to the COVID-19 pandemic (see note 1 below). The strain on budgets is evident as councils continue to dip into their reserves to make ends meet. Medium-term funding levels are uncertain, making continued use of reserves to manage the funding gap unsustainable. Long-term financial planning is not well enough developed in many councils and in integration joint boards. Medium and long-term financial planning are important tools for making well-informed decisions and to effectively manage continuing financial challenges

♦ Alongside the uncertainty of funding levels, the scale and complexity of the challenges for councils and integration joint boards will continue to grow in the coming years. Change is needed in how they serve their communities, so that they are able to respond to the needs and improve outcomes for people into the future, in the most efficient and effective ways. More radical thinking is needed for longer-term solutions.   It requires investment of time and capacity by political and management leaders, to analyse the range of challenges for the area, develop the

thinking and planning for the medium and longer term. This is difficult, in already demanding roles, but this investment is important

♦ Councils alone cannot improve outcomes for communities and achieve local priorities. The full potential of collaborative working with partner organisations and communities is not yet being realised. More progress is needed. Councils need to demonstrate strong leadership and collaborate with partners, including integration joint boards, NHS boards, the voluntary and private sectors, and their local communities. This is essential if they are to make best use of local resources, including the workforce, and demonstrate Best Value

♦ Workforce planning is fundamental to ensure that councils have the staff, skills and leaders they need to deliver change. Some progress has been made to improve workforce planning, but much more needs to be done. As the workforce ages, councils need to be more flexible and agile in how they deploy staff, work with partners and attract younger people to work in local government and respond to specific skills gaps. This also requires comprehensive workforce data and planning.

4.3. The report contains several **recommendations** for councils. These are listed below, together with an assessment of the position in South Lanarkshire Council:-

Governance

Councils and integration joint boards need to:	SLC position
♦ invest leadership capacity in analysing the challenges and planning for the future, including:- ♦ plans for how services will be delivered that reflect the scale of the challenges ahead and will deliver demonstrable improvement in outcomes for communities ♦ putting in place and continuing to develop medium and long-term financial planning that will inform ongoing review and implementation of plans for change	Work has been continued and expanded through the neighbourhood planning process, with the development of new locality planning structures to escalate shared priorities and challenges. This will shape the direction of service delivery alongside supporting communities to take the actions they can for themselves, with the ongoing focus remaining on outcome improvement. This will need difficult political decisions on priorities and which services are disinvested from. The Council prepares long term financial plans, covering 10 years, which identifies the key risks and opportunities facing the Council over the coming years. This helps inform the financial agenda for change in the organisation
♦ monitor and report on delivery of local priorities and outcomes while improving public performance reporting	Reports are prepared twice a year (at Q2 and Q4) against the priorities in the Council Plan Connect. At a Community Planning Partnership level there is an annual progress report on the outcomes within the Community Plan Public Performance Reporting is kept under review, with recent enhancements including Family Group analysis of the LGBF and the further development of Annual Performance Spotlights which present information via infographics and accessible trend and target graphics

Collaboration

Councils and integration joint boards need to:	SLC position
♦ maximise the potential of collaborative working by:- ♦ working alongside partners to improve community planning partnerships, so that they have a clearer strategic direction and take a more active role in leading local partnership working	The implementation of the Community Planning Partnership review and engagement work to identify current priorities for both Council and Community Plans will improve the strategic leadership from the Board and their links to the new locality partnerships which are being established
♦ engaging with other councils, partners and communities in developing plans to improve and change the way services are delivered	There is a clear direction of travel in South Lanarkshire around building and strengthening partnerships at strategic, locality and neighbourhood level. Communities will continue to be engaged through the expanding neighbourhood planning process to give them ownership over improvement plans and a direct influence on service delivery Tools and good practice in other councils are identified and shared through the Change Managers Network which is facilitated through the Improvement Service and has membership from all 32 Councils in Scotland. Other examples of collaborative work include the council's engagement with the Regional Improvement Collaborative, Scotland Excel, and work with the Digital Office for Scottish Local Government.
♦ increase the opportunity for communities to influence or take control of local decision-making and, demonstrate how communities are supported to help design or deliver local services and improve outcomes	In addition to work on neighbourhood plans, Participatory Budgeting activities give communities opportunities to influence decision-making and help design local services A Members Awareness session for Elected Members on Participatory Budgeting took place in August 2019 and a report was taken to the Executive Committee in June 2020 The Standards and Procedures Advisory Forum has agreed appropriate governance structures around participatory budgeting. Opportunities for service co-production have been taken forward – e.g., the redesign of throughcare and aftercare services involving children and young people. SLC is also looking to develop a Community Wealth Building strategy which will take a people-centred approach to local economic development and community wellbeing.

Capacity and Skills

Councils and integration joint boards need to:	SLC position
♦ develop leadership capacity and workforce planning arrangements including:- ♦ effective succession planning and capacity development for leadership positions	Introduction of a Leadership Challenge Programme to facilitate transformational Leadership has not yet been implemented due to COVID19. Programme delivery method will be adapted as a blended learning approach Our Development Programmes have been replaced with an individualised learning approach delivered by a blended learning approach. This revised framework also provides an opportunity for employees at all levels, to access optional accredited management qualifications.
♦ approaches to increase the uptake of learning and development opportunities by Councillors, to ensure that they are equipped to respond to the challenging context and their role in planning for the future	Training needs analysis is designed to inform Elected Members programme of training and briefings which includes individual learning choices and methods of preferred learning COVID-19 has impacted on this year's planned programme, however, alternative e-solutions have been implemented to ensure that Elected Members have continued access to learning and development opportunities. Examples from this year's programme include Local Development Plan and climate change awareness, e-briefings and webinars on subjects from Participatory Budgeting to the operation of Childcare Hubs.
♦ improving the quality and range of workforce data to give a comprehensive profile of the current organisation-wide workforce	To supplement our existing data, we are in the process of recruiting a "Power BI" expert, in order to develop granular employment dashboards for managers. Power BI is a software tool for creating dashboards for data to improve business intelligence
♦ using this comprehensive workforce data to:- ♦ *identify and address skills gaps, including those related to lack of capacity or the age profile of staff* ♦ *plan for the skills required to deliver services, both now and in the future, including using skills from the third and private sectors, with a greater focus on collaborative and flexible working*	The new dashboards will provide more detailed workforce planning information and inform the Learning and Development Boards when considering skills gaps We are also looking at options for replacing/upgrading the existing Human Resources Management System

Services

Councils and integration joint boards need to:	SLC position
♦ consider how the recommendations above relate to each service ♦ For Planning Services this specifically includes:- ♦ ensuring the role of Chief Planning Officer is positioned to contribute at a strategic level to corporate level discussion and planning	The requirement of each local authority to designate a Chief Planning Officer as part of the Senior Management Team was included in the 2019 Planning Act (Scotland) but secondary legislation has been delayed due to the pandemic. The reports to Planning Committee have assumed that this role/title would go to the Head of Planning and Economic Development. The postholder is a Head of Service and a member of a range of corporate groups to ensure that Planning is seen as a vital legislative tool to drive development and economic development especially when the Council is acting as a developer
♦ developing detailed workforce planning and strategies that will respond to the changing skills needs of the service and consider at a national level how collectively the limited availability of planning professionals can be addressed	National shortage identified in a number of professional areas, including Planning, Environment Health and Building Standards Society of Personnel and Development Scotland (SPDS) professional network led by South Lanarkshire Council, is working nationally on these areas
♦ providing effective leadership to staff for the cultural changes needed to respond to the shift in focus for this service	Using tools and good practice identified through the Change Managers Network, the Council will support senior managers to lead the cultural shift in the service
♦ implementing changes to how the service works to improve the level of partnership working and community engagement	Renewed strategic focus at partnership level will create a culture of supportive challenge, where services can be adapted to ensure that communities are engaged in design and delivery and the added value of partnerships is recognised in planning for change

5.   Next Steps
5.1.   The Committee is asked to note the contents of this report.

6.   Employee Implications
6.1.   There are no direct employee implications.

7.   Financial Implications
7.1.   There are no direct financial implications.

8.   Climate Change, Sustainability and Environmental Implications
8.1.   There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.

9.   Other Implications
9.1.   Considering the detail of the report and identifying actions, as appropriate, contribute towards effective risk management.

10.   Equality Impact Assessment and Consultation Arrangements

10.1.   This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.

10.2.   There is no requirement for consultation on the content of the report.

Paul Manning
Executive Director (Finance and Corporate Resources)

4 November 2020

Link(s) to Council Values/Ambitions/Objectives
♦   Promote Performance Management and Improvement

Previous References
♦   None

List of Background Papers
♦   Audit Scotland Report 'Local Government in Scotland: Overview 2020'

Contact for Further Information
If you would like to inspect the background papers or want further information, please contact:-
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Report

Report to:	**Risk and Audit Scrutiny Committee**
Date of Meeting:	**9 December 2020**
Report by:	**Executive Director (Finance and Corporate Resources)**

Subject:	**Forward Programme for Future Meetings**

1. Purpose of Report
1.1. The purpose of the report is to:-

- ♦ advise members of the forward programme for the meetings of the Risk and Audit Scrutiny Committee to June 2021
- ♦ invite members to suggest topics for inclusion in the Committee's forward programme

2. Recommendation(s)
2.1. The Committee is asked to approve the following recommendation(s):-

(1) that the report and the outline forward programme for the meetings of the Risk and Audit Scrutiny Committee to June 2021, attached as an appendix to the report, be noted.

3. Background
3.1 As part of a range of improvement measures introduced as a result of Audit Scotland's report on the Audit of Best Value and Community Planning (2009), an Action Plan was prepared. One of the actions was to include, as a standard agenda item, a list of items proposed for consideration at subsequent meetings of this Committee to provide an opportunity for members to inform future agendas. The outline forward programme to June 2021 is attached, for members' information, as an appendix to the report.

4. Employee Implications
4.1. There are no employee implications.

5. Financial Implications
5.1. There are no financial implications.

6 Climate Change, Sustainability and Environmental Implications
6.1 There are no Climate Change, Sustainability or Environmental implications in terms of the information contained within this report

7 Other Implications
7.1 There are no risk implications in terms of the information contained within this report.

8   Equality Impact Assessment and Consultation Arrangements

8.1   The report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.

8.2   There was no requirement to undertake any consultation in terms of the information contained in this report.

Paul Manning
Executive Director (Finance and Corporate Resources)

25 November 2020

Link(s) to Council Values/Objectives/Ambitions
Value – Accountable, Effective, Efficient and Transparent

Previous References
Executive Committee 8 July 2009

List of Background Papers
Audit Scotland Audit of Best Value and Community Planning

Contact for Further Information
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APPENDIX – RASC OUTLINE FORWARD PROGRAMME TO JUNE 2021

Meeting Date	Item	Responsibility
3 March 2021	1. Internal Audit Activity	Audit and Compliance Manager
	2. 6 Monthly Fraud Report to 30 September 2020	Audit and Compliance Manager
	3. Performance and Review Scrutiny Forum Annual Update	Head of Corporate Communications
	4. Annual Audit Plan	Audit Scotland
22 June 2021	1. Internal Audit Activity Report	Audit and Compliance Manager
	2. Internal Audit Annual Assurance Report	Audit and Compliance Manager
	3. Good Governance Statement and Q4 Year End Report	Head of Administration and Legal Services
	4. Financial Resources Scrutiny Forum Activity	Head of Finance (Strategy)
	5. Interim Audit Report	Audit Scotland
	6. Unaudited Annual Accounts	Head of Finance (Strategy)

N.B:-. Audit Scotland national studies and reviews will appear as a recurring item but the frequency and subject matter will vary according to their programme.