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, 06 February 2019**
Time: **10:00**
Venue: **Committee Room 2, Council Offices, Almada Street, Hamilton, ML3 0AA**

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

Members are reminded to bring their fully charged tablets to the meeting

Yours sincerely

Lindsay Freeland
Chief Executive

Members
Graeme Campbell (Chair), Poppy Corbett, Maureen Devlin, Mary Donnelly, Mark Horsham, Martin Lennon, Julia Marrs, Carol Nugent, Margaret B Walker, Jim Wardhaugh

Substitutes
Janine Calikes, Margaret Cowie, Isobel Dorman, Lynne Nailon, Bert Thomson, Jared Wark

BUSINESS

1   Declaration of Interests

2   Minutes of Previous Meeting   3 - 6
Minutes of the Meeting of the Risk and Audit Scrutiny Committee held on
14 November 2018 submitted for approval as a correct record. (Copy
attached)

Item(s) for Decision

3   Annual Review of the Local Code of Corporate Governance   7 - 38
Report dated 11 December 2018 by the Executive Director (Finance and
Corporate Resources). (Copy attached)

4   Internal Audit Activity as at 16 January 2019   39 - 44
Report dated 16 January 2019 by the Executive Director (Finance and
Corporate Resources). (Copy attached)

Item(s) for Noting

5   Good Governance Action Plan 2018-2019 - Quarter 2 Progress Report   45 - 56
Report dated 11 December 2018 by the Executive Director (Finance and
Corporate Resources). (Copy attached)

6   Review of the Council's Top Risks   57 - 64
Report dated 16 January 2019 by the Executive Director (Finance and
Corporate Resources). (Copy attached)

7   Corporate Governance - Review of the Adequacy of Internal Audit   65 - 66
Letter dated 21 January 2019 by Audit Scotland, External Auditors. (Copy
attached)

8   Performance and Review Scrutiny Forum Annual Update   67 - 68
Report dated 15 January 2019 by the Executive Director (Finance and
Corporate Resources). (Copy attached)

9   Forward Programme for Future Meetings   69 - 72
Report dated 8 January 2019 by the Executive Director (Finance and
Corporate Resources). (Copy attached)

Urgent Business

10   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 in Committee Room 2, Council Offices, Almada Street, Hamilton on 14 November 2018

Chair:
Councillor Graeme Campbell

Councillors Present:
Councillor Poppy Corbett, Councillor Maureen Devlin, Councillor Mary Donnelly, Councillor Mark Horsham, Councillor Julia Marrs

Councillors' Apologies:
Councillor Martin Lennon, Councillor Carol Nugent, Councillor Margaret B Walker, Councillor Jim Wardhaugh

Attending:
Finance and Corporate Resources
P Manning, Executive Director; Y Douglas, Audit and Compliance Manager; S Dunsmore, Insurance and Risk Manager; T Little, Head of Corporate Communications and Strategy; T Slater, Administration Officer; J Taylor, Head of Finance (Strategy)

Also Attending:
Audit Scotland
B Gillespie and D Richardson, External Auditors

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1   Declaration of Interests
No interests were declared.

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2   Minutes of Previous Meeting
The minutes of the meeting of the Risk and Audit Scrutiny Committee held on 18 September 2018 were submitted for approval as a correct record.

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

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3   Internal Audit Activity as at 24 October 2018
A report dated 24 October 2018 by the Executive Director (Finance and Corporate Resources) was submitted on work completed by Internal Audit during the period 30 August to 24 October 2018.

Details were given on the progress of audit assignments and the performance of Internal Audit which highlighted that:-

♦   68% of assignments had been delivered within budget against a target of 80%
♦   80% of draft reports had been delivered on time against a target of 80%
♦   75% of the 2018/2019 Internal Audit Plan had commenced
♦   88% of audit assignments had been concluded to a signed action plan within 4 weeks of the issue of a draft report against a target of 80%

♦ 89% of internal audit recommendations had been delivered on time against a target of 90%

The findings from assignments completed in the period 30 August to 24 October 2018 were detailed in Appendix 2 to the report. Significant assignments completed in the period were detailed in Appendices 3 and 4 to the report.

Updates were given on the following areas of work:-

♦ progress against the audit strategy
♦ Internal Audit Plan
♦ National Fraud Initiative

As part of the 2019/2020 Internal Audit Plan consultation process, the Committee would be asked for ideas and suggestions for inclusion in the 2019/2020 Plan. Those should focus on specific areas where there were known control weaknesses.

Audit Scotland had recommended that public bodies participating in the National Fraud Initiative (NFI) self-appraise their involvement prior to and during the exercise. To facilitate the self-appraisal, Audit Scotland had developed a checklist which included areas where the Audit Committee should obtain assurance around the organisation's approach to the NFI exercise. The checklist and suggested responses to each of the self-assessment questions were detailed in Appendix 5 to the report.

Officers responded to members' questions on various aspects of the report. In response to a member's suggestion, consideration would be given to arranging an awareness session in relation to the NFI exercise.

The Committee decided: that the report be noted.

[Reference: Minutes of 18 September 2018 (Paragraph 5)]

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4   2017/2018 Year End Risk Management Report

A report dated 2 October 2018 by the Executive Director (Finance and Corporate Resources) was submitted on:-

♦ progress in delivering actions to control the Council's top risks
♦ Resource compliance with the Risk Management Strategy

Risk Sponsors were required, on an annual basis, to assess and provide evidence of their Resource's compliance with the Risk Management Strategy. The end of year compliance statement, attached as Appendix 1 to the report, showed that Resources continued to demonstrate full compliance with the Strategy.

Performance in completing actions on the Council's top risk control plan was reported through IMPROVe, the Council's performance management system, on a quarterly basis. At 31 March 2018, 100% of actions relating to the Council's top risk register had been completed against a target of 80%.

Officers responded to members' questions on the position regarding insurance cover for members who represented the Council on outside bodies

The Committee decided: that the report be noted.

[Reference: Minutes of 11 November 2017 (Paragraph 6)]

5   2017/2018 Year End Insured Risks Report

A report dated 5 October 2018 by the Executive Director (Finance and Corporate Resources) was submitted on the Council's insurance claims for the year to 31 March 2018 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 2013/2014 to 2017/2018. Claim numbers for 2017/2018 were in line with the average for the previous 4 years, while the estimated value of claims for 2017/2018 was below the previous 4 year average.

Appendix 2 compared claim numbers and costs for 2017/2018 with the equivalent position for 2016/2017. This showed an increase of 251 claims (25%) compared with the numbers reported in 2016/2017 and an increase in the cost of claims from £1.662 million in 2016/2017 to £1.963 million in 2017/2018.

Details were given on measures in place and mitigating actions proposed to manage insurance hotspots.

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

The Committee decided: that the report be noted.

[Reference: Minutes of 11 November 2017 (Paragraph 5)]

Councillor Devlin left the meeting following consideration of this item of business

6   Audit Scotland Report: Challenges And Performance 2018

A report dated 5 November 2018 by the Executive Director (Finance and Corporate Resources) was submitted on the Audit Scotland report 'Challenges and Performance 2018'.

Audit Scotland published an overview report each year, on behalf of the Accounts Commission, covering key areas of current and future activity relative to local government and providing an opinion on how those were, or should be, managed.

The Audit Scotland report was divided into the following 3 parts:-

♦   Part 1   The challenges for councils
♦   Part 2   Councils' responses to the challenges
♦   Part 3   The impact on council services

A number of key messages arising from the report were outlined, including recommendations for councils. Details of the recommendations were provided, together with an assessment of the position in this Council. In addition, the report was accompanied by a scrutiny tool for Councillors which included example questions which would aid Councillors in performing their role. Those questions were detailed in Appendix 1 to the report.

In response to a point raised regarding training for elected members, officers advised that options to make training more accessible to members would be explored.

| **The Committee decided:** | that the key messages and recommendations detailed in the Audit Scotland report entitled 'Challenges and Performance 2018' be noted. |

[Reference: Minutes of 21 March 2018 (Paragraph 8)]

7   Efficiency Statement 2017/2018

A report dated 19 September 2018 by the Executive Director (Finance and Corporate Resources) was submitted on the Council's Efficiency Statement for 2017/2018.

As part of the Scottish Government's efficiencies agenda, councils had been asked to return information on efficiencies generated in the year.

The level of efficiencies achieved by the Council in 2017/2018 was £19.653 million. This figure took account of the removal of any savings which were not considered to be efficiencies achieved in the year. The efficiency savings did, however, include efficiencies achieved through improved procurement practices and efficiencies identified by the Lanarkshire Valuation Joint Board.

The Council continued to recognise the ongoing requirement to demonstrate efficiency, with continuous improvement remaining a key principle of Best Value.

The Efficiency Statement, which was attached as an appendix to the report, had been forwarded to COSLA by the due date of 17 August 2018.

| **The Committee decided:** | that the Efficiency Savings figure of £19.653 million for 2017/2018, which had been submitted to COSLA by the due date of 17 August 2018, be noted. |

[Reference: Minutes of 20 September 2018 (Paragraph 6)]

8   Forward Programme for Future Meetings

A report dated 25 October 2018 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 14 June 2019.

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 Risk and Audit Scrutiny Committee to 14 June 2019 be noted. |

9   Urgent Business

There were no items of urgent business.

Report

Report to:	**Risk and Audit Scrutiny Committee**
Date of Meeting:	**6 February 2019**
Report by:	**Executive Director (Finance and Corporate Resources)**

Subject:	**Annual Review of the Local Code of Corporate Governance**

1. Purpose of Report

1.1. The purpose of the report is to:-

♦ Provide Committee with an update on the annual review of the Local Code of Corporate Governance.

2. Recommendation(s)

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

(1) that the findings from the review of the Local Code of Corporate Governance are noted;

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

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 new governance framework came into effect, Delivering Good Governance in Local Government and the guidance for Scottish Local Authorities was published in December 2016. The 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 and should, therefore, develop and maintain a Local Code of Governance and governance arrangements reflecting these principles. A new Local Code of Corporate Governance was developed and approved by the Council on 16 May 2018 and compliance with the Code was reviewed as part of the Annual Review of Governance arrangements.

3.4. The purpose of this report is to advise the Committee of the process undertaken to review the Local Code of Corporate Governance and provide an updated document for approval in preparation for the 2018-2019 Annual Review of Governance arrangements.

4.   The Review Process

4.1.   The principles contained in the Code are aligned with the Council's Annual Governance Self-Assessment process. Each year, all Resources undertake a Self-Assessment of Governance arrangements. This informs the Director's Statement of Assurance which, in turn, informs the Governance Statement and the resulting Improvement Plans. The review of the Local Code of Corporate Governance forms part of this process and the Governance Statement provides a record of how the Council has complied with the Code.

5.   Findings from the Review

5.1.   Following on from the review, there have been no changes to how the Code is structured. As previously reported, the Code comprises 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 document is split into two sections:-
- Section 1 outlines the actions and behaviours that demonstrate good governance as set out in the national framework (as referred to at paragraph 3.2.); 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 elected members and employees need to ensure effective governance across the Council.

5.2.   Much of the work undertaken to update the Code has related to Section 2 of the document. Evidence and links have been updated, where relevant. A copy of the updated Code is attached at Appendix 1.

6.   Key Governance Changes During 2017-18

6.1.   The major changes to the Council's governance arrangements, as reported by each Resource in the Director's Statement of Assurance, is included at Appendix 2.

7.   Communication of the Code

7.1.   The first of a series of Governance Awareness Sessions with Elected Members took place on 22 August 2018. This session included an overview of the Code and how it relates to the work of Elected Members. Further sessions will be arranged.

7.2.   The Employee Code of Conduct is currently being updated to reflect the new national Principles of Good Governance and the Council's revised Local Code of Corporate Governance. A Management Bulletin and Personnel Circular will be issued to advise employees of these changes.

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.

9.   Financial Implications

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

10.   Other Implications

10.1. There are no significant issues in terms of sustainability or risk directly associated with 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 December 2018

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

Previous References
- Report on the "Review - Code of Corporate Governance and Annual Governance Statement" on 13 June 2018

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

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Local Code of Corporate Governance

Introduction

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.

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"). 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.

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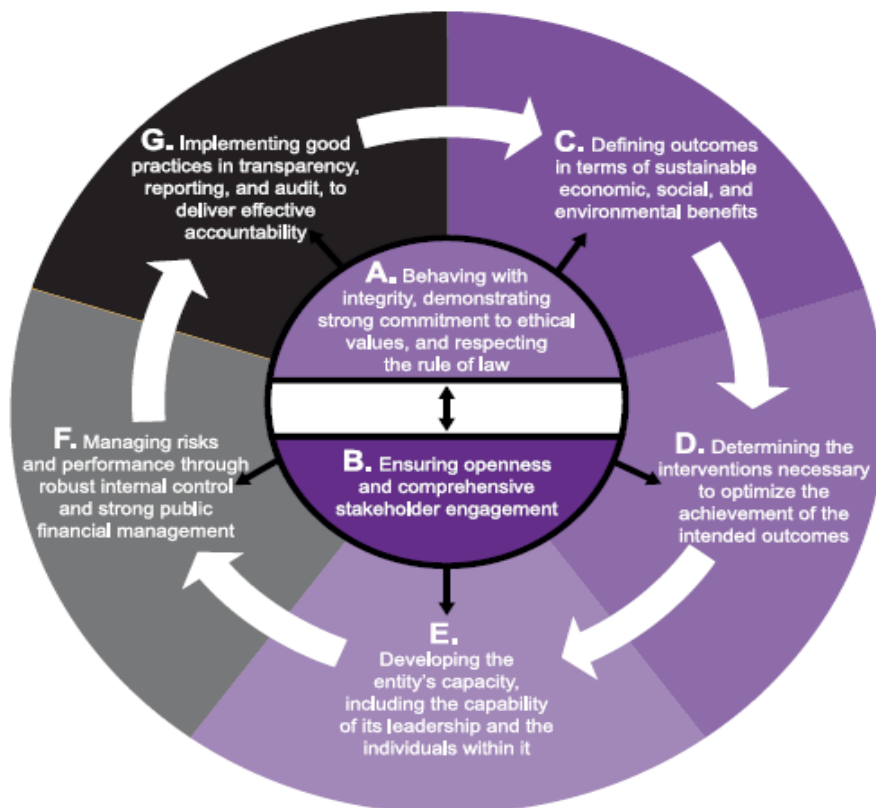
Further information regarding each of the above principles and the behaviours and actions that demonstrate good governance in practice are detailed at Section 1.

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.

Compliance with the Code
Compliance with the code will be assessed annually using the councils "Governance Assurance Framework". This will be assessed 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. This will reflect the governance officer working group's assessment of compliance; provide an opinion on the effectiveness of the council's arrangements; and provide details of any improvements required. 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.

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:**

Lindsay Freeland
Chief Executive

Signature: **Date:**

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
Local government organisations 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.

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

Local government 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.

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

The long-term nature and impact of many of local government'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.

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

Local government 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 local government 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.

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

Local government 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. A local government organisation 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 in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

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.
	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

Local government 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.

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.
	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.

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

Sub principles:	South Lanarkshire is committed to:-
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

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.

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.

Section 2
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 Report		●	●				●
Annual Resource budget strategy meeting				●			
Anti-fraud and corruption strategy - Fraud response plan	●					●	
Asset Management Plan					●		
Audit Scotland monitoring and reporting process					●		●
Behaviours Framework/Performance Appraisal	●				●		
Budget consultations		●	●	●			
Business Continuity Plans				●		●	
CEO/Political leaders meetings					●		
Citizens' Panel		●		●	●		
Codes of Conduct (Link to Councillors Code)	●				●		
Committee Management Procedural Documents	●	●					
Committees	●	●	●	●		●	●
Communication plans and strategies		●		●			
Community Engagement Co-ordination (Partnership) Group		●			●		
Community Engagement Framework		●			●		
Community Planning Partnership		●	●	●	●		●
Complaints Handling; You said, we did	●	●		●	●		
Consultation Database		●		●			
Corporate Management Team (CMT)	●	●	●	●	●	●	●
Council Plan – Connect	●	●	●	●	●		
Council Website	●	●					●
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 standards and guidance						●	
Freedom of Information Act Publication Scheme		●					
Governance Arrangements (Report / Appendix) - Annual Review					●		●
Induction process/programme	●				●		
Information Governance						●	
Internal Audit Plan	●			●		●	
Investors in People report	●				●		
Learning and Development Programmes	●				●		●
Local Code of Corporate Governance	●						●
Local Government Benchmarking Framework				●	●	●	●
Media protocols		●					
Members Role profiles					●		
Monitoring officer provisions	●						
Multi-member ward protocol					●		
Officer job description/specifications	●						
Participatory Budgeting Events			●				
Partnerships: Glasgow Region City Deal/Clyde Valley		●			●		●
Performance Management			●	●	●	●	●
Personnel strategies, policies and procedures	●				●		
Procurement	●		●	●			
Public Performance Reports		●			●		●
Records Management Policy; Privacy Impact Assessment						●	
Register of gifts and hospitality	●						
Resource Contingency Plans						●	
Resource Plans	●		●	●		●	
Risk and Audit Scrutiny Committee	●					●	
Risk 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**
Scheme of Delegation	●				●		
Scrutiny Forums	●					●	
Service Review Framework				●	●		
Standards and Procedures Advisory Forum	●				●		
Standing Orders on Procedures / Standing Orders on Contracts / Financial Regulations	●			●	●	●	
Statutory guidance	●						
Strategic Environmental Assessments			●				
Strategies and Policies	●		●	●			
Terms of Reference	●				●	●	
Whistle blowing policies (link to Third Parties)	●					●	
Workforce planning					●		
Writing style guide				●			●

Major Changes to the Council's Governance Arrangements 2017-18

Resource	The major changes highlighted in the Resource Director's Statement of Assurance were as follows:-	How do these changes effect the council's governance arrangements
Community and Enterprise Resources	The Employability service transferred from Community and Enterprise Resources to Education Resources and Finance and Corporate Resources.	Governance arrangements now lie with Education Resources and Finance and Corporate Resources and are no longer the responsibility of Community and Enterprise Resources.
	Continued support provided for service reviews across Resources by Personnel Services and Finance Services. The following service reviews were completed during 2017-18 with some continuing into 2018-19:- • Advice and voluntary sector (all Resources); • Business Administration (all Resources); • Contracts (all Resources); • Facilities Management; • Fleet; • Grounds Maintenance; • Overtime (all Resources); • Planning and Building Standards; • Policy and Strategy (all Resources); • Regeneration (all Resources); • Roads and Transportation; • South Lanarkshire Leisure and Culture; • Waste Management; and • Working patterns.	Governance arrangements for undertaking service reviews across the Resource has not changed. The Business Administration review within Community and Enterprise Resources resulted in the centralisation of all administration and clerical employees into one new structure.

Resource	The major changes highlighted in the Resource Director's Statement of Assurance were as follows:-	How do these changes effect the council's governance arrangements
Education Resources	Compliance with the Education (Scotland) Act 2016 which introduced the National Improvement Framework.	The National Improvement Framework (NIF) sets out the priorities for improving education standards for all learners and to close the poverty related attainment gap. Six key drivers have been identified nationally to ensure the government have the right type of evidence sources to effect improvement. It is worth noting that staff in the Curriculum and Quality Improvement Service have strategic responsibility around an element of the NIF which results in clear and measurable outcomes. The range of evidence used to evaluate effectiveness further enhances our governance arrangements and is leading to improved outcomes for learners. All school improvement plans are designed around the National Improvement Framework which include details on how they will use their Pupil Equity Funding (in consultation with parents) to close the equity gap. The Scottish National Standardise Assessments (SNSAs) are aligned to Curriculum for Excellence and report progress in skills for reading, writing and numeracy (P1, P4, P7 and S3). School and service inspections continue to inform our next steps for improvement, building on strengths and areas for development and the outcomes reported to committee. (During 2017-18, 18 inspection reports were published). A recent thematic inspection by Education Scotland on 22 October 2018 looked at the 'readiness for empowerment'. The 4 themes covered the governance arrangements on: Improvement; Curriculum; Staffing; and Funding. Our Standards and Quality Report (October 2018) provides an insight into

Resource	The major changes highlighted in the Resource Director's Statement of Assurance were as follows:-	How do these changes effect the council's governance arrangements
Education Resources	Compliance with the Education (Scotland) Act 2016 which introduced the National Improvement Framework.	how we are continuing to deliver national and local outcomes.
	Implementation of the Children and Young People (Scotland) Act 2014.	Arrangements are in place to ensure our regulatory and statutory duties are being met and take account of the needs of young people. Governance arrangements are built into the Children's Services Plan and regular reporting mechanisms are in place to monitor progress and to take account of the ever changing landscape. The Realignment of Children's Services and the highly valued training offered in child protection are examples of improvement activity which have and continue to have a positive outcome for children and families. External scrutiny by Education Scotland and other agencies have commended existing governance arrangements and any recommendations for improvement are actioned. The principle of Getting It Right For Every Child (GIRFEC) underpins a range of systems and all practitioners consider the needs of the child based on the eight key indicators of wellbeing. These indicators are embedded in all assessments and plans to ensure consistency of approach and to achieve better outcomes for children. The recently published Framework for Inclusion and Equality is designed to provide support and guidance to schools and services and ensure compliance with governance arrangements.

Resource	The major changes highlighted in the Resource Director's Statement of Assurance were as follows:-	How do these changes effect the council's governance arrangements
Education Resources	Implementation of the Children and Young People (Scotland) Act 2014.	**Children and Young People (Information Sharing) (Scotland) Bill** – introduced in June 2017, the Bill includes new provisions around information sharing in order to comply with all data, confidentiality and human rights legislation. The Code of Practice to support implementation of the Bill is still under development and the aim is that it will be workable, comprehensive and user friendly. Current information sharing arrangements are set within existing legislation and governance sits within the policies and guidance of the council. **Children's Rights** – The Act places new duties on Scottish ministers and the wider public sector in relation to the rights of children in influencing the design and delivery of policies and services. Governance of reporting on the steps taken to secure better or further effect of the United Nations Convention on the Rights of the Child will be achieved within the Children Services Planning structures of the council. It strengthens the powers of the Scottish Children and Young People's Commissioner to enable investigations to be conducted in relation to individual children and young people. Governance of compliance with investigations is service specific and sits within the current policies and procedures of Resources and the council. **Looked After Children and Young People** – Governance of how the authority fulfils its statutory duties in relation to corporate parenting rests within the Children's Services structures of the council (ref: Corporate Parenting Plan) and in the policies and guidance within individual Resources and the council.

Resource	The major changes highlighted in the Resource Director's Statement of Assurance were as follows:-	How do these changes effect the council's governance arrangements
Education Resources	The introduction of the Pupil Equity Fund and supporting schools involved in the Scottish Attainment Challenge.	In terms of Pupil Equity Funding (PEF) operational guidance has been provided to all Head Teachers with the support of internal audit to ensure compliance with governance arrangements. A revised PEF governance structure came into effect in August 2018. Two strategic PEF leads were appointed in June 2018 and took up their post in August 2018. These two PEF Strategic Lead Officers have a key role in leading and supporting schools to ensure the Pupil Equity Fund has maximum impact. The Equity Programme Board and Equity Strategy Team meet regularly to ensure that the authority has an overview of the work of schools and can target appropriate advice and support where required. As part of the new PEF Governance Framework, two PEF Head Teacher Consultative Groups (one primary and one secondary) were established at the start of this academic year (2018-19). These groups meet regularly to consult on PEF related matters and represent the views of Head Teachers across South Lanarkshire Council. This is a mechanism to empower staff across the authority in relation to PEF. All Head Teachers are fully involved and supported throughout the PEF process. Head Teacher conferences and Learning Community meetings are just a few examples of where we share, support and consult on PEF work with Head Teachers. Openness and transparency is embedded into our governance procedures through engagement with parents, pupils and staff and regular monitoring of expenditure is a core feature of this process with updates presented to committee.

Resource	The major changes highlighted in the Resource Director's Statement of Assurance were as follows:-	How do these changes effect the council's governance arrangements
Education Resources	Planning for the expansion in early years and childcare provision (1140 hours).	The council has followed the planning assumptions provided by the Scottish Government in considering the potential requirements in terms of provision. Through our own evidence based data and engagement with stakeholders including partner providers our proposals to achieve delivery of 1140 hours by 2020 is as follows: • Population estimates; • Current uptake patterns to local authority and partners provision; • Parental consultation in respect of viable models of delivery and providers; • Projected capacity within existing local authority provision; and • Anticipated capacity from private providers. An update on progress was presented to the Executive Committee on 15 August 2018. A range of risk factors have been identified and actions are being taken to mitigate against these in conjunction with other council Resources, external partners and the Scottish Government. As part of the implementation plan the council is required to demonstrate the key governance principles of quality, accessibility, affordability and phasing. Engagement with stakeholders and regular reporting will continue.

Resource	The major changes highlighted in the Resource Director's Statement of Assurance were as follows:-	How do these changes effect the council's governance arrangements
Education Resources	Through the Governance Review, the establishment of the West Partnership and other Regional Improvement Collaboratives.	As part of our governance arrangements regular updates on progress within the partnership are submitted to the Education Resources Committee. The West Partnership Regional Improvement Collaborative has sought to emphasise the importance of maintaining local democratic accountability through the regional partnership to enhance and support existing improvement measures being implemented by local authorities. An improvement plan which was endorsed by Education Scotland focuses on three key themes: • Early Learning and Childcare; • Improvement; and • Learner Journey. Feedback on the plan in February 2018 intimated that the plan is clear, high-level (phase 1) and all partner authorities have worked well to develop strong governance arrangements. Good progress has been made in gathering performance data to effect improvement. Phase two of the plan will be designed around how to share and learn from best practice in raising attainment across all eight local authorities. A key outcome being to work closely with our partners in the West Partnership to share practice and gain collective benefit from across the Regional Improvement Collaborative and to report on progress.

Resource	The major changes highlighted in the Resource Director's Statement of Assurance were as follows:-	How do these changes effect the council's governance arrangements
Finance and Corporate Resources	The requirement to support implementation savings across Resources and manage the associated employee impact.	This requirement is a continuation and therefore there is no impact on the council's governance arrangements.
	2017-18 saw the first full year of an integrated Finance delivery model, providing Business Partner support to Resources, and strategic financial support.	This change was as a result of the Finance Review, approved at committee, where Finance Services have been integrated into one service under the Executive Director of Finance and Corporate Resources. This change doesn't dilute or change the level of control or governance in the council, however, there is now a direct line of reporting to the Section 95 Officer, and a more streamlined management structure.
	IT upgraded and replaced all of the external firewalls which protect the council's data network and IT systems from external cyber threats.	These changes will have no impact on the council's governance arrangements.
Housing and Technical Resources	Procurement of a new housing management system with implementation scheduled over the next 2 years.	These changes will have no impact on the council's governance arrangements.
Social Work Resources	Preparation for the implementation of the Carers (Scotland) Act 2016.	The Carers (Scotland) Act 2016 came into effect on 1 April 2018. It introduced new statutory requirements for how we plan and support carers and young carers. Within the context of the Act, a carer is defined as an individual who provides or intends to provide care for another individual. In a change from previous legislation, carers no longer need to be providing a substantial amount of care on a regular basis to be recognised as a carer under the Act.

Resource	The major changes highlighted in the Resource Director's Statement of Assurance were as follows:-	How do these changes effect the council's governance arrangements
Social Work Resources	Preparation for the implementation of the Carers (Scotland) Act 2016.	***Main Provisions of the Act*** • Duty to set local eligibility criteria to determine levels of support to carers, based on their assessed needs. • Requirement to complete an Adult Carer Support Plan or Young Carer's Statement to identify carers' needs and personal outcomes. • Requirement to have an information and advice service for carers on, amongst other things, short breaks, emergency and future care planning, advocacy, income maximisation and carers' rights. The Carers Census collects information which will be used by the Scottish Government, COSLA, Health and Social Care Partnerships, Local Authorities and other stakeholders to monitor the implementation of the Carers Act. It will help the Scottish Parliament, the Scottish Government, carers' organisations and other stakeholders to understand how the new Act is making a difference to the lives of carers across Scotland. This data will be collected every six months in 2018-19. As such, the collection for the first 6 months (April to September) will open at the beginning of October and will remain open until mid-November. The collection for the latter six months of 2018-19 will open in April.

Resource	The major changes highlighted in the Resource Director's Statement of Assurance were as follows:-	How do these changes effect the council's governance arrangements
Social Work Resources	Health and Social Care Integration and the implementation of the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014.	The Public Bodies (Joint Working) (Scotland) Act 2014 requires Health Boards and Local Authorities to integrate planning for, and delivery of, certain adult health and social care services. The Act requires them to prepare jointly an integration scheme setting out how this joint working is to be achieved. A number of scrutiny bodies have an interest in how the health and social care agenda is developing:- • The Care Inspectorate and Healthcare Improvement Scotland through their joint inspections of health and care services and through intelligence gathered in regulatory scrutiny activities at individual service level. • The Accounts Commission, as the body that will appoint auditors to Integration Joint Boards and Health Boards and Local Authorities with a lead agency approach, has an interest in financial management, governance arrangements and the extent to which the new partnerships are able to demonstrate the delivery of Best Value. • The Auditor General for Scotland (alongside the Accounts Commission) has an audit interest in the extent to which health and social integration, as a significant national policy development, is being implemented at national and local level, alongside its impact on NHS Scotland. **Governance** • [Roles, Responsibilities and Membership of the Integration Joint Board](): This guidance focuses on the roles, responsibilities and membership of the Integration Joint Board.

Resource	The major changes highlighted in the Resource Director's Statement of Assurance were as follows:-	How do these changes effect the council's governance arrangements
Social Work Resources	Health and Social Care Integration and the implementation of the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014.	• **Clinical and Care Governance Framework**: Guidance on the key elements and principles to be reflected in local clinical and care governance integrated arrangements. • **Model Integration Scheme**: Guidance which sets out an example of what should be included with in an Integration Scheme. • **Health and Social Care Functions**: This note sets out the scope of the health and social care functions to be included in integration and describes which health and social care functions **must** and **may** be integrated under the legislation. • **Good Practice Note**: A good practice note regarding directions from Integration Authorities to Health Boards and Local Authorities. It covers the wider context for directions; from and content of directions and the process for issuing and revising directions. • **Housing Advice Note**: This guidance focuses on housing services as an integral part of person-centred approaches and the wider delivery of health and social care integration. • **Adaptations, Aids and Equipment**: This note sets out the requirements to delegate housing adaptations, amongst some other housing related functions, to Integration Authorities.

Resource	The major changes highlighted in the Resource Director's Statement of Assurance were as follows:-	How do these changes effect the council's governance arrangements
Social Work Resources	Introduction of the Limitation (Childhood Abuse) (Scotland) Act 2017 which came into effect on 4 October 2017 and removes the three year limitation period to intimate claims for historic childhood abuse.	The Act amends the Prescription and Limitation (Scotland) Act 1973 ("the 1973 Act"). It removes the current three year limitation period in actions seeking damages in respect of personal injury where the action relates to abuse when the person who sustained the injuries and is bringing the action was a child at the time of the abuse. It applies to abuse occurring before or after commencement of the provisions. The Act applies to abuse occurring before or after the commencement of the new law (section 1 inserting new sections 17B and 17C into the 1973 Act). However, if the abuse occurred prior to 26 September 1964, any legal obligations arising from the abuse will usually have been extinguished, meaning it will not be possible to raise a court action. This is because the provisions of the Act sit alongside a related area of law known as prescription (which the Bill itself does not alter).4 Although there are differences between the two concepts, both prescription and limitation relate to time limits which the court must consider. For prescription the relevant time period is twenty years. With prescription the legal right is extinguished altogether after the time period has elapsed, with no possibility of the court exercising its discretion. In 1984 the law was amended so that, in future, the twenty year prescriptive period would not apply to personal injury claims (Prescription and Limitation (Scotland) Act 1984 (c 45). However, claims which had already "prescribed" were not revived by the 1984 Act.

Resource	The major changes highlighted in the Resource Director's Statement of Assurance were as follows:-	How do these changes effect the council's governance arrangements
Social Work Resources	Introduction of the Limitation (Childhood Abuse) (Scotland) Act 2017 which came into effect on 4 October 2017 and removes the three year limitation period to intimate claims for historic childhood abuse.	The changes could see historical claims being submitted to the council as the statutory successor to previous local government structures.
	Implementation of the Child Poverty (Scotland) Act 2017.	The Child Poverty (Scotland) Act 2017 requires the Scottish Government to reduce the number of children who live in poverty. By 2030, these targets must be met: • **Fewer than 10% of children living in families in relative poverty**. This means fewer than one in ten children living in households on low incomes, compared to the average UK household. • **Fewer than 5% of children living in families in absolute poverty**. This means fewer than one in twenty children living in low income households where living standards are not increasing. • **Fewer than 5% of children living in families living in combined low income and material deprivation**. This means fewer than one in twenty children living in low income households who can't afford basic essential goods and services. The Child Poverty (Scotland) Act contains the following key elements. It:- • Sets out four statutory income targets, with interim targets; • Places a duty on the Scottish Ministers to publish child poverty delivery plans, with the first plan covering the 4 year period from 1 April 2018 and two further plans covering a 4 and 5 year period respectively, and to report on those plans annually;

Resource	The major changes highlighted in the Resource Director's Statement of Assurance were as follows:-	How do these changes effect the council's governance arrangements
Social Work Resources	Implementation of the Child Poverty (Scotland) Act 2017.	• Places a duty on local authorities and Health Boards to report annually on activity contributing to the meeting of the child poverty targets; and • Establishes a Poverty and Inequality Commission from 1 July 2019. The Scottish Ministers must prepare a 'Delivery Plan' for each of the following periods:- • 1 April 2018 to 31 March 2022; • 1 April 2022 to 31 March 2026; and • 1 April 2026 to 31 March 2031.
	Implementation of the 10 year Self-directed Support Strategy.	The National Self-directed Support Strategy 2010-2020 is a joint Scottish Government and COSLA 10-year plan, dedicated to driving forward the personalisation of social care. Local authorities have a legal duty to offer people who are eligible for social care four options about how their care and support is delivered. Local authorities must also ensure they have access to support to help them make informed choices. The options are (1) a Direct Payment (a cash payment); (2) funding allocated to a provider of your choice (sometimes called an individual service fund, where the council holds the budget but the person is in charge of how it is spent); (3) the council can arrange a service for you; or (4) you can choose a mix of these options for different types of support. The principles of choice and control should apply to any assessment process, contact with universal public services and engagement with voluntary organisations about care and support.

Resource	The major changes highlighted in the Resource Director's Statement of Assurance were as follows:-	How do these changes effect the council's governance arrangements
Social Work Resources	Implementation of the 10 year Self-directed Support Strategy.	A wide set of public service reforms have been taken forward since the Strategy was launched in 2011, most notably health and social care integration. Set in this context, the priority for 2016-18 is to consolidate the learning from innovative practice and the application of guidance; and to embed Self-directed Support as Scotland's mainstream approach to social care.

Report

Report to:	**Risk and Audit Scrutiny Committee**
Date of Meeting:	**6 February 2019**
Report by:	**Executive Director (Finance and Corporate Resources)**

Subject:	**Internal Audit Activity as at 16 January 2019**

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 16 January 2019

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

(1) that progress and performance is noted

(2) that revisions to the 2018/2019 Audit Plan are approved

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 November 2018. This reported on work completed in the period 30 August to 24 October 2018. This report covers all work completed in the period 25 October 2018 to 16 January 2019. Performance information is also included.

4. Performance
4.1. As at 6 February 2019, approximately 83% of the 2018/2019 Audit Plan has been started and most assignments are nearing completion. The other key performance indicators reflecting quality, on time and within budget for the period to 31 December 2018 are summarised in Appendix One together with explanations. 85% of draft reports have been issued on time and 63% within budget against targets of 80% respectively. Quality continues to be monitored through internal quality control procedures.

4.2. Client contributions to the delivery of the audit plan take the form of responding to draft reports, agreeing to closing meetings and signing reports quickly once agreed. 82% of audit assignments were concluded to a signed action plan within four weeks of the issue of a draft report against a target set of 80%.

4.3. Members are asked to note performance.

5. Findings
5.1. Appendix Two lists all assignments completed in the period 25 October 2018 to 16 January 2019.

5.2.   Members are asked to note findings.

6.   Progress against Strategy

6.1.   The Public Sector Internal Audit Standards (PSIAS) requires 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 2018/2019 Plan and this is monitored through the performance indicators regularly reported to the Committee.

7.   Review of 2018/2019 Audit Plan

7.1.   A review of the current year's Audit Plan has identified that the following four audit assignments should not now be completed in 2018/2019 for the specific reasons noted below:

Assignment Number	Assignment Title	Reason
I210082	ICON (income management system)	Allocated budgeted utilised for other higher priority work. Will be considered for inclusion in future Audit Plans.
I342066	Mobile Working (Roads)	Audit will not add value until processes are further embedded. Will be considered for inclusion in future Audit Plans.
I350068	Financial Strategy	Covered by Best Value audit. Internal Audit assignment would therefore replicate review that has already been completed.
I410058	Roads Follow Up	Deferred to allow audit of new procedures within context of revised Service structure in 2019/2020

7.2.   This released 80 days which will be utilised to complete the remaining assignments within the 2018/2019 Plan by 31 March 2019.

7.3.   These amendments are considered to comply with the overall audit strategy and will have no impact on the ability to express an opinion within the Annual Assurance report for 2018/2019. The Risk and Audit Scrutiny Committee are asked to approve these revisions.

8.   Employee Implications
8.1.   There are no employee issues.

9.   Financial Implications
9.1.   At present, a breakeven position is forecast to the end of the financial year for the Internal Audit section.

10. Other Implications

10.1. The main risks to the delivery of the Audit Plan are vacancies and team up-skilling requirements, unforeseen service demands and delays with client sign-off. These are mainly mitigated by coaching and training, regular meetings and escalation processes as well as inclusion of contingency time within the annual plan.

10.2. There are no implications for sustainability in terms of the information contained in this report.

11. Equality Impact Assessment and Consultation Arrangements

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

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

Paul Manning
Executive Director Finance and Corporate Resources
16 January 2019

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

Previous References
- Internal Audit Plan 2018/2019 – Risk and Audit Scrutiny Forum, 21 March 2018
- Internal Audit Activity as at 18 May 2018 – Risk and Audit Scrutiny Forum, 13 June 2018
- Internal Audit Activity as at 29 August 2018 – Risk and Audit Scrutiny Committee, 18 September 2018
- The National Fraud Initiative 2016 – Risk and Audit Scrutiny Committee, 18 September 2018
- Internal Audit Activity as at 16 January 2019 - Risk and Audit Scrutiny Committee, 14 November 2018

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:-
Yvonne Douglas, Audit and Compliance Manager
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(Tel: 01698 452618)
E-mail: yvonne.douglas@southlanarkshire.gov.uk

Indicator	Numbers	Percentage	Target	Comment
Assignments delivered within budget	17/27	63%	80%	Most assignments delivered outwith budget were marginally over budget. One assignment related to advice and guidance and participation in an internal working group where more days were required than was originally anticipated.
Draft reports delivered within 6 weeks of file review	11/13	85%	80%	
2018/2019 Audit Plan completed to draft by 31 March 2019	9/63	14%	100%	83% of 2018/2019 Audit Plan has been started and plans are in place to deliver this programme of work by 31 March 2019.
Internal Audit recommendations delivered on time	70/77	91%	90%	
Client to agree findings and actions within 4 weeks of draft issue	9/11	82%	80%	

List of assignments completed 25 October 2018 to 6 February 2019   Appendix Two

Job no.	Assignment name	Draft Issue	Final Issue	Assurance Info
2018/2019				
Internal Audit – Other Output				
I222086	LEADER Audit 2018	01/12/2018	01/12/2018	Provision of LEADER audit certificate for the year to 15 October 2018.

Job no.	Assignment name	Draft Issue	Final Issue	Assurance Info
2018/2019				
Internal Audit – Assurance Reviews				
I678157	Personal use of vehicle	11/12/2018	11/12/2018	Allegation re personal use of vehicle unsubstantiated
I676149	Asset Valuations and Disposals	27/11/2018	21/12/2018	Adequate assurance around the valuation process with some improvements required in relation to management information retained.

Job no.	Assignment name	Draft Issue	Final Issue	Assurance Info
2018/2019				
External Clients				
I912093	SLLC CCM Petty Cash and Supplier Expenditure	12/06/2018	05/11/2018	Reported to SLLC
I932080	SEEMIS Petty Cash / Credit Card Payments	04/07/2018	07/12/2018	Reported to SEEMIS

Report

Report to:	**Risk and Audit Scrutiny Committee**
Date of Meeting:	**6 February 2019**
Report by:	**Executive Director (Finance and Corporate Resources)**

Subject:	**Good Governance Action Plan 2018-2019: Quarter 2 Progress Report**

1. Purpose of Report

1.1. The purpose of the report is to:-

♦ Provide Committee with an update on progress made against the Good Governance Action Plan as at the end of September 2018.

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendations:-

(1) that progress against the Good Governance Action Plan detailed at Appendix 1 be noted.

3. Background

3.1. The Good Governance Action Plan highlights improvement areas which have been identified through the annual assessment of governance arrangements. High-level actions are included in the Annual Governance Statement which forms part of the Annual Accounts.

3.2. This report provides progress against actions undertaken as at Quarter 2 of the performance reporting process. In addition to the improvement actions, each Resource has identified service level improvements to governance arrangements. Progress against these actions will be monitored and reported through the Service/Resource Planning process.

4. Good Governance Action Plan

4.1. The Action Plan is considered by the Good Governance Group using a reporting format which is linked to the Resource Plan and provides a clear overview of the progress being made.

4.2. Progress to date against the 2018-2019 Action Plan is attached at Appendix 1. Most of the measures in this report are based on progress reported against the Finance and Corporate Resources' Resource Plan at Quarter 2. It should also be noted, however, that some of the commentary contained in the Appendix to this report has been expanded upon to provide additional information.

4.3. This report has been produced using the council's performance management reporting system IMPROVe, and uses a traffic light format with the following definitions to give a status report on each measure:

Green	The timescale or target has been met as per expectations
Amber	There has been minor slippage against timescale or minor shortfall against target
Red	There has been major slippage against timescale or major shortfall against target
To be reported later	For some measures, the statistics are not yet available to allow us to say whether the target has been reached or not. These will be reported when available

4.4. The overall summary of progress to date is as follows:-

Green	Amber	Red	To be reported later	Total
14	0	1	6	21

4.5. The next report to be presented to the Risk and Audit Scrutiny Committee will be the Quarter 4 progress report which will include the Annual Governance Statement for 2018-2019.

5. Employee Implications
5.1. Key officers will continue to attend the Good Governance Group and commit time to reviewing and monitoring the revised approach to governance and assurance.

6. Financial Implications
6.1. There are no financial implications directly associated with this report.

7. Other Implications
7.1. There are no other implications for risk or sustainability in terms of the information contained in this report.

8. Equality Impact Assessment and Consultation Arrangements
8.1. 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.

Paul Manning
Executive Director (Finance and Corporate Resources)

11 December 2018

Link(s) to Council Objectives/Values/Ambitions
♦ Links to all council objectives

Previous References
♦ Good Governance Statement 2017-18 and Q4 Progress Report – 13 June 2018

List of Background Papers
None

Contact for Further Information

If you would like further information, please contact:-

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South Lanarkshire Council

Good Governance Action Plan

improve

Progress Report

Quarter 2 : 2018/19 - April to September

How to use this performance report

This performance report is intended to be both informative and easy to use. The guide below is designed to help you get the most out of the report and to answer the most common questions you might have.

> **Measure Status – are we on course to achieve? The "traffic light" codes are:**
>
> | Green | Achieved, or due to achieve with no issues |
> | Amber | There may be problems or minor slippage |
> | Red | Not on course, major slippage anticipated |
>
> Measures which are to be reported later or which are "for information only" are not colour coded

Governance Plan action and associated measures

Progress update against measure

Good Governance Action Plan

Action	Measures	Comments/Progress	Status
Implement the provisions of the Community Empowerment Act	Continue working with the three pilot communities to co-produce and deliver Neighbourhood Plans together with Community Planning Partners	Three areas were identified to test a new approach to Neighbourhood Planning. Communities are shaping the approach being taken forward in each of the three areas. Over 1,200 households took part in an early consultation exercise to identify key community priorities and reports have been produced. Local partner organisation staff have been supporting the activity and will work with the communities to develop plans and actions to progress community priorities and improve local outcomes. To support early action, participatory budgeting events are being planned for late spring/summer.	Green
	Develop a Community Planning Partnership participation engagement strategy by 31 March 2019	A Community Planning Partnership writing group has been formed to develop the Participation and Engagement Strategy. A proposed structure for the Strategy has been developed and a consultation pack is currently being finalised.	Green
Prepare and set Revenue Budget and declare Council Tax by statutory date. Ensure link with budget and service planning	Declare Council Tax and obtain council approval of budget by the statutory deadline	Declaration of Council Tax and the approval of the 2019-20 Budget will be reported at a later date.	Report Later
Deliver the objectives of the Council Plan Connect	Revise the Corporate Management Team and Committee reporting templates to make the values in the Council Plan, Connect more prominent by March 2019	This will be progressed during 2018-19.	Green
Ensure that high standards of governance are being exercised	Local Code of Corporate Governance to be approved and rolled out to all employees and elected members by March 2019	The Governance Team will review and update the Council's Local Code of Corporate Governance with the changes highlighted from the review of governance arrangements.	Green

Summary - number of measures green, amber and red

Green	Amber	Red	To be reported later	Total
14	0	1	6	21

Good Governance Action Plan

Action	Measures	Comments/Progress	Status
Work with communities and partners to enhance community planning and service delivery	Continue working with the three pilot communities to co-produce and deliver Neighbourhood Plans together with Community Planning Partners	Following the participation of 1,200 households across the three Our Place Our Plan areas in identifying community priorities, a further 640 residents of all ages have taken part in participatory budgeting events to determine how modest local Participatory Budgeting budgets of between £40,000 and £60,000 will be used to kickstart action. Working groups have progressed (and are being established to progress) local projects, including improvements to play and recreational facilities; community clean ups; and other activity.	Green
	Develop a Community Planning Partnership participation engagement strategy by 31 March 2019	A progress report has been prepared for consideration by the Corporate Management Team. The group are continuing with their preparations for the consultation stage of the Plan.	Green
Prepare and set Revenue Budget and declare Council Tax by statutory date. Ensure link with budget and service planning	Declare Council Tax and obtain council approval of budget by the statutory deadline	Declaration of Council Tax and the approval of the 2019-20 Budget will be reported at a later date.	Report Later
Deliver the objectives of the Council Plan Connect	Revise the Corporate Management Team and Committee reporting templates to make the values in the Council Plan, Connect more prominent by March 2019	This is being addressed during 2018-19.	Report Later
Ensure that high standards of governance are being exercised	Local Code of Corporate Governance to be approved and rolled out to all employees and elected members by March 2019	Code of Corporate Governance approved through Executive Committee (16 May 2018) and on schedule to be rolled out within timescales.	Green
	Review the Risk Management Partnership Guidance by December 2018	No progress to date. Work scheduled for December 2018.	Report Later

Good Governance Action Plan

Action	Measures	Comments/Progress	Status
	Ongoing implementation of the review of Charities	On 25 April 2018 a proposal to re-organise all existing charitable trusts, bequests and donations to create a new modernised trust which is fit for purpose in terms of current charity legislation was presented to, and approved by, the Finance and Corporate Resources Committee. Trustees were subsequently appointed at the Executive Committee meeting on 15 August 2018. Work is ongoing with the Office of the Scottish Charity Regulator (OSCR) to have the modernised Trust Deeds approved/ implemented.	Green
Support and facilitate open and transparent governance and decision making arrangements	Implement the findings of the Risk and Audit Scrutiny Forum by March 2019	Following a recommendation by Audit Scotland, the council's External Auditors, the Terms of Reference for the Risk and Audit Scrutiny Forum were reviewed. At its meeting on 20 June 2018, South Lanarkshire Council agreed that the Forum be renamed as the Risk and Audit Scrutiny Committee and given full decision-making powers, with an enhanced Terms of Reference.	Green
Deliver an effective internal audit service	Review the Confidential Reporting procedures and all fraud policies, strategies and procedures and update where required	Reported to CMT 30 August 2018. Further internal authorisation processes being agreed. Plans in place to rebrief.	Green
	Implement the Internal Audit PSIAS (Public Sector Internal Audit Standards) action plan from the 2017-18 External Inspection	Twelve actions agreed following completion of PSIAS inspection in 2017-18. Eleven have been implemented and the remaining action will be implemented as part of the mid-term review of the Council's Financial Regulations (2019).	Green

Good Governance Action Plan

Action	Measures	Comments/Progress		Status
Compliance with statutory response timescales for information in terms of FOISA, EI(S)Rs and for subject access requests under the DPA (Note: results should be considered in the context of the number of requests received)	Implement the General Data Protection Regulation on 25 May 2018 including the provision of legal advice and supporting guidance on behalf of the Information Governance Board (IGB) and prepare for the same implementation of Part 3 of the Data Protection Bill in relation to law enforcement. Provide general support to the IGB in its administration. Monitor progress and provide quarterly updates to the Corporate Management Team	Resources are continuing with identified actions required to comply with the GDPR. Briefing Notes on both the GDPR and the DPA have been updated and are available on the intranet. Learn on Line courses continue to be updated and an external trainer has been arranged to provide additional training in November 2018.		Green
Provide support to elected members	Develop a training needs analysis for all Elected Members by July 2018	Training needs analysis developed for Elected Members January 2018.		Green
Raise awareness of equality obligations throughout the council	Develop a British Sign Language Plan through engagement with representative groups and publish by 23 October 2018	The British Sign Language (BSL) plan has been completed and, subject to CMT approval, is ready for publication both in English and in BSL. On target to meet the publication date of the 23 October 2018.		Green
	Identify and make appropriate links between the Equality Impact Assessment process and the requirements of the Fairer Scotland Duty by March 2019	This work is on-going, interim council assessment arrangements are in place which link to the existing equality impact assessment process.		Report Later
Develop and implement council wide equality performance measures and publish results in accordance with Public Sector Equalities Duties (PSED)	Review the Equality Impact Assessment online recording tool and the process by March 2019	This is on hold until the review and requirements of the Public Sector Equality Duty have been determined. The Equality and Human Rights Commission and the Scottish Government are currently working on this. No date for completion as yet.		Report Later

Good Governance Action Plan

Action	Measures	Comments/Progress		Status
Prepare and implement appropriate financial strategies taking account of economic conditions and local government settlements	Complete the update of 2019-20 financial strategy by summer 2018	The 2019-20 Financial Strategy was presented to Executive Committee on 27 June 2018.		Green
Prepare and implement appropriate financial strategies taking account of economic conditions and local government settlements	Formalisaton of a document to be used by all Resources to form a consistent approach to following the public pound by March 2019	A guidance document has been prepared on Following the Public Pound. This has been issued to council officers who hold budgets, and who allocate council funds to external bodies. This document will be accessed by a link in the formal political management documents (Financial Regulations), when these are updated in 2019. This will ensure a consistent approach is employed across the council in relation to the requirements of Following the Public Pound.		Green
	Monitor and report on the impact of Welfare Reform, in particular the continued roll out of Universal Credit for working age benefit claimants, working effectively with partner organisations.	Regular updates provided to CMT and Committee. Also working closely with Community Planning Partnership Board to ensure effective partnership working.		Green
Review the council's approach to Performance Management on an ongoing basis	Consider feedback from External Audit on the Annual Performance Report and implement any changes that may be required by October 2018	Taking on board comments from External Audit, CMT approved a proposal to replace the Annual Performance Report (APR) with Annual Performance Spotlights (APSs) – bite sized web content performance information per Connect objective. This was completed within the target timescale.		Green
Deliver and maintain a Communications Strategy which outlines how effective internal and external communications will be delivered	Develop a three-year strategy document by September 2018, to be maintained through an annual refresh thereafter	Document in progress.		Red

Good Governance Action Plan

Action	Measures	Comments/Progress	Status
Ensure our commitment to employees through the development and implementation of personnel policies and employee learning and development (L&D) opportunities	Develop a Recruitment Strategy by March 2019	Work will be progressed to ensure a Recruitment Strategy is developed.	Report Later

SOUTH LANARKSHIRE COUNCIL

Report

Report to:	**Risk and Audit Scrutiny Committee**
Date of Meeting:	**6 February 2019**
Report by:	**Executive Director (Finance and Corporate Resources)**

Subject:	**Review of the Council's Top Risks**

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

- ♦ provide the Risk and Audit Scrutiny Committee with an update on the Council's top risk register following the review and consultation process

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

- **(1)** that the updated Council Top Risks are noted
- **(2)** that the risks profile is noted

3. Background
3.1. Annual reviews of the Council's top risks are undertaken. This year's review commenced in May 2018. The consultation entailed views being sought from Heads of Service, Elected Members and Trade Unions on new areas of risk. Risk control cards were updated where required.

3.2. The results of the work undertaken has now been considered and used to help 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 Risk and Audit Scrutiny Committee with 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 Risk and Audit Scrutiny Forum on 24 January 2018, were still deemed to be valid.

4.3.   The main changes to the top risks are summarised below:
   ♦ New top risks included in the top twenty in respect of:-
      • Failure to adequately prepare for national expansion in early years education and childcare provision
      • The Council is significantly affected by the impact of the UK leaving the European Union
   ♦ 'Financial strategy not informed by service planning' and 'Failure to deliver the Council's "Homes +" Council House new build programme' have dropped out of the Council's top twenty risks
   ♦ Updated risk descriptions

4.4.   The Council's top risk register is monitored on an ongoing basis. Risk scores 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 to risk scores, the top risk register for 2018 is attached at Appendix One.

4.6.   Within Appendix One, categories one and two relate to high level risks. Categories three and four are medium level risks.

4.7.   To maintain focus on the higher scored risks, those risks with a low residual risk score have been excluded. These risks will continue to be monitored to ensure that they are adequately managed.

5.   New Top Risks
5.1.   **Failure to adequately prepare for national expansion in early years education and childcare provision**
5.1.1. The Scottish Government is committed to increasing the Early Learning and Childcare (ELC) entitlement to 1140 hours for all 3 and 4 year olds in addition to eligible 2 year olds by the end of 2020.

5.1.2. The Council is likely to face challenges in acquiring the necessary physical assets and staffing levels. A failure to meet these levels could affect both quality and availability of services for service users in South Lanarkshire.

5.1.3. This has been added as a category one risk in the Council's top risk register.

5.1.4. Measures to mitigate this risk include well established workforce planning; large scale recruitment campaigns underway for Early Years workers; a formal review of available premises and other physical assets; training in place for new and transferring employees; and ongoing discussion with partner providers to increase private and third sector partnership.

5.2.   **The Council is significantly affected by the impact of the UK leaving the European Union**
5.2.1. In recognition that Brexit is considered a strategic risk to the Council, detailed work has recently been completed to look at the potential implications for the Council, these include issues associated with:
   • Funding and finance
   • Workforce and employment
   • Procurement and trade
   • Legislation
   • Support to businesses located within the South Lanarkshire area

5.2.2. This has been added as a category two risk in the Council's top risk register.

5.2.3. The Council will continue to closely monitor Brexit negotiations with contingency arrangements being implemented where required.

6. Top Risk Comments/Developments

6.1. As part of the consultation, a number of new risk areas have been highlighted which are covered by existing strategic risk descriptions. A summary of these and commentary on developments with current top risks are detailed below. Where a new risk area has been noted, the corresponding top risk is shown in brackets.

6.2. **Compliance with the New General Data Protection Regulations**
(Information Governance not subject to adequate control)

6.2.1. The new General Data Protection Regulations (GDPR) came into effect on 25 May 2018 and a significant amount of work has been undertaken throughout the Council in preparation for the new regulations. A GDPR action plan is being progressed, with controls in place including an appointed Data Protection Officer; approved Information Security Policy; completed information audit; and development of training being undertaken.

6.2.2. The key control around this risk is the ongoing development and implementation of the new corporate File Plan system, which will provide a greater level of control over the management of all data held by the Council.

6.2.3. Further work is ongoing to mitigate the GDPR risk and progress with the action plan is being monitored.

6.3. **Homelessness and Rough Sleeping Action Group (HARSAG)**
(New and amended legislation)

6.3.1. This group was set up by the Scottish Government in October 2017 to produce short and long term solutions to eliminate homelessness and the need for people to sleep rough. The group has produced a number of proposals to the Scottish Government aimed at ending rough sleeping in Scotland, sustaining that position and ensuring effective prevention and housing led approaches. The recommendations have all been accepted in principle by the Scottish Government, some of which point to changes in legislation. A sub group of the Homelessness Prevention Strategy Group will take forward the early priorities.

6.3.2. Measures include the requirement for local authorities to develop rapid re-housing transformation plans, for implementation from April 2019 and will include moving to a 'Housing First' model for those with most complex needs, where people move straight into a permanent settled home rather than temporary accommodation.

6.3.3. These issues will have a significant impact on the delivery of housing services with the risk being failure to deliver the agreed service requirements.

6.4. **Housing (Scotland) Act 2014**
(New and amended legislation)

6.4.1. Final guidance has now been received from the Scottish Government on implementation plans which were laid before Parliament in June 2018. The changes come into force on 1 November 2019, by which time landlords will require to make changes to policies and to notify tenants of changes to Secure Tenancy Agreements such as those issued by the Council. This will include:
- changes to the allocation policy

- provision for granting Short Scottish Secure Tenancies
- changes to the rights of existing tenants in respect of joint tenancies, rights to assignment, succession to Scottish Secure Tenancies
- a number of areas relating to Scottish Secure Tenancy concerning anti-social behaviour; recovery of possession; abandoning or neglecting a property; rent arrears; making false statements; and refusing housing offers

6.4.2. These issues will also impact on the delivery of housing services, with the risk being failure to implement the requirements of the Act.

6.4.3. Arrangements are being made within Housing and Technical Resources to implement the necessary changes required by HARSAG and the Housing (Scotland) Act 2014.

6.5. **Community Empowerment (Scotland) Act 2015**
(*New and amended legislation*)
6.5.1. The Act aims to help empower communities through enabling them to take ownership or control of land and buildings, and through strengthening their voices in decisions about public services.

6.5.2. It also places a statutory duty on the Council and its community planning partners to come together with local communities to jointly develop locality or neighbourhood plans to improve outcomes in our most challenged communities and reduce inequalities.

6.5.3. The Act will require the Council to strengthen existing consultation and participation arrangements with communities and community bodies on local issues and local services, with specific implications around the sale of land and transfer of assets to community bodies.

6.5.4. To help the Council meet the requirements of the Act, a new approach to community participation is being developed. As part of this approach, a new Community Participation and Empowerment team is being established to support and work with local communities to develop Community Led Plans.

6.6. **Impact of Waste Management Market Changes**
(*New and amended legislation*)
6.6.1. This risk relates to economic factors which are affecting the price of material processing, disposal and recycling contracts. This could result in markets collapsing. The risk largely stems from changes to legislation, such as the ban on disposal of biodegradable municipal waste, which comes into effect on 1 January 2021. Economic policy changes in China is another factor that impacts upon the risk.

6.6.2. Given that this risk is fundamentally outwith the Council's control, the Council is unable to directly influence the risk itself. However, the Council does have measures in place to monitor market changes through waste industry network groups and via meetings with contractors. Contract conditions also have a provision for potential alternative suppliers should a market collapse occur. The Council also has a Waste Awareness team which aims to improve levels of domestic recycling.

6.7. **IT Development and Functionality Does Not Meet Service Requirements**
6.7.1. Restrictions with some legacy systems within the Council's estate, including potential issues connected with GDPR compliance, will increase the demand for IT services.

6.7.2. The development of legacy systems in an age of digital transformation will require increased awareness and training across the Council.

6.7.3. To mitigate this risk, a Digital Transformation Workshop has been held; there is a focus on progressing priority corporate IT projects via the ICT Programme Board; IT graduate recruitment is underway; and IT staff training programmes are being developed.

6.7.4. A new core Housing and Technical Resources IT system is in the process of being implemented and the core Social Work IT system and the Finance and Human Resources management systems will be subject to strategic reviews this financial year.

6.8. **Integration Joint Board (IJB)**
6.8.1. Post implementation of the South Lanarkshire Health and Social Care Partnership, the IJB risk description has been changed from 'The Council is not sufficiently prepared to deliver the IJB strategic directions set out in the Strategic Commissioning Plan 2016-19' to 'The Council fails to evidence delivery of actions necessary to achieve the objectives set out in the Strategic Commissioning Plan'.

6.8.2. Data access and data sharing remains a challenge in this area. The IJB has recently approved the necessary and proportionate direct access to IT systems of both the Council and NHS. Further work is ongoing within both organisations to progress data sharing arrangements.

7. Scope and Appetite for Risk
7.1. South Lanarkshire Council aims to be risk embracing, that 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 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. South Lanarkshire Council's ideal risk exposure should be consistent with an acceptable tolerance of:-

   ♦ No more than 20 per cent of residual risks at a high level
   ♦ Around 40 per cent to 50 per cent of residual risks at a medium level
   ♦ Around 30 per cent to 40 per cent of residual risks at a low level

7.4. A comparison of the risk exposure for the Council's top risks between 2016/2017 and 2017/2018 is detailed in Table One below. This includes low level risks outwith the top twenty risks noted in Appendix One.

Table Two – Comparison of risk exposure for the Council's top risks

Residual risk score	2016/2017		2017/2018	
	Number of risks	Percentage of risks	Number of risks	Percentage of risks
High (7, 8 or 9)	9	36%	10	37%
Medium (4, 5, or 6)	11	44%	12	44%
Low (1, 2, or 3)	5	20%	5	19%
	25	100%	27	100%

7.5. Despite the fact that the risk exposure is outwith the ideal risk exposure defined by the Risk Management Strategy, it has remained the same as the previous year. This risk exposure is to be expected as these are the highest level risks currently being faced by the Council.

8. Employee Implications

8.1. There are no direct employee implications relative to this report. There are a number of 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.

9. Financial Implications

9.1. 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'. Where this is the case, the appropriate controls and actions have been included in the risk control cards and progress will be monitored.

10. Other Implications

10.1. 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.

10.2. 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'.

11. Equality Impact Assessment and Consultation Arrangements

11.1. 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.

11.2. 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)

16 January 2019

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

Previous References
♦ Risk and Audit Scrutiny Forum, 24 January 2018

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 - Council Top Risk Register 2018

Risk Category	Key risk	Inherent risk score	Residual risk score	Controls (Good, adequate, poor)
One	Reduction in Council funding, resulting in difficulties maintaining front line services	9	8	Adequate
	Failure to adequately prepare for national expansion in early years education and childcare provision	9	8	Adequate
Two	Potential liability arising from claims of historic abuse	7	7	Adequate
	The Council is significantly affected by the impact of the UK leaving the European Union	9	7	Adequate
	Failure to maintain the required pupil/teacher ratio	9	7	Adequate
	Information governance not subject to adequate control	9	7	Adequate
	Fraud, theft, organised crime and cyber attacks	9	7	Adequate
	Failure to achieve results and demonstrate continuous improvement, through leadership, good governance and organisational effectiveness	9	7	Good
	Failure to work with key partners to achieve the outcomes of the Local Outcome Improvement Plan	9	7	Adequate
	The Council fails to evidence delivery of actions necessary to achieve the objectives set out in the Integrated Joint Board Strategic Commissioning Plan	9	7	Adequate
	Adverse weather	9	7	Good
Three	Implementation of Self Directed Support	8	5	Good
	Procurement practice and management of contracts	8	5	Good
	Failure to meet the Council's sustainable development and climate change objectives	9	5	Good
	IT Development and functionality does not meet service requirements	7	5	Adequate
	Lack of capacity and skills to meet increased service demands	8	5	Good
	Failure to fulfil emergency response commitments befitting the Council's status as a Category One (emergency) responder	9	5	Adequate
	Failure to deliver City Deal projects and realise anticipated economic benefits	9	5	Good
Four	Death or injury to employees, service users or members of the public affected by Council Operations	9	4	Good
	New and amended legislation	9	4	Adequate

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✔AUDIT SCOTLAND

Lindsay Freeland
Chief Executive
South Lanarkshire Council
Council Offices
Almada Street
Hamilton
ML3 0AA

21 January 2019

Dear Lindsay

South Lanarkshire Council 2018/19

Corporate Governance – Review of the adequacy of Internal Audit

Audit Scotland's Code of Audit Practice requires external auditors to carry out an annual assessment of the adequacy of the internal audit function. This assessment does not constitute an external assessment for the purposes of the Public Sector Internal Audit Standards (PSIAS) and should not be considered as such.

This letter sets out the findings from our assessment of the Council's internal audit service for 2018/19. We concluded that the internal audit service operates in accordance with PSIAS and has sound documentation standards and reporting procedures in place. Accordingly, we intend to place reliance on areas of internal audit service work which are of direct relevance to our audit objectives. Notwithstanding our general conclusion, we record two findings and the associated risks for your consideration.

As part of South Lanarkshire Council's external quality control arrangements, the Chief Internal Auditor from Stirling Council was engaged to review internal audit section's compliance with the Public Sector Internal Audit Standards. This review commenced in 2016/17 and concluded with a report to the Risk and Audit Scrutiny Forum in March 2018. The report commented positively on the operation of the internal audit function and confirmed that it conforms to PSIAS requirements.

The objectives of our annual assessment are:

- to establish the effectiveness of internal audit arrangements as part of the council's wider governance arrangements, and
- to identify areas of internal audit work upon which we are able to place formal reliance

We reviewed internal audit's planned work programme for 2018/19 to identify areas where we can potentially place reliance on their work.

For our financial statements audit responsibilities we plan to place reliance on aspects of internal audit's work in the following areas:

- Procurement

In terms of our wider responsibilities under the Code in relation to governance and performance, we also plan to place reliance on selected aspects of the work of internal audit in a number of areas, including:

- Information risk management
- Budgetary control
- NFI
- City deal benefit realisation

We also noted the following risks for reporting.

Issue
The internal audit service sits within the remit of the Executive Director of Finance and Corporate Services and the Audit and Compliance Manager has operational responsibility for funding and compliance (for example, EU funding expenditure).

Risk
There is a risk that this could impinge upon the Audit and Compliance Manager's actual or perceived ability to operate independently from the corporate finance function and that resources could be diverted from core internal audit duties. The Audit and Compliance Manager has advised that she has not encountered any material issues in being asked to undertake non-audit duties, but we will continue to monitor this during 2018/19.


Issue
During 2018/19 two members of the internal audit team left their posts, one in August 2018 and one in December 2018. The audit advisor who left in August had fraud and the National Fraud Initiative (NFI) included as part of their remit. At the time of writing this letter both positions remain unfilled with existing internal audit staff covering these vacancies.

Risk
There is a risk that the ongoing vacancies could adversely impact on the delivery of the 2018/19 audit plan. The Audit and Compliance Manager has advised that she is in the process of carrying out recruitment for both the vacant posts, and where necessary a reconfiguration of roles and responsibilities will be undertaken to ensure appropriate skills within the audit team are matched to the positions. We will continue to monitor this during 2018/19.

If you have any questions about the contents of this letter, then please to not hesitate to contact me.

Yours Sincerely
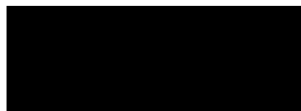
Dave Richardson
Senior Audit Manager

By email:

Paul Manning, Executive Director of Finance and Corporate Resources
(paul.manning@southlanarkshire.gov.uk)
Yvonne Douglas, Audit and Compliance Manager (yvonne.douglas@southlanarkshire.gov.uk)

Report

Report to:	**Risk and Audit Scrutiny Committee**
Date of Meeting:	**6 February 2019**
Report by:	**Executive Director (Finance and Corporate Resources)**

Subject:	**Performance and Review Scrutiny Forum Annual Update**

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

♦ provide, for information, a summary of the reports considered by the Performance and Review Scrutiny Forum to December 2018.

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

(1) that the content of this report is noted, and that an annual update will be provided for information.

3. Background
3.1. The Terms of Reference and Powers and Responsibilities for the Performance and Review Scrutiny Forum includes consideration of the Council's response to Best Value, improvement and performance management.

3.2. The details within this report provide the Risk and Audit Scrutiny Committee with a summary of business reported to the Performance and Review Scrutiny Forum.

4. Agenda items
4.1. The table below notes the reports submitted to the Performance and Review Scrutiny Forum during the period January to December 2018 under the main areas of responsibility.

Date	Improvement
23 January	• Improve Red/Amber Results (Q2 2017 -18) - Connect and Resource Plan Priorities • Connect 2017-22 Q2 Progress Report 2017-18
6 June	• Connect 2017-22 Q4 Progress Report 2017-18
13 November	• Self-Assessment and Improvement Activity Annual Update 2017-18 • Self-Assessment and Improvement Activity Programme 2018-19
Date	**Performance Management**
6 June	• Draft Local Government Benchmarking Framework Results 2016 -17
4 September	• Local Government Benchmarking Framework – Final Results 2016-17 • Review of the Annual Performance Report • Annual Performance Spotlights (APS) 2017-18 - Live Demo

Date	Best Value
23 January	• Annual Performance Report 2016-17 • Audit Scotland Report, Performance and Challenges 2017
13 November	• Audit Scotland – Local Government Overview Report 2018: Challenges and Performance

4.2.   A schedule of reporting will continue covering the key themes noted at paragraph 3.1 above. The Risk and Audit Scrutiny Committee will be provided with an annual report, for information, advising it of the business presented to the Performance and Review Scrutiny Forum.

5.   Employee Implications
5.1.   There are no employee implications.

6.   Financial Implications
6.1.   There are no financial implications.

7.   Other Implications
7.1.   There are no risk or sustainability issues associated with the content of this report.

8.   Equality Impact Assessment and Consultation Arrangements
8.1.   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.

Paul Manning
Executive Director (Finance and Corporate Resources)

15 January 2019

Link(s) to Council Values/Objectives/Ambitions
• Promote performance management and improvement

Previous References
• None

List of Background Papers
• PRSF meetings – 23 January 2018, 6 June 2018, 4 September 2018 and 13 November 2018

Contact for Further Information
If you would like to inspect the background papers or want further information, please contact:-
Tom Little, Head of Communications and Strategy
Ext: 4904 (Tel: 01698 454904)
Email: tom.little@southlanarkshire.gov.uk

	Agenda Item

SOUTH
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Report

9

Report to:	**Risk and Audit Scrutiny Committee**
Date of Meeting:	**6 February 2019**
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 November 2019
- 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 November 2019, 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 for 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. Other Implications
6.1. There are no risk or sustainability issues associated with the content of this report.

7. Equality Impact Assessment and Consultation Arrangements
7.1. 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.

7.2 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)

8 January 2019

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
If you would like to inspect the background papers or want further information, please contact:-
Pauline MacRae, Administration Officer
Ext: 4108 (Tel: 01698 454108)
E-mail: pauline.macrae@southlanarkshire.gov.uk

APPENDIX – RASC OUTLINE FORWARD PROGRAMME APRILTO NOVEMBER 2019

Meeting Date	Item	Responsibility
24 April 2019	1. Internal Audit Activity Report	Audit and Compliance Manager
	2. Annual Audit Plan	External Auditor
	3. 2019/2020 Internal Audit Plan	Audit and Compliance Manager
	4. PSIAS Action Plan/EQA2 Update	Audit and Compliance Manager
	5. Audit Scotland – Local Government in Scotland Financial Overview 2017/2018	Head of Finance (Strategy)
	6. Six Monthly Fraud Report to 30 September 2018	Audit and Compliance Manager
19 June 2019	1. Internal Audit Annual Assurance Report	Audit and Compliance Manager
	2. Good Governance Statement 2018/2019 and Quarter 4 Year End Report	Head of Administration and Legal Services
	3. Internal Audit Activity Report	Audit and Compliance Manager
	4. Financial Resources Scrutiny Forum Activity	Head of Finance (Strategy)
	5. Interim Audit Report for Year Ended 31 March 2019	External Auditor
	6. 2018/2019 Annual Accounts (Unaudited)	Head of Finance (Strategy)
18 September 2019	1. External Auditor's Annual Report to South Lanarkshire Council 2018/2019	External Auditor
	2. Audited Annual Accounts 2018/2019	Head of Finance (Strategy)
	3. Internal Audit Activity Report	Audit and Compliance Manager
	4. Annual Fraud Report to 31 March 2019	Audit and Compliance Manager
	5. 2018 National Fraud Initiative Exercise - Update	Audit and Compliance Manager
27 November 2019	1. Internal Audit Activity Report	Audit and Compliance Manager
	2. Efficiency Statement 2018/2019	Head of Finance (Strategy)
	3. 2018/2019 Year End Risk Management Report	Head of Finance (Transactions)
	4 2018/2019 Year End Insured Risks Report	Head of Finance (Transactions)

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.