Council Offices, Almada Street
Hamilton, ML3 0AA

Wednesday, 20 June 2018

Dear Councillor

Risk and Audit Scrutiny Forum

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

Date: **Wednesday, 13 June 2018**
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, Mary Donnelly, Mark Horsham, Martin Lennon, Julia Marrs, Monique McAdams, 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**

Item(s) for Consideration

Urgent Business

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

For further information, please contact:-

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

RISK AND AUDIT SCRUTINY FORUM

Minutes of meeting held in Committee Room 2, Council Offices, Almada Street, Hamilton on 21 March 2018

Chair:
Councillor Graeme Campbell

Councillors Present:
Poppy Corbett, Mary Donnelly, Mark Horsham, Julia Marrs, Margaret B Walker, Jim Wardhaugh

Councillors' Apologies:
Martin Lennon, Monique McAdams, Carol Nugent

Attending:
Finance and Corporate Resources
P Manning, Executive Director (Finance and Corporate Resources); Y Douglas, Audit and Compliance Manager; T Little, Head of Corporate Communications and Strategy; P MacRae, Administration Officer; C McGhee, Audit Adviser; K McVeigh, Head of Personnel Services

Also Attending:
Audit Scotland
D Richardson and R Smith, External Auditors

1 Declaration of Interests
No interests were declared.

2 Minutes of Previous Meeting
The minutes of the meeting of the Risk and Audit Scrutiny Forum held on 24 January 2018 were submitted for approval as a correct record.

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

3 Internal Audit Activity as at 2 March 2018
A report dated 2 March 2018 by the Executive Director (Finance and Corporate Resources) was submitted on work completed by Internal Audit during the period 30 December 2017 to 2 March 2018.

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

♦   84% of assignments had been delivered within budget against a target of 80%
♦   71% of draft reports had been delivered on time against a target of 80%
♦   97% of the 2017/2018 Internal Audit Plan had been started and 72% of reports were at draft stage
♦   71% 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%
♦   99% of Internal Audit recommendations had been delivered on time against a target of 90%

The findings from assignments completed in the period 30 December 2017 to 2 March 2018 were detailed in Appendix 2 to the report. Significant assignments completed in the period were detailed in appendices 3, 4 and 5 to the report.

The Forum decided: that the report be noted.

[Reference: Minutes of 24 January 2018 (Paragraph 3)]

4   2018/2019 Internal Audit Plan

A report dated 7 February 2018 by the Executive Director (Finance and Corporate Resources) was submitted on the Internal Audit Plan 2018/2019.

A total of 1,170 audit days, inclusive of 250 days which had been allocated to external clients, had been provided for in the Plan. Of the remaining 920 days, 50 days had been allocated to general contingency and 170 days to fraud contingency. The proposed Internal Audit Plan, which included a brief outline scope for each proposed assignment, was attached as Appendix 3 to the report.

The focus of the 2018/2019 Plan was to assess:-

♦   the adequacy of mitigation measures in relation to the Council's top risks
♦   the management of emerging risks

A contingency list of audit assignments would be prepared. Assignments from this list could be delivered if time was available or if significant risks in those areas emerged during the course of the year.

Details were given on:-

♦   risks which had not been included in the Plan, together with the reasons for this
♦   audit assurance definitions

The 2018/2019 Audit Plan would be delivered within the context of the Internal Audit Charter, attached as Appendix 2 to the report, and in accordance with the Public Sector Internal Auditing Standards (PSIAS).

Officers responded to members' questions on various aspects of the report. With regard to the inclusion of certain risks in the Council's top risks register, the Executive Director advised that members were invited, on an annual basis, to participate in an exercise to identify the Council's top risks. Details of the timescales in relation to this exercise would be circulated to Forum members.

The Forum decided: that the proposed Internal Audit Plan for 2018/2019 be endorsed and referred to the Executive Committee for approval.

[Reference: Minutes of 7 March 2017 (Paragraph 2)]

5 Fraud Statistics and National Fraud Inititative Six Monthly Update

A report dated 1 March 2018 by the Executive Director (Finance and Corporate Resources) was submitted on:-

♦   fraud statistics for the 6 month period to September 2017
♦   progress achieved in relation to the 2016 National Fraud Initiative (NFI) exercise

Details were given on the number, types, outcomes and costs of fraud investigations, together with performance measures for the 6 month period to September 2017. A comparison with the statistics for the same period in 2016 was also provided. The fraud statistics for the 6 month period to September 2017, included as Appendix 1 to the report, highlighted that:-

♦   173 investigations, with a total value of £514,000, had either been reported in the period or carried forward from 2016/2017, representing an increase in number but a decrease in value from the same period in 2016
♦   of the 173 cases, 29, valued at £68,000, had been closed within the period, representing a decrease when compared to the closed investigations for the same period in 2016
♦   90% of cases investigated were founded
♦   all of the founded cases related to benefit fraud or fraud committed by a third party

The 2016 NFI exercise had commenced in October 2016. No fraud had been identified from investigations completed by the Council as at 30 September 2017. However, 189 errors, valued at £161,000, had been identified. Of those, 182 (96%) related to blue badge holders, which had not resulted in financial consequences. The number of matches, the targets completed and the results of the NFI exercise were detailed in Appendix 3 to the report.

Officers responded to members' questions on:-

♦   costs related to fraud investigations
♦   the potential to amend the format of the report

The Forum decided: that the report be noted.

[Reference: Minutes of 7 March 2017 (Paragraph 3)]

6 External Quality Assessment of Internal Audit Service

A report dated 7 March 2018 by the Executive Director (Finance and Corporate Resources) was submitted on the External Quality Assessment of South Lanarkshire Council's Internal Audit Service.

The Internal Audit Service was delivered within the context of the Public Sector Internal Audit Standards (PSIAS). Those standards required that a Quality Assurance and Improvement Programme (QAIP) was developed to provide assurance that Internal Audit activity:-

♦   operated in an efficient and effective manner
♦   was perceived to be adding value and improving operations
♦   was conducted in accordance with an Internal Audit Charter

The Programme included periodic and ongoing internal assessments as well as an external review once in every 5 year period. The Council's external review had been undertaken by Stirling Council's Audit Services Manager. The findings from the external review, which had been issued on 5 March 2018, were detailed in the appendix to the report.

It was the opinion of the external reviewer that:-

♦ the external review supported the Audit and Compliance Manager's assertion that this Council's Internal Audit function generally conformed to the Public Sector Internal Audit Standards

♦ the Internal Audit function fully conformed to the Definition of Internal Auditing, the Code of Ethics and 6 of the Standards, and generally conformed to the remaining 5 Standards. There were no areas of significant non-conformance, either by nature or by volume

♦ the Internal Audit function was effectively managed, the process for delivering the annual Internal Audit Plan was robust and the team operated sufficiently independently of management

♦ Internal Audit was a key element of the Council's governance structures and had a key role in further improving those structures. Work was planned and undertaken in line with the Internal Audit Charter and guidance set out in the Internal Audit Manual

♦ assignment and annual reporting processes were well defined and arrangements for ensuring implementation of recommendations were well established

The external reviewer had identified a number of areas where arrangements could be further enhanced. Those actions were detailed in the Action Plan included in the appendix to the report. Of the 11 recommendations where action had been agreed, 5 had been completed and timescales had been agreed for the remaining 6.

The Forum decided: that the report be noted.

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7   Annual Audit Plan 2017/2018

The Forum considered the South Lanarkshire Council Audit Plan for 2017/2018 submitted by the Council's External Auditors, Audit Scotland.

The Plan set out the audit work necessary to allow Audit Scotland to provide an independent auditor's report and meet the wider scope requirements of public sector audit. The Plan was structured around the following areas:-

♦ risks and planned work
♦ audit scope and timing

Details were given on key aspects of those areas.

The External Auditors and officers responded to members' questions on:-

♦ Public Sector Network (PSN) Compliance
♦ pensions liability in relation to Equal Pay claims

Members also indicated that a further information session on the work of the External Auditors would be of assistance. This suggestion would be taken forward.

The Forum decided: that the report be noted.

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8   Audit Scotland Report - Performance and Challenges 2017

A report dated 1 March 2018 by the Executive Director (Finance and Corporate Resources) was submitted on the Audit Scotland report 'Performance and Challenges 2017'.

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 report, which could be accessed on the Audit Scotland website, was divided into the following 3 parts:-

♦ Part 1 The current and future challenges for councils
♦ Part 2 Councils' responses to the challenges, including performance in key service areas, public satisfaction and unit costs
♦ Part 3 Looking ahead – what more councils could do to ensure they were best placed to successfully manage the changes and challenges they faced

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.

The Forum decided: that the key messages and recommendations detailed in the Audit Scotland report entitled 'Performance and Challenges 2017' be noted.

[Reference: Minutes of Performance and Review Scrutiny Forum of 23 January 2018 (Paragraph 6)]

9 Audit Scotland Report - Equal Pay in Scottish Councils

A report dated 13 February 2018 by the Executive Director (Finance and Corporate Resources) was submitted on a report by Audit Scotland entitled 'Equal Pay in Scottish Councils'.

The Audit Scotland report, attached as an appendix to the Executive Director's report, focused on the following 5 themes:-

♦ the way in which councils implemented the Single Status Agreement (SSA)
♦ councils' expenditure in settling equal pay claims
♦ the way in which councils demonstrated that they were dealing effectively with equal pay claims and minimising future risks
♦ effectiveness of the governance and oversight arrangements of the SSA
♦ lessons learned for the future

Details were given on the main findings of the Audit Scotland report together with the Council's position on the findings of Audit Scotland.

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

The Forum decided: that the report be noted.

10 Forward Programme for Future Meetings

A report dated 6 March 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 Forum to be held on 13 June 2018.

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

The Forum decided: that the outline forward programme for the meeting of the Risk and Audit Scrutiny Forum to be held on 13 June 2018 be noted.

11 Urgent Business

There were no items of urgent business.

Report

Report to:	**Risk and Audit Scrutiny Forum**
Date of Meeting:	**13 June 2018**
Report by:	**Executive Director (Finance and Corporate Resources)**

Subject:	**Internal Audit Activity as at 18 May 2018**

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

♦ Update the Risk and Audit Scrutiny Forum on progress by, and performance of, the Internal Audit service in the period to 18 May 2018

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

(1) that progress and performance is noted

3. Background
3.1. Findings from internal audit assignments are reported to the Forum throughout the year. The last progress report to the Forum was in March 2018. This reported on work completed in the period 30 December 2017 to 2 March 2018. This report covers all work completed in the period 3 March to 18 May 2018. Performance information is also included.

4. Performance
4.1. As at 18 May 2018, approximately 24% of the 2018/2019 Audit Plan has been started. The other key performance indicators reflecting quality, on time and within budget for the period to 31 March 2018 are summarised in Appendix One together with explanations. 87% of draft reports have been issued on time and 82% 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. 85% 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. Forum members are asked to note performance.

5. Findings
5.1. Appendix Two lists all assignments completed in the period 3 March to 18 May 2018 and the key messages, in respect of the following significant assignment completed in this period, has been appended to this report:

♦ I341057 Community Empowerment Act (Appendix Three)

5.2. Forum 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 Forum 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 will be monitored through the performance indicators regularly reported to the Forum. Any subsequent changes to the Plan will be presented to the Forum which will include an assessment as to the impact such changes would have on the delivery of the overall audit strategy.

7. Employee Implications
7.1. There are no employee issues.

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

9. Other Implications
9.1. 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.

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

10. Equality Impact Assessment and Consultation Arrangements
10.1. There is no requirement to equality assess the contents of this report.

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

Paul Manning
Executive Director (Finance and Corporate Resources)
24 May 2018

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

Previous References
- Internal Audit Plan 2018/2019 - RASF 21 March 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
Ext: 2618
(Tel: 01698 452618)
E-mail: yvonne.douglas@southlanarkshire.gov.uk

Indicator	Numbers	Percentage	Target	Comment
Assignments delivered within budget	65/79	82%	80%	
Draft reports delivered within 6 weeks of file review	80/92	87%	80%	
2017/2018 Audit Plan completed to draft by 31 March 2018	71/73	97%	100%	2 assignments outstanding as at 31 March 2018.
Internal Audit recommendations delivered on time	75/77	97%	90%	
Client to agree findings and actions within 4 weeks of draft issue	58/68	85%	80%	

Job no.	Assignment name	Draft Issue	Final Issue	Assurance Info
Prior Year Assignments				
I342043	Internal Controls (Planning)	06/12/2017	12/03/2018	Overall there was adequate assurance that the internal controls in place within the planning process are effective and robust. Actions have been recommended that, if implemented, will address the identified medium and low risk gaps and add value to the already established process.
I913056	SLLC Efficiency Savings Change Management	31/03/2017	19/04/2018	Reported to SLLC.
I517008	Web-payments Education	10/05/2016	30/04/2018	Participation in internal working group. Provision of advice and guidance as required.

2017/2018				
Internal Audit - Assurance Reviews				
I672125	Planning Complaint	05/03/2018	05/03/2018	No evidence obtained to substantiate the allegation. Within the applications reviewed there was no evidence that; procedures had not been followed, the appropriate bodies had not been consulted, that the decisions made on the applications were unreasonable or unfair or that preferential treatment had been given to the applicant.
I340056	CRC Audit 2017/18	14/03/2018	20/03/2018	Through the work of the Council's CRC Board, good controls are in place to report and make payments to the CRC Energy Efficiency Scheme. Compliance with the scheme requirements for Phase2

				Year3 have been met in full. The Evidence Pack, compiled in conjunction with STC, is complete and up-to date, providing evidence of full compliance with the scheme.
I410051	Follow Up User Verification	27/03/2018	28/03/2018	Good assurance with 5/5 actions implemented.
I250071	Procurement Practices	30/03/2018	30/03/2018	Development of reports to monitor procurement activity.
I411046	Informal Follow-up 2017/2018	23/03/2018	30/03/2018	Provided quarterly advance prompts of actions falling due. Collated responses monthly for reporting.
I341057	Community Empowerment Act	29/03/2018	19/04/2018	See Appendix Three.
I410052	Follow Up Debtors Cancellation	29/03/2018	20/04/2018	Adequate progress 4/5 actions completed and 1/5 partially completed.

2017/2018				
Internal Audit – Other Output				
I431045	PSIAS External Inspection 2017	14/03/2018	21/03/2018	Completion of external inspection. Reported to RASF 21 March 2018.
I810018	Audit Plan 2018/2019	21/03/2018	28/03/2018	Preparation and presentation of 2018/2019 Plan to RASF for endorsement.
I732030	Attend Chief Internal Auditors Group, Investigators Group and Computer Audit Sub-Group 2017/2018	23/03/2018	30/03/2018	Attended meetings throughout the year and responded to queries from other member Authorities.
I830020	Compliance Team Work 2017/2018	23/03/2018	30/03/2018	Supported work of Funding and Compliance.
I615105	Fraud Alerts 2017/2018	23/03/2018	30/03/2018	Dissemination of fraud alert information to Council Resources.
I612104	Continuous Controls Monitoring 2017/2018	23/03/2018	30/03/2018	Completion of programme of data downloads from main financial systems during 2017/2018 to

				inform audit sampling and provide management reports.
I616106	Fraud Risk Evaluation Diagnostic 2017/2018	30/03/2018	30/03/2018	Delivery of best practice actions.
I618123	Serious Organised Crime working group	23/03/2018	30/03/2018	Participation in internal working group. Provision of advice and guidance as required.
I640122	National Fraud Initiative (NFI) 2017	23/03/2018	30/03/2018	Facilitate and administer NFI exercise.
I670103	Whistle Blowing 2017/2018	23/03/2018	30/03/2018	Administration and dissemination of information to Council Resources.
I730035	Community Payback Order Working Group	23/03/2018	30/03/2018	Participation in internal working group. Provision of advice and guidance as required.
I730036	Historic Abuse Working Group	30/03/2018	30/03/2018	Participation in internal working group. Provision of advice and guidance as required.
I735031	Good Governance Group 2017/2018	23/03/2018	30/03/2018	Attended as required, researched, prepared written advice where necessary, completed actions.
I256073	Roads Scrutiny Group 2017/2018	31/03/2018	31/03/2018	Participation in Council-wide contract scrutiny groups throughout the year and provision of assurance surrounding the robustness of the process at each stage.
I731037	Information Governance Board	31/03/2018	31/03/2018	Attended as required, researched, prepared written advice where necessary, completed actions and reported on progress throughout the year.

2017/2018				
External Clients				
I911088	SLLC General Data Protection Regulations Assessment 2017/2018	27/03/2018	27/03/2018	Reported to SLLC.
I911074	SLLC Audit Planning 2018/2019	16/03/2018	30/03/2018	Reported to SLLC.
I923077	LVJB Electoral Register Check	11/04/2018	27/04/2018	Reported to LVJB.

I341057   Community Empowerment Act   **Appendix Three**

Objective

To provide assurance that South Lanarkshire Council is complying with all the relevant parts of the Community Empowerment (Scotland) Act 2015.

Key Summary

The Scottish Government is committed to improve outcomes for local communities and the various strands of the Community Empowerment Act seeks to facilitate this objective. The Council has developed a range of measures to ensure compliance with the Act.

Major challenges lie ahead to deliver the outcomes for local communities that the Act seeks to deliver.

Identification of Key Findings

• Legal Services provided a 'position statement summary' for adoption of the relevant parts of the Act across the Council

• The Scottish Government's National Outcomes have been incorporated within the Council's Local Outcomes Improvement Plan (LOIP)

• The LOIP published in October 2017 meeting the Act 'deadline'

• Nine Council areas identified for future Neighbourhood (locality) Plans

• Work in progress within three 'pilot' Neighbourhood Plan areas

• Three Participation Requests received in 2017 and Annual Report being prepared for June 2018

• The Council's Asset Database available for public consumption on the website

• Detailed process for evaluating and supporting Asset Transfer Requests in operation

• The Community Planning Partnership Risk Register under review and update

• Impact of the Community Empowerment Act considered in the Good Governance Action Plans over the last couple of years.

Good Practice

• The Public Assets database - "Storybook" on the Council's website.

Report

Report to:	**Risk and Audit Scrutiny Forum**
Date of Meeting:	**13 June 2018**
Report by:	**Executive Director (Finance and Corporate Resources)**

Subject:	**Annual Governance Statement for 2017-18 and Good Governance Action Plan Quarter 4 Progress Report**

1. Purpose of Report

1.1. The purpose of the report is to:-

♦ Provide the proposed Annual Governance Statement for 2017-18, for inclusion in the council's 2017-18 Annual Accounts following approval by the Executive Committee.

2. Recommendation(s)

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

(1) that the Annual Governance Statement, attached at Appendix 2, due to be included in the Council's 2017-18 Annual Report and Statement of Accounts is noted; and

(2) that the Good Governance Action Plan progress at Quarter 4 detailed in Appendix 3, is noted.

3. Background

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

3.2. On 1 April 2016, a new governance framework came into effect, Delivering Good Governance in Local Government and the associated guidance for Scottish Local Authorities was published in December 2016. This framework was established by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE). The review of governance arrangements was informed by this new framework and the council's governance assessment framework which is outlined at Appendix 1.

3.3. During autumn 2017, representatives from the Good Governance Group undertook a review of the governance process and developed a new Local Code of Corporate Governance and a revised Governance Statement template. These documents make clear linkages with the CIPFA/SOLACE framework and the Governance Statement now also provides an annual record of how the Council complies with its Local Code of Corporate Governance.

3.4. One outcome from the annual review of governance arrangements is the Governance Improvement Plan. The actions in this plan are monitored by the Good Governance Group and progress is reported at Quarter 2 and Quarter 4.

4. Annual Governance Statement 2017-18

4.1. The Annual Governance Statement for 2017-18 is attached at Appendix 2. Internal Audit's opinion is that reasonable assurance can be placed on the adequacy and effectiveness of the Council's framework of governance, risk management and control arrangements for the year ending 31 March 2018.

4.2. Section 7 of the statement lists the "corporate level" governance areas for improvement that were identified during the review of governance arrangements. Progress will be monitored through the Good Governance Group and reported at Quarter 2 and Quarter 4 to the Risk and Audit Scrutiny Forum and at Quarter 4 to the Executive Committee. Resource level governance areas for improvement will be monitored by Resources and reported through the Service/Resource Planning process.

5. Governance Improvement Plan 2017-18 - Quarter 4 Progress Report

5.1. Progress against the areas identified as requiring action and improvement in the previous year (Annual Governance Statement for 2016-17) is attached as Appendix 3. This report has been produced from 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:-

Status	Definition
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
Report later	The information is not yet available to allow us to say whether the target has been reached or not. These will be reported when available
Contextual	These are included for 'information only', to set performance information in context

5.2. The overall summary of progress as at Quarter 4 is as follows:-

Status	Measures	
	Number	**%**
Green	139	98%
Amber	0	0%
Red	0	0%
Report later/Contextual	3	2%
Totals	**142**	**100%**

6. Next Steps

6.1. The Governance Statement will be presented to the Executive Committee for approval.

6.2. 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.

6.3. The Good Governance Group will evaluate the governance review process and refine this in preparation for the 2018-19 review of governance arrangements.

7. Employee Implications
7.1. Officers will continue to attend the Good Governance Group and will commit time to review and monitor governance and assurance arrangements.

7.2. Officers will be assigned to lead on areas identified as improvement areas.

8. Financial Implications
8.1. There are no financial implications directly associated with this report.

9. Other Implications
9.1. The statement will be subject to review by Audit Scotland as part of their consideration of the Council's Annual Report.

9.2. There are no significant issues in terms of sustainability or risk directly associated with this report.

10. Equality Impact Assessment and Consultation Arrangements
10.1. All Resources, through senior officers, are involved in the progress, monitoring and review of governance good practice and the development of the Annual Governance Statement.

10.2. 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)

15 May 2017

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

Previous References
♦ None

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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or

Aileen Murray, Community Planning and Governance Adviser
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Email: aileen.murray@southlanarkshire.gov.uk

Annual Accounts 2018

Final Governance Statement

Executive Committee

RASF

CMT

Draft Statement

Governance Statement Assurance Framework

CMT – 31 May 2018
RASF – 13 June 2018
Exec Committee – 27 June 2018

Good Governance Group Minutes

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(1) Good Governance Resource Self-Assessment

(2) Internal Audit Reports/Annual Assurance Report

(3) Executive Directors' Statement of Assurance

(4) Complaints/ Comments/ SPSO feedback

(5) Sample checks on Director's Self-Assessment

(6) Risk Register Monitoring/Reporting

(7) External Reviews/ Regulation and Inspection Reports

(8) External Audit Reports

(9) Governance Improvement Plan

(10) Group Assurances

(11) Performance, Review and Scrutiny Forum Reporting

(12) Benchmarking Results

(13) Connect, Resource and Service Plan Progress Reports (other performance reports)

(14) Community Planning Partnership – SOA Quarter 4 Report

(15) Assessment of compliance with the Local Code of Corporate Governance

(16) ALEO Good Governance Self-Assessment and Statement of Assurance

(17) Equality Duty Reporting

(18) Self-Assessment Activity

(19) Annual Report and Public Performance Reports

Annual Governance Statement 2017-18

☐ Links to documents will be added when published

1. Scope of responsibility

The residents of South Lanarkshire expect the council to conduct its business in a lawful and transparent way. In particular, the council has a duty to safeguard public money and account for it; and to continuously review and improve how its functions are discharged, focussing on the priorities of economy, efficiency and effectiveness.

The council is responsible for putting in place proper arrangements for the governance of its activities, facilitating the effective exercise of its functions including clear arrangements for the management of risk.

A Local Code of Corporate Governance has been approved and adopted. This is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) framework entitled 'Delivering Good Governance in Local Government'.

This statement explains how South Lanarkshire Council has complied with the code during 2017-18 and meets legislative requirements to include the Annual Governance Statement within the Annual Accounts.

2. The purpose of the governance framework

The governance framework comprises the culture, values, systems and processes by which the council is directed and controlled. It describes the way the council is accountable to communities. It enables the council to monitor the achievement of its strategic objectives and consider whether these objectives have led to the delivery of appropriate and cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It is based on an ongoing process designed to identify and prioritise the risks to the achievement of the council's aims and objectives by evaluating the likelihood and potential impact of those risks being realised. This enables the council to manage risk efficiently, effectively and economically.

The governance framework has been in place at South Lanarkshire Council for the year ended 31 March 2018 and up to the date of approval of the Annual Report and Accounts.

3. The governance framework

Visions and Aims for the Community

The council's vision is 'to improve the quality of life of everyone in South Lanarkshire'. The Council Plan, Connect 2017-2022 sets out the council's vision, values and objectives and what difference this will make to the residents and communities of South Lanarkshire. The Community Plan 2017-27 sets out a common vision for the South Lanarkshire Community Planning Partnership and shows how the partners aim to achieve that vision.

The following table sets out how the council has complied with its Local Code of Corporate Governance. Key elements of the systems and processes that comprise the council's

governance arrangements are described below. These systems and processes are fit for purpose and provide assurance that the council is discharging its obligations to residents.

Principle	Assurance on compliance
Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	• The council has revised its employee Code of Conduct and Induction Checklist and developed a new Behaviours Framework. These documents outline the expected standards of behaviour required to ensure integrity. • All councillors have received training in the standards of behaviour required in line with the Code of Conduct for Councillors. This has been supplemented with approval of role profiles for all members which has, as a core accountability, to maintain the highest standards of conduct. • The council's Local Code of Corporate Governance which sets out the behaviours and values that the council is committed to was revised during 2018-19 and aligned with the CIPFA/SOLACE guidance on Delivering Good Governance in Local Government. • The council approved revised committee management procedural documents including decision making protocols, contracts and financial regulations. Information on all declarations of interest made by councillors is available to the public. • There are a range of policies, for example anti-fraud and corruption and whistleblowing that promote ethical behaviour amongst employees and councillors. Whistleblowing for Third Parties and Confidential Reporting procedures will be revised during 2018-19. • The council investigated all reported cases concerning employees of suspected unethical behaviour and non-compliance with the law/policy.
Principle B: Ensuring openness and comprehensive stakeholder engagement	• The Community Engagement Co-ordination Group maintained an overview of partnership community engagement activity. The Community Engagement Framework which underpins the work of this group will be revised during 2018-19. • The council undertook 337 surveys with residents, employees and partners, and through the council's Citizen Panel to better inform service delivery. A summary of public consultations is published on the council's website. • The new Council Plan 2017-2022, Community Plan 2017-2027 and the Annual Budget were developed through internal managers/councillors events and consultations with communities, partners and employees. • Neighbourhood Plans are currently being developed with three local communities and Community Planning Partners in accordance with the requirements of the Community Empowerment (Scotland) Act 2015. • A significant wellbeing survey in partnership with the Scottish Government and Community Planning Partners was carried out with around 17,000 children, young people and parents. The feedback is being used to inform how children's services are shaped and delivered across the partnership in the future. • The Annual Performance Report and Annual Public Performance Reports demonstrate the council's commitment to continuous improvement and achieving Best Value; summarise the progress that the council has made in meeting its objectives and how it is performing locally and nationally. • To ensure inclusivity and help shape service delivery, the council co-ordinates regular engagement with targeted groups such as young people, older people, people with disabilities, black and ethnic minorities, etc. Groups considered items such as the budget consultation, rent setting and performance reporting. • In November 2017, the South Lanarkshire Council Facebook page was

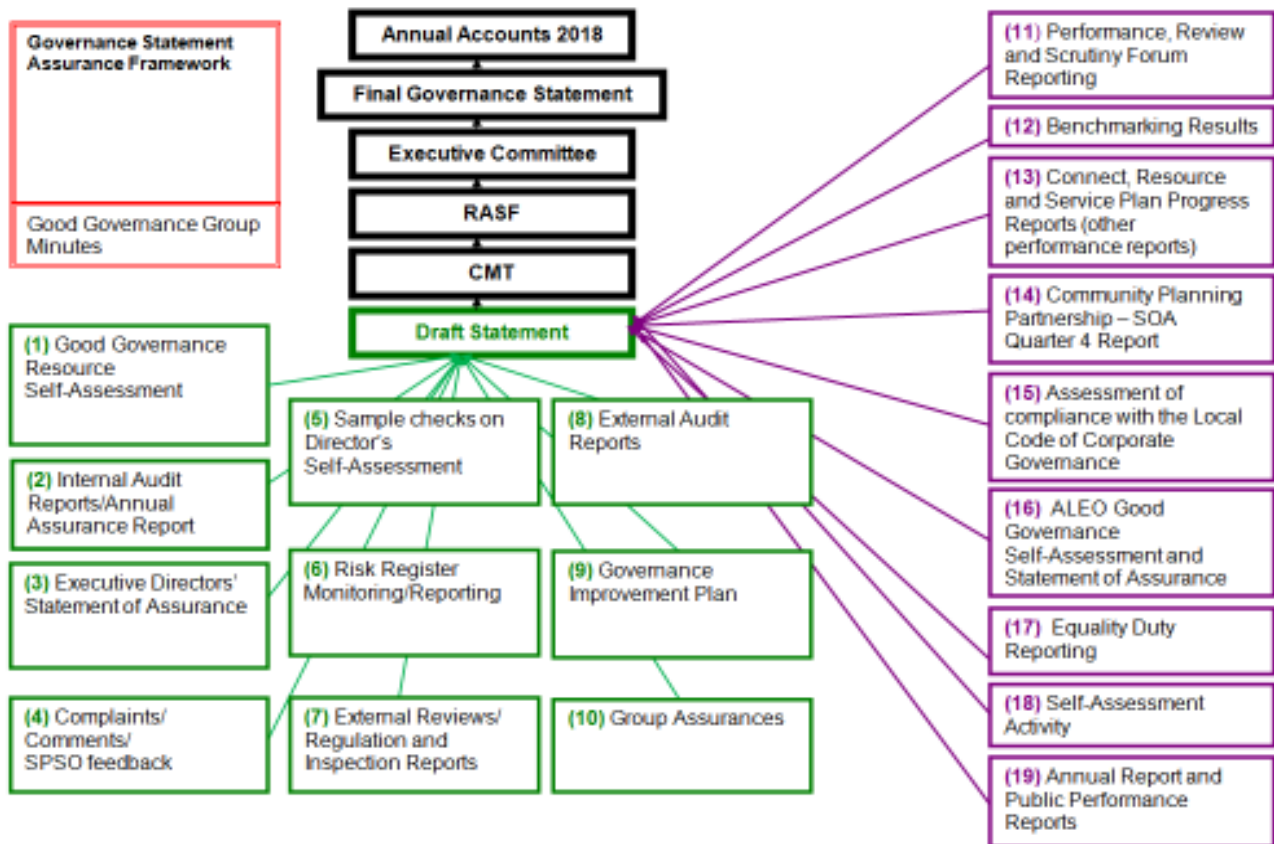| Principle	Assurance on compliance
	launched, providing information such as news and events. In terms of usage, in April 2018, nearly 65,000 people engaged with this page through likes, comments and shares.
Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits	• The new Council Plan 2017-2022 and Community Plan 2017-2027 have clearly defined economic, social and environmental outcomes to be delivered during the period. • The new Sustainable Development and Climate Change Strategy 2017-2022 which sets out the council's strategic outcomes in terms of the council, environment and communities for sustainable development and climate change during the period was published. Progress against the annual action plan was reported to the Corporate Management Team, the Sustainable Development Member/Officer Working Group and the Executive Committee. • Annual Resource Plans were reviewed and updated in light of the new Council Plan to ensure clear linkages between the plans. These plans outline outcomes and actions to be achieved within the year and reference linkages with other key strategic plans of the council and partnership plans. • Strategic Environmental Assessments (SEA) were completed for all relevant council policies, plans and strategies developed during 2017-18 and the council was recognised for good practice in a national SEA research publication. • A summary of the findings resulting from equality impact assessments of the council's key decisions on service users, communities and businesses has been published on the council's website.
Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes	• Annual budget setting consultations take place with members of the public and employees and the outcomes of these are reported to councillors prior to budget approval. • The council's Performance Management Framework has ensured that progress against intended outcomes has been regularly reported to Resource and Corporate Management Teams; Resource and Executive Committees; and Forums. Decisions and actions to address performance issues have been taken and monitored to ensure that they have been effective. • In terms of the 2016-17 Local Government Benchmarking Framework results, the council are performing better than Scottish Average levels for more than half of the indicators. From the 2015-16 results, an action plan was developed and monitored by the Corporate Management Team and the 2016-17 results show that for more than half of the indicators that the council has improved its performance when compared to the previous year.
Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it	• The council has worked with third party service providers and a range of partners to increase capacity to deliver its objectives. • In line with the requirements of the Community Empowerment (Scotland) Act 2015, the Community Planning Partnership developed and published its first Local Outcomes Improvement Plan entitled "The Community Plan" within the statutory timescale. Three Neighbourhood Planning areas were identified and work is progressing with these communities and partners to develop local plans. • Adult Social Care Services were commissioned by the Integration Joint Board (IJB) to continue to be operationally delivered by the council in line with the strategic direction set out in the Strategic Commissioning Plan and annual IJB Directions. Six monthly performance reports are submitted to the Social Work Resources Committee.

Principle	Assurance on compliance
	• Each Resource reviewed and updated its workforce plan and related action plan to better understand workforce capacity issues, further challenges and opportunities to ensure that resources are in the right place, at the right time and have the right skills. • The roles and responsibilities of councillor's were reviewed and their profiles updated to ensure continued effectiveness. • The revised Scheme of Delegation ensured that committees, officers and statutory officers were clear on the decisions that could be made within their area of authority. • Resource Learning and Development Boards considered all training and development needs highlighted through the annual employee appraisal process to support employee personal development. • Training requirements were identified and learning and development programmes were developed and delivered to all councillors. Learning and development opportunities continue to be offered to councillors on an ongoing basis.
Principle F: Managing risks and performance through robust internal control and strong public financial management	• Regular compliance monitoring of the council's Risk Management Strategy, Resource Risk Registers and Control Plans was undertaken by the Risk Management Team and Resource Risk Groups. Regular reports were presented to the Corporate Management Team and the Risk and Audit Scrutiny Forum. • A comprehensive review of the council's top risks and the associated control plan was completed. • The council's Internal Audit Service completed its annual programme of risk based audits with an objective of providing an opinion on the adequacy and effectiveness of the council's risk management, governance and internal control arrangements in respect of the council's key priorities. Where improvement was required, action plans were developed and monitored and where necessary follow-up audit work completed. • Through a well established Performance Management Framework, the council has clearly defined processes in place for the identification, monitoring and reporting of its objectives to ensure continued effectiveness and the achievement of Best Value. Progress is monitored and reported quarterly at Resource level with a six-monthly cycle of reports to the Corporate Management Team, Resource Committees, the Performance and Review Scrutiny Forum and the Executive Committee. A report which highlights areas of under-performance and the actions that will be taken to improve this was also considered by the Performance and Review Scrutiny Forum. • The annual review of compliance with the council's Information Management Framework did not highlight any significant areas of concern. Each Resource developed and implemented an action plan for those areas of improvement that were identified. • The Information Governance Board supported by Internal Audit, ensured regular scrutiny and the promotion of effective arrangements for the safe collection, storage, use and sharing of data, including processes to safeguard personal data. • An action plan was developed to assist with strategic preparations and actions for Resources in connection with operational compliance with the introduction of the General Data Protection Regulation in May 2018. This was progressed through the Information Governance Board and reported to the Corporate Management Team and Committee. Relevant employees

Principle	Assurance on compliance
	attended training on the new legislation. All Resources are undertaking actions to ensure operational compliance with the changed laws.
	• The Medium Term Financial Strategy 2016-19 was updated during the year to reflect the new council priorities, and other internal and external influences. This document also includes a Long Term Financial Plan which considers up to seven years ahead. The 2018-19 Revenue Budget and Capital Programme for 2018-19 and 2019-20 was approved by Council. Revenue and Capital Budgets for 2017-18 were reported regularly to the Corporate Management Team, Committees and Forums. The financial regulations were also reviewed and updated to ensure continued effectiveness in decision making practices.
	• The Executive Director of Finance and Corporate Resources is a member of the council's Corporate Management Team and as such, is involved in all major decisions taken by the council's Chief Officers, and in material matters which are submitted to councillors for decision. This involvement fulfils the expectation of CIPFA in terms of the role of the Chief Financial Officer.
Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability	• Further to the evaluation of the process and procedures used in the 2016-17 annual review of governance arrangements, new arrangements were developed and implemented in line with the CIPFA/SOLACE Delivering Good Governance Framework.
	• The annual review of Governance Arrangements has been completed at Resource level. Whilst there are no new significant issues to highlight in this statement, governance improvement actions have been identified and are included in Resource Action Plans/the Governance Improvement Action Plan. Progress against actions will be reported to the Corporate Management Team, Committees and Forums.
	• The remit for the Risk and Audit Scrutiny Forum is currently being reviewed and the findings will be implemented during 2018-19.
	• Outcomes from both external and internal audit activities were reported to the Corporate Management Team and the Executive Committee and were monitored by the Risk and Audit Scrutiny Forum.
	• A recent external review of the Internal Audit Service highlighted some areas for improvement and an action plan has been developed for implementation. Progress will be monitored through the Risk and Audit Scrutiny Forum. The review supported the assertion in previous annual assurance reports that the council's Internal Audit function generally conforms to Public Sector Internal Audit Standards.
	• Committee meetings are held in public and all agendas, reports and decisions are published (except those exempt under the Access to Information Act) on the council's website.
	• All of the council's political management documents were revised and are published on the council's website.
	• The council's digital public performance reports were refined to enhance customer experience. Members of the public can now find relevant performance information which includes trends, comparisons and areas of improvement at a glance.

4. Review of effectiveness

The council has responsibility for conducting an annual review of the effectiveness of its governance framework including the system of internal control. The following diagram outlines the steps that the council takes when undertaking an annual review of the effectiveness of its governance arrangements.

2017-18 Annual Governance Statement Assurance Framework

Governance Statement Assurance Framework

Good Governance Group Minutes

Annual Accounts 2018
Final Governance Statement
Executive Committee
RASF
CMT
Draft Statement

(1) Good Governance Resource Self-Assessment

(2) Internal Audit Reports/Annual Assurance Report

(3) Executive Directors' Statement of Assurance

(4) Complaints/ Comments/ SPSO feedback

(5) Sample checks on Director's Self-Assessment

(6) Risk Register Monitoring/Reporting

(7) External Reviews/ Regulation and Inspection Reports

(8) External Audit Reports

(9) Governance Improvement Plan

(10) Group Assurances

(11) Performance, Review and Scrutiny Forum Reporting

(12) Benchmarking Results

(13) Connect, Resource and Service Plan Progress Reports (other performance reports)

(14) Community Planning Partnership – SOA Quarter 4 Report

(15) Assessment of compliance with the Local Code of Corporate Governance

(16) ALEO Good Governance Self-Assessment and Statement of Assurance

(17) Equality Duty Reporting

(18) Self-Assessment Activity

(19) Annual Report and Public Performance Reports

5. Group Assurances

In respect of the Joint Boards, Charities and Companies that fall within the council's group boundary, the review of their internal financial control systems is informed by:-

- Annual Governance Statements included in the respective financial statements of the Joint Boards;
- Assurances from company directors and/or other senior company officials; and
- The work of the relevant bodies respective external auditors (and where relevant internal auditors) and other interim reports.

The Executive Director of Finance and Corporate Resources, the council's Chief Financial Officer, has considered the effectiveness of the Group's internal financial control system for the year ended 31 March 2018. It is the Executive Director of Finance and Corporate Resources' opinion that reasonable assurance can be placed upon its effectiveness.

6. Assurance

The 2016-17 review in relation to operational controls within one service concluded in 2017-18, identifying further practices that required improvement. Additional action plans were developed and management has taken steps to implement all recommendations. Follow-up audit work is planned during 2018-19 to ensure that, through the implementation of these actions, procurement arrangements within the service are robust and effective and that overall governance has improved.

The opinion of the council's Risk Management Service is that a good level of assurance can be placed on the council's strategic risk control environment and a good level of assurance can be placed on the council's operational risk control environment.

Overall, reasonable assurance can be placed on the adequacy and effectiveness of the council's framework of governance, risk management and control arrangements for the year ending 31 March 2018.

7. Governance Areas for Improvement

Progress against the areas identified as requiring action and improvement in the previous year are available to view on the council's website; see the Good Governance Action Plan. The following areas for improvement at a corporate level have been identified through the annual governance review:-

Subject	Action(s)	Responsible Officer	Target completion date
Committee Management	Implement the findings of the Risk and Audit Scrutiny Forum Review	Head of Administration and Legal	31 March 2019
Community Planning	Develop a Community Planning Partnership Participation and Engagement Strategy	Director of Finance and Corporate Resources	31 March 2019
Community Planning	Continue working with the three pilot communities to co-produce and deliver Neighbourhood Plans together with Community Planning Partners	Director of Finance and Corporate Resources	31 March 2019
Equalities – Impact Assessment	Review the Equality Impact Assessment online recording tool and process	Head of Personnel	31 March 2019
Finance - Charities	Ongoing implementation of the review of Charities	Head of Finance - Strategy	31 March 2019
Finance - Procedures	Formalisation of a document to be used by all Resources to form a consistent approach to following the public pound	Head of Finance - Strategy	31 March 2019
Finance - Strategy	An updated medium/long term financial strategy will be prepared and reported to Committee. Work to agree a 2019-20 budget by February 2019 will be ongoing	Head of Finance - Strategy	28 February 2019
Governance	Local Code of Corporate Governance to be approved and rolled out to all employees and elected members	Head of Administration and Legal	31 March 2019
Information Governance	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 and prepare for the same implementation of Part 3 of the Data Protection Bill in relation to law enforcement	Head of Administration and Legal	31 December 2018
Learning and Development	Develop a training needs analysis for all elected members	Head of Personnel	31 July 2018

Subject	Action(s)	Responsible Officer	Target completion date
Performance Reporting	Consider feedback from External Audit on the Annual Performance Report and implement any changes that may be required	Head of Strategy and Communications	31 October 2018
Risk Management	Review the Risk Management Partnership Guidance	Head of Finance - Transactions	31 December 2018
Strategy and Plans	Develop a Corporate Communications Strategy	Head of Communications and Strategy	31 August 2018
Strategy and Plans	Identify and make appropriate links between the Equality Impact Assessment process and the requirements of the Fairer Scotland Duty	Head of Personnel	31 March 2019
Strategy and Plans	Develop a Recruitment Strategy	Head of Personnel	31 March 2019
Strategy and Plans	Revise the Whistleblowing for Third Parties and Confidential Reporting procedures	Director of Finance and Corporate Resources	30 September 2018

In addition to the improvement actions listed above, 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.

The annual review demonstrates sufficient evidence that the code's principles of delivering good governance in local government operated effectively and that the council complies with the Local Code of Corporate Governance. During 2018-19, steps will be taken to address the governance improvement areas to further enhance the council's governance arrangements and evidence our commitment to continuous improvement.

John Ross
Leader of the Council

Signature: **Date:**

Lindsay Freeland
Chief Executive

Signature: **Date:**

Paul Manning
Executive Director (Finance and Corporate Resources)

Signature:

South Lanarkshire Council

Good Governance Action Plan

improve

Progress Report

Quarter 4 : 2017/18 - April to March

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 Control

Resource

Governance Plan action and associated measures

Progress update against measure

Community and Enterprise Resources

Governance Control	Action	Measures	Comments/Progress	Status
Implement changes required by the Welfare Reform Act 2012 and subsequent regulations with a specific focus on the financial impact on the introduction of Universal Credit	Promote partnership working for financial inclusion and the development of South Lanarkshire's Credit Unions	Develop and support the financial inclusion network linked to preparation for welfare reform	The Financial Inclusion Network continues to enable partnership approaches to the key priorities of fuel poverty; food poverty; money worries; tackling stigma and building awareness of poverty; and digital inclusion.

Quarterly networking events take place with good attendance, bringing the various sub groups together and others to enable work to take place across the priorities/themes. | Green |
| | Job brokerage initiative delivered to provide critical support for unemployed people living in South Lanarkshire | Contract monitored to ensure delivery of key elements and outcomes for employability services as specified by the council by March 2017 | Range of programmes, including new European funded activity, agreed internally and with Scottish Government. Programmes now in place and on target. | Green |
| | Deliver 'Opportunities for All' programme to support young people into jobs, education and training | Youth Employment Action Plan (YEAP) delivered within agreed timescales providing services to MCMC young people | Over 1,000 young people have been engaged on the 'South Lanarkshire Works 4 U' programme (as at 31st August 2016). | Green |
| | | 16+ Learning Choices programme continued to be delivered in all secondary schools | 16+ Learning Choices information is made available through designated Depute Head Teachers in schools for all senior phase young people, supporting them into a positive transition post school.

Evolving 'Developing the Young Workforce' initiatives are also now beginning to contribute to the programme in schools. | Green |
| | | Initiatives and projects developed and delivered, based on available Scottish Government and partnership resources, to support the most vulnerable young people leaving school and beyond as per agreed partnership plan | The new Aspire key work service will ensure young people are supported from prior to their school leaving date, right through until they have left school, with assistance to access the options and choices available to them. Aspire is designed to ensure a positive transition. | Green |
| | Develop and progress as appropriate new employability services focused on priority client groups resourced by EU and council resources | Continue the delivery of innovative employability services, including European Strategic Skills pipeline funding to be procured, contracts issued and delivered by end 2016-17 | Have now secured Scottish Government approval for new European funded employability programme. | Green |

Summary - number of measures green, amber and red under each Resource

Resource	Green	Amber	Red	To be reported later	Total
Community and Enterprise Resources	24	0	0	0	24
Education Resources	21	0	0	0	21
Finance and Corporate Resources	41	0	0	0	41
Housing and Technical Resources	27	0	0	3	30
Social Work Resources	26	0	0	0	26
Total	139	0	0	3	142

Community and Enterprise Resources

Governance Control	Action	Measures	Comments/Progress	Status
Consider the potential impact on assets owned/managed by South Lanarkshire Council and South Lanarkshire Leisure in relation to Part 5 : Asset Transfer of the Community Empowerment (Scotland) Act 2015	Consider the potential impact of the Community Empowerment (Scotland) Act 2015 in relation to assets owned / managed by SLLC and Facilities, Waste and Grounds Services on a case by case basis	Community Empowerment (Scotland) legislation taken into account, on a case by case basis, when an organisation puts forward a proposal for the public asset transfer of an asset	Planning and Economic Development Services are actively working with 10 organisations that are considering Community Asset Transfer. Two of the organisations that have been engaged with over the last year have submitted outline business plans for their proposals and these are being considered by the Community Asset Transfer Working Group. The draft Community Benefit Assessment Framework has also been considered by the above working group and should be finalised by June 2018. This will be used to assess the community benefits of an organisation's Community Asset Transfer Application. Proposals are being developed to put the Community Asset Transfer process online – anticipated that this will go live by June 2018.	Green
Ensure that the council has a Strategy and Action Plan that promotes sustainable development within service delivery and compliance with public sector climate change duties	Ensure that the council has a strategy and action plan that promotes sustainable development within service delivery and compliance with public sector climate change duties	Implement actions within the Climate Change Duties Compliance Improvement Action Plan within agreed timescales (Resource)	Actions within the Climate Change Duties Compliance Improvement Plan are either complete or progressing well. Any ongoing actions will be incorporated into the new Sustainable Development and Climate Change Strategy Action Plan, resulting in one action plan for climate change actions from 2018-19 onwards.	Green
		Implement actions within the Climate Change Duties Compliance Improvement Action Plan within agreed timescales (council wide)	Actions within the Climate Change Duties Compliance Improvement Plan are either complete or progressing well. Any ongoing actions will be incorporated into the new Sustainable Development and Climate Change Strategy Action Plan, resulting in one action plan for climate change actions from 2018-19 onwards.	Green

Community and Enterprise Resources

Governance Control	Action	Measures	Comments/Progress	Status
		Council's performance in complying with public sector climate change duties evaluated and annual statutory Climate Change Duties Report published by 30 November 2017	The annual evaluation of the Council's performance in complying with public sector climate change duties was carried out in October 2017. Identified improvements will be included in the Sustainable Development and Climate Change Action Plan. The annual statutory Climate Change Duties Report was approved by the Executive Committee on 8 November 2017 and subsequently submitted to the Scottish Government by 30 November 2017 deadline. A copy of the annual report can be found on the council's website.	Green
		Participate in 'Climate Ready Clyde' partnership during 2017-18	The Corporate Management Team have agreed to continue participation in the Climate Ready Clyde partnership for the following two years.	Green
		Sustainable Development and Climate Change Strategy 2017-2022 (and accompanying communications plan) approved by Executive Committee by December 2017	The Sustainable Development and Climate Change Strategy was approved by the Executive Committee in December 2017. The Strategy is now available on the council's website and discussions are underway to agree the action plan for 2018-19.	Green
Introduce new waste management initiatives to reduce waste and increase recycling	Introduce new waste management initiatives to reduce waste and increase recycling	Ongoing education and awareness undertaken and waste service procedures reviewed to promote waste minimisation, reuse and recycling within local communities	Continuing to liaise with local primary schools to promote visits and activities with children. The council's Waste Education Team is currently working with two secondary schools to assist with project work associated with Science Technology Engineering and Maths (STEM).	Green
		Performance of waste and recycling contracts monitored and internal monthly updates developed on performance within each contract	Regular monthly/bimonthly meetings take place with contractors, and issues relating to performance are monitored. Corrective action is taken on matters raised within monthly reports where necessary.	Green

Community and Enterprise Resources

Governance Control	Action	Measures	Comments/Progress	Status
Glasgow City Region City Deal - Deliver Community Growth Areas City Deal project, development programmes and maximise opportunities to access funding via City Deal Developer Contributions for education, community facilities, roads, infrastructure and housing	Deliver road and transportation infrastructure improvements to support new development, including those undertaken as part of the City Deal	Subject to completion of the relevant assurance processes, progress and deliver two major transport infrastructure projects (i.e. Greenhills Road and Stewartfield Way) in line with agreed programme / profiling	Cathkin Relief Road - Presently managing the situation following Land Engineering going into administration. Immediate outstanding defect works have been completed and discussions ongoing in relation to longer term maintenance. Positive discussions held with Administrator and way forward been agreed. Greenhills Road/Strathaven Road – The procurement process is complete, with the exception of the notifications and award. Six bidders returned Instruction to Tenderers submissions. Land negotiations are complete for the voluntary purchased land. Planning application has been granted and Scottish Ministers have confirmed the Compulsory Purchase Order (CPO). CPO land is expected to be confirmed in our ownership by the end of May 2018. Works are expected to start on site July 2018, subject to a successful approval of the full business case. Stewartfield Way - The East Kilbride traffic modelling exercise has been largely completed and a report is being finalised to confirm the way forward. A revised programme has been developed which will see the main infrastructure works commence in summer 2023 (previously summer 2022) continuing through to the end of spring 2025 (previously 2024).	Green

Community and Enterprise Resources

Governance Control	Action	Measures	Comments/Progress	Status
	Deliver Community Growth Areas City Deal project	Community Growth Area sites progressed in accordance with criteria and programme specified in South Lanarkshire Local Development Plan and City Deal	The planning permission in principle application for the Hamilton Community Growth Area (CGA) was issued on 11th May 2017. Larkhall CGA Phase 1 now has consent and Persimmon have begun on site. Good progress is being made at Newton and Ferniegair, with limited progress at Carluke. Since 2015, 700 houses have been built across these Community Growth area sites (8% of the projected 9,000 units anticipated by around 2030). These figures represent the position as at March 2017. Up to date position as at March 2018 will be available once the Housing Land Audit is complete. The Planning Service has been instrumental in this process in terms of master planning and project implementation.	Green
	Support the Glasgow City Region City Deal development programmes	Provide corporate oversight of City Deal infrastructure, business innovation, and skills and employment programmes, with specific responsibility for progressing business case approvals for Roads and Community Growth Area projects and measurement of economic impact and outcomes	Attendance at the City Deal Lead Officer Group is ongoing, with support provided to the Chief Executives Group and Cabinet as necessary. Business case development ongoing: full business case for Westburn Roundabout and Woodhead Primary School extension being prepared for submission. Augmentation of previously approved Outline Business Cases in progress.	Green

Community and Enterprise Resources

Governance Control	Action	Measures	Comments/Progress	Status
Promote high standards of Information Governance including preparation for the introduction of the General Data Protection Regulations (GDPR)	Promote high standards of Information Governance	Information governance self assessment audit checklist to be completed annually and all relevant actions to be implemented	The Information Governance Self Assessment Audit Checklist for 2017 was completed and submitted to the Information Governance Board within the required timescale. Of the 13 actions identified in the Resource Information Governance Action Plan, 7 were completed, and the remainder are ongoing and have been carried forward to the action plan for 2018. In addition various exercises and actions were undertaken by Services in preparation for changes in data protection legislation (the General Data Protection Regulation Action Plan). These were completed within the required timescales.	Green
Implement changes required by the Welfare Reform Act 2012 and subsequent regulations with a specific focus on the financial and social impact on the introduction of Universal Credit in October 2017	Oversee implementation of Tackling Poverty Programme	Financial inclusion network linked to preparation for welfare reform developed and supported	The Financial Inclusion Network and associated sub groups continue to engage a wide range of partners across key issues, such as: fuel poverty; digital inclusion; and tackling stigma, as well as providing forums and other forms of information exchange and problem solving linked to the roll out of Universal Credit.	Green
Implement the South Lanarkshire Economic Strategy and Tackling Poverty Programme in conjunction with the Community Planning Partnership and other Partners	Implement the South Lanarkshire Economic Strategy in conjunction with Community Planning Partnership and other partners	Promote the South Lanarkshire Economic Strategy, implement associated actions in the Sustainable Economic Growth Partnership Improvement Plan, and report to the Sustainable Economic Growth Board	South Lanarkshire Economic Strategy economic improvement actions are now incorporated into the Community Plan and are being implemented. Progress reports have continued to be presented to the Sustainable Economic Growth Board.	Green
	Oversee implementation of Tackling Poverty Programme	Tackling Poverty Programme 2017-18 presented to Sustainable Economic Growth Board for approval by September 2017, and implemented thereafter	£3.15m Tackling Poverty Programme 2017-18 has been implemented over the year. Progress report was presented to Sustainable Economic Growth Board in September 2017.	Green

Community and Enterprise Resources

Governance Control	Action	Measures	Comments/Progress	Status
		Report on impact of Tackling Poverty Programme 2016-17 presented to Sustainable Economic Growth Board by September 2017	A full annual report on the impact of the Tackling Poverty Programme 2016-17 was produced and presented to the Board in September 2017. This included a number of case studies providing valuable insight into the impacts of the programme on individuals, families and communities. 87% of targets were achieved or exceeded, 9% were within 70% of being achieved, and only 4% were less than 70% of being achieved.	Green
Promote resilience/emergency preparedness throughout the council	Promote resilience/emergency preparedness for the council	Increase awareness of resilience/emergency preparedness initiatives/practices within and external to the Council by March 2018	Progress is being made as a result of Council Emergency Management Team meetings, wider engagement with SLC employees, and SLC representation at (and facilitation of) multi agency resilience meetings and events at local, regional and national level. Notable events include: meetings of Lanarkshire Local Resilience Partnership, West of Scotland Regional Resilience Partnership (Strategic and Tactical), Regional Additional Deaths (Management) Workshop, National Mass Fatalities (Management) Exercise, responses to severe weather (snow) events involving internal and multi agency engagement at Local and Regional Resilience Partnership, internal and multi agency Counter Terrorism Strategy (CONTEST) Group meetings, paper to CMT regarding Safety Advisory Group and Ministry of Defence workshop.	Green
Strengthen awareness of good governance across the council; promote key governance policies; and ensure all employees have completed mandatory training	Ensure high standards of governance are being exercised	Complete Resource Governance self assessment by due date and develop actions to address non-compliant areas	Resource Governance self assessment for 2017-18 complete. Progress against resulting governance actions being monitored on a six monthly basis, with Quarter 4 progress report completed in April 2018.	Green

Community and Enterprise Resources

Governance Control	Action	Measures	Comments/Progress	Status
Implement effective Best Value management arrangements to ensure continuous improvement and efficient and effective service delivery	Implement effective Best Value management arrangements to ensure continuous improvement and efficient and effective service delivery	Engage in self evaluation activity and take forward any improvement actions	In 2017-18, Community and Enterprise Resources completed self assessments of the Waste Management Service, the Fleet Service, and the Renewable Energy Fund Scheme. Meetings were held with Heads of Service on the employee survey results, with Heads taking forward actions for their own Services. We continue to meet with service managers on a quarterly basis to identify improvements to the service as a result of complaints. The SMT have received complaints reports covering Quarters 1, 2, and 3.	Green
		Use the results of benchmarking activity (including the Local Government Benchmarking Framework) to inform and improve service delivery	2016-17 figures have now been published by the Improvement Service, and the council's LGBF web report, which provides analysis of the results, is now available to view on the Council website. Meanwhile, the Resource continues to send delegates to the LGBF Benchmarking Group meetings to discuss and share best practice.	Green
Promote the council's values and the new Council Plan to all employees, customers and stakeholders after approval by Committee	Deliver the objectives of the Council Plan Connect	Deliver annual Resource Plan and review suite of measures for coverage and relevance	The Resource Plan 2017-18 was peer reviewed on 19 April 2017 for coverage and relevance of measures and was approved by the Community and Enterprise Resources Committee on 12 December 2017. The plan was implemented over 2017-18. The end of year progress report will be presented to the Community and Enterprise Resource Committee on 21 August 2018. The development of the Resource Plan 2018-19 is now well underway.	Green
Analyse the results and develop an Improvement Plan from the 2016 Employee Survey	Analyse the results and develop an improvement plan from the 2016 Employee Survey	Improvement plan developed as an outcome from the 2016 Employee Survey	Action Plans were developed by Service Management Teams and the majority of actions are complete with some ongoing and some programmed in.	Green

Community and Enterprise Resources

Governance Control	Action	Measures	Comments/Progress	Status
Manage flooding priorities and deliver prioritised flood protection schemes	Manage flooding priorities and deliver prioritised flood protection schemes	Prioritised flood protection projects / studies delivered by March 2018 in line with available capital / revenue funding.	Borgie Glen, Cambuslang - Inlet trash screen replacement and access improvement works are now complete. Station Gate, Netherburn - Flood relief channel through the adjacent forest has been completed. Two flood embankments have been constructed, however topsoiling works have been delayed due to poor weather. Purchase of temporary flood barriers to be used as required during storm events. Products have been purchased and delivered to Canderside Roads Depot. The Coulter Project has been deferred to allow a better understanding of the issues. The project at Jerviswood Drive, Cleghorn has also been deferred as the contractor failed to provide quotation and we are reviewing the potential solution. Finally, the Hallside Burn, Halfway project has been postponed due to landownership issues.	Green
Prepare for the implementation of the replacement corporate Electronic Document and Records Management System (EDRMS) and workflow software	Prepare Resource for the implementation of the replacement corporate electronic document and records management system (EDRMS) and workflow software	System familiarisation, document and data mapping and migration, fileplan set up, correspondence workflow specification developed and tested, procedures revised, and training delivered (all by December 2017)	EDRMS – High level design specifications for core system and data migration signed off. Workflow and scanning specifications clarifications ongoing with sign off anticipated April 2018. Hardware in place and test PCs provided in key locations for initial familiarisation by the project team. Training Plan being developed in conjunction with Corporate Training and Development Team. Next stage analysis and design phase due to be completed by May 2018. Project on schedule for delivery end of August 2018.	Green

Education Resources

Governance Control	Action	Measures	Comments/Progress	Status
Ensure that the council has a Strategy and Action Plan that promotes sustainable development within service delivery and compliance with public sector climate change duties	Continue to engage young people, pupils and the wider community in environmental education through Eco schools and similar programmes	Further embed climate change awareness and sustainability through Curriculum for Excellence	Increasingly, schools will incorporate sustainability content into their curriculum, using programmes and initiatives to support their work. The SLC Glow site has been updated to include access to Learning for Sustainability resources. This will be supported by the Curriculum and Quality Improvement Service throughout school session 2017-18.	Green
		Continue to increase climate change awareness and sustainability in education establishments	Schools will incorporate climate change awareness content into their curriculum, using programmes and initiatives to support their work. Links and resources will be added to the SLC Glow site and the SLC Education twitter site. This will be supported by the Curriculum and Quality Improvement Service throughout school session 2017-18.	Green
		Continue to support involvement in programmes and initiatives that help reduce climate change including Eco-schools programme; Earth Hour and Globally Aware Schools	Schools continue to support involvement in programmes and initiatives that help reduce climate change. This will continue to be supported by the Curriculum and Quality Improvement Service throughout session 2017-18.	Green
	Implement the Climate Change Duties Compliance Improvement Action Plan	Implement actions within the Climate Change Duties Compliance Improvement Action Plan within the agreed timescales	All actions within the Climate Change Duties Compliance Improvement Action Plan progressed within agreed timescales.	Green
Glasgow City Region City Deal - Deliver Community Growth Areas City Deal project, development programmes and maximise opportunities to access funding via City Deal	Monitor the efficient use of the secondary school estate to meet developing needs	Maximise funding streams through City Deal / Developer Contributions to meet increasing pupil population in the secondary school estate as a result of Community Growth Areas	Requirements for Hamilton Community Growth Area (CGA)are being developed. Discussions are ongoing regarding the accommodation requirements for Larkhall CGA dependent on the scale of the development. Consultation completed on catchment realignment of secondary accommodation for East Kilbride CGA.	Green

Education Resources

Governance Control	Action	Measures	Comments/Progress	Status
Developer Contributions for education, community facilities, roads, infrastructure and housing	Monitor the efficient use of the primary school estate to meet developing needs and provide accommodation solutions where required to meet growth and capacity pressures	Develop effective solutions, funded via City Deal / Developer Contributions, for early years and primary school estate to meet the increasing pupil population as a result of Community Growth Areas	Discussions over educational accommodation requirements as a result of the Hamilton Community Growth Areas (CGA) are ongoing. Larkhall CGA requirements are dependent on scale of the development. A consultation has been completed on the realignment of secondary school catchment areas in East Kilbride CGA.	Green
	Maximise Developer Contributions to mitigate the impacts of housing developments on education accommodation (Early Years, Primary and Secondary estate)	Work collaboratively with Planning Services to negotiate the maximum external funding contributions via developers using Education Resources' agreed methodology	Liaison with Planning Services to ensure appropriate contributions are requested from developers to meet the emerging need for educational facilities as a result of additional house building.	Green
Promote high standards of Information Governance including preparation for the introduction of the General Data Protection Regulations (GDPR)	Promote high standards of Information Governance	Information governance self assessment audit checklist to be completed annually and all relevant actions to be implemented	The Information Governance Self Assessment Audit checklist was completed in April 2018 and submitted to the Information Governance Board within the required timescale and in line with legislation. Good governance practices were reviewed and monitored throughout the year and improvements implemented.	Green
Monitor the impact of the Pupil Equity Fund to ensure schools deliver activities and interventions aimed at raising attainment for children affected by poverty through school improvement plans	Continue to achieve equity by 'closing the attainment gap' and meeting the aspirations of the Pupil Equity Fund	Provide support to schools in effective use of Pupil Equity Funding to help close the poverty attainment gap	Advice and guidance was issued to all establishments to support the management of the Pupil Equity Fund (PEF). Establishments were asked to outline their plans for the spend in their School Improvement Plans. Curriculum and Quality Improvement Service Link Officers have been using this information to support schools. In addition to the initial advice given schools have been given further guidance about the on going monitoring of their spend and have been asked for updates as the session progressed. Schools that have opted into the newly established South Lanarkshire Council Tracking and Monitoring approach have also been able to access support in measuring the impact of PEF spend.	Green

Education Resources

Governance Control	Action	Measures	Comments/Progress	Status
	Promote development of the right range of skills, qualifications and achievements to enable all learners to succeed	Deliver an inclusive learning offer through Pupil Equity Funding to young people in S2/S3	A range of offers have been presented to schools in support of the addressing the attainment gap. The offers include the Duke of Edinburgh Awards Scheme, Pathway to Alternative Curricular Education (PACE), Positive Learning with Universal Support (PLUS), Equate, Soccerworx and Danceworx, and various accredited learning offers such as HSK Mandarin, Youth Achievement Awards, Dynamic Youth Awards and Award Scheme Development and Accreditation Network (ASDAN) awards. The inclusive learning offers seek to engage young people through different learning styles that complement their abilities and styles of learning, supporting them to choose a path of learning that leads them to further learning opportunities, engagement with the curriculum and raised aspirations.	Green
	Ensure the implementation of Pupil Equity Funding to target the most deprived children and promote equity	Issue advice and guidance to establishments to support their management of Pupil Equity Funding	Advice and guidance was issued to all establishments to support the management of the Pupil Equity Fund (PEF). Establishments were asked to outline their plans for the spend in their School Improvement Plans. Link Officers have been using this information to support schools. In addition to the initial advice given schools have been given further guidance about the ongoing monitoring of their spend and have been asked for updates as the session progressed. Schools who have opted into the newly established South Lanarkshire Council Tracking and Monitoring approach have also been able to access support measuring the impact of PEF spend.	Green

Education Resources

Governance Control	Action	Measures	Comments/Progress	Status
		Monitor the impact of Pupil Equity Funding through our revised Standards and Quality reporting framework	The revised Standards and Quality reporting framework is designed to incorporate a section for establishments to review the impact of the Pupil Equity Fund (PEF). Establishments are aware of this requirement and how it links to the plans set out in their School Improvement Plans. Advice provided to schools about the ongoing monitoring of PEF and schools will provide updates by June 2018.	Green
Early Learning and Childcare – take forward proposals to increase early learning and childcare for 3 and 4 year olds and vulnerable two year olds (1140 hours) by 2020	Progress the Scottish Government's commitment to increase nursery hours for three and four year olds and eligible two year olds by August 2020	Continue to engage with children and families to get their views on the roll-out of additional hours for Early Learning and Childcare	Consultation events held with parents, staff and children completed in January 2018.	Green
		Ensure partner contracts for 600 hours Early Learning and Childcare is revised with a new contract established for one year 600 hours and 1140 hours future delivery	Partner contract reviewed and available for implementation from May 2018.	Green
		Develop and implement a strategy and action plan to support the provision of Early Learning and Childcare accommodation/facilities for young children and to support families in allowing parents to work, train or study	With the £1.743m design funding approved by the Scottish Government, detailed design has been carried out on 5 projects. Awaiting final funding settlement which is expected May 2018.	Green
Implement the South Lanarkshire Economic Strategy and Tackling Poverty Programme in conjunction with the Community Planning Partnership and other Partners	Continue to work with partners to provide intensive support to vulnerable families	Continue to progress a coherent and consistent approach to support vulnerable children and young people on mental health related matters	The Education Resources Mental Health Improvement Network has been established to progress a coherent and consistent approach to support vulnerable children and young people in health related matters. Terms of Reference for this group have been drawn up and approved by the Education Management Team (EMT). The group will continue to meet over the course of 2018-19 and an update will be provided to the EMT in 2019 with regard to the effectiveness of the group.	Green

Education Resources

Governance Control	Action	Measures	Comments/Progress	Status
	Continue to further develop strategies to support and include young people, tackling local and national disadvantage and deprivation	Provide supportive opportunities to young people regarding issues such as housing, financial literacy, homelessness, life skills, mental health and accessing services	To date, 1,518 young people have been supported to tackle issues affecting their life chances and life choices. Young people on the H2O+ programme have benefited from supportive opportunities relating to financial literacy and life skills. The Money for Life (MFL) Group continues to work in partnership with Lanarkshire Credit Union (LCU). Activities provided enable staff to engage positively with young people offering support, guidance and sign posting to those in need. Key interventions and crisis supports have included individual young people who are experiencing homelessness receiving crisis support; young people completing the 'Managing own Money' unit as part of the Personal and Social Development (PSD) award; young people involved in one-to-one support regarding mental health, homelessness, anti-social behaviour, alcohol and substance misuse, gambling, and employment and training. An emerging issue has been young people and addictive behaviour (gambling which is negatively affecting families) resulting in a new programme to support young people to understand the risks and associated impacts. In addition, young people and their respective families who are affected by food poverty have received support and food parcels through a partnership agreement with Greggs.	Green

Education Resources

Governance Control	Action	Measures	Comments/Progress	Status
Strengthen awareness of good governance across the council; promote key governance policies; and ensure all employees have completed mandatory training	Ensure high standards of governance are being exercised	Complete Resource Governance self assessment by due date and develop actions to address non-compliant areas	The Resource Governance Self Assessment was completed in April 2018. Advice and guidance was provided to strengthen awareness of information governance and training on the General Data Protection Regulation (GDPR).	Green
Implement effective Best Value management arrangements to ensure continuous improvement and efficient and effective service delivery	Implement effective Best Value management arrangements to ensure continuous improvement and efficient and effective service delivery	Engage in self evaluation activity and take forward any improvement actions	The Curriculum and Quality Improvement Service (CQIS) conducts an annual audit which is then used for self evaluation activity and to inform improvement actions. Using the audit, the team produces an improvement plan with key priorities identified for each work stream. These are made available for establishments to access and are subject to regular review. An interim review of the plans was carried out in January 2018. An end of session review of 2017-18 plans and creation of 2018-19 plans will take place by July 2018. In addition to the plans produced, CQIS Lead Officers have also contributed to the South Lanarkshire Council National Improvement Framework Improvement Plan for Scottish Education submitted to the Scottish Government in September 2017. As a follow up to this, they will contribute to the South Lanarkshire Standards and Quality Report to be produced in Summer 2018.	Green
		Use the results of benchmarking activity (including the Local Government Benchmarking Framework) to inform and improve service delivery	Results from benchmarking activity are used by staff teams to inform and improve service delivery.	Green
Promote the council's values and the new Council Plan to all employees, customers and stakeholders after approval by Committee	Deliver the objectives of the Council Plan Connect	Deliver annual Resource Plan and review suite of measures for coverage and relevance	The Education Resource Plan and suite of measures were approved by the Education Resources Committee on 6 February 2018. The plan set out the priorities and actions to be taken to support the delivery of the Council Plan Connect.	Green

Finance and Corporate Resources

Governance Control	Action	Measures	Comments/Progress	Status
Implement a Local Outcomes Improvement Plan as required by Part 2 : Community Planning of the Community Empowerment (Scotland) Act 2015	Implement the provisions of the Community Empowerment Act	Progress work in relation to the council's response to the Community Empowerment (Scotland) Act 2015	The council is fully compliant with those aspects of the Community Empowerment Act which have been enacted.	Green
Ensure that the council has a Strategy and Action Plan that promotes sustainable development within service delivery and compliance with public sector climate change duties	Implement the Climate Change Duties Compliance Improvement Action Plan	Implement actions within the Climate Change Duties Compliance Improvement Action Plan within the agreed timescales	Increasing staff awareness of Climate Change Duties Compliance through briefings.	Green
	Support the council's Sustainable Development Strategy	Promote sustainable travel by employees through the efficient use of fleet vehicles, greater use of public transport, car sharing, walking and cycling	Cycle to Work Scheme ran from May to July 2017 with new scheme scheduled to be launched in June 2018. South Lanarkshire Council registered with Workplace Journey Challenge. This was communicated to all staff.	Green
Promote high standards of Information Governance including preparation for the introduction of the General Data Protection Regulations (GDPR)	Promote high standards of Information Governance	Take forward a programme of improvement actions in support of the Information Strategy, Records Management Plan and Internal Audit Plan	The draft Information Strategy (and action plan) is being presented to the CMT for consideration on 26 April 2018.	Green
		Continue to develop South Lanarkshire Council's Records Management Plan following the Keeper's Assessment	The Keeper of the Records at the NRS will invite the council to submit a Progress Update Report (PUR) on the Records Management Plan on the 1st anniversary of the approval date (2 June 2018). The PUR will be expected 2 months after that invitation. Preparations are in place in order to gather and collate the necessary information to complete the report.	Green
		Continue to strengthen the good information governance culture in the council through the continued programme of communication to promote the themes of the Information Strategy, Information Security and Records Management Plan	An Employee Communication was circulated on 22 February 2018 regarding the revised arrangements for information security incident notification.	Green
		Information governance self assessment audit checklist to be completed annually and all relevant actions to be implemented (Resource)	All Finance and Corporate Resources Heads of Services were requested to compile returns for the annual checklist for 26 March 2018. The composite return is being collated.	Green

Finance and Corporate Resources

Governance Control	Action	Measures	Comments/Progress	Status
		Information governance self assessment audit checklist to be completed annually and all relevant actions to be implemented (council-wide)	All Resources are finalising their 2017-18 Annual Checklist returns.	Green
	Compliance with statutory response timescales for information in terms of FOISA, EI(S)Rs and for subject access requests under the DPA	Assist the council in relation to preparations for the implementation of 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). Provide general support to the IGB in its administration. Monitor progress and provide quarterly updates to the Corporate Management Team	The Information Governance Board has continued to put in place advice and recommended actions for Resources to ensure compliance with the GDPR and Part 3 of the Data Protection Bill (not yet in force). Policies and procedures are being reviewed to ensure that they are updated to reflect the forthcoming changes	Green
Monitor the impact of the Pupil Equity Fund to ensure schools deliver activities and interventions aimed at raising attainment for children affected by poverty through school improvement plans	Lead on the financial management implication of Pupil Equity Funding 2017-18	Issue financial guidance to support financial management arrangements and control and governance requirements of Pupil Equity Funding	PEF funding received and PEF guidance issued by Education Resources with additional supporting financial management procedures also issued to schools.	Green
Early Learning and Childcare – take forward proposals to increase early learning and childcare for 3 and 4 year olds and vulnerable two year olds (1140 hours) by 2020	Support the delivery of Early Years 1,140 hours national priority implementation August 2020	Contribute to the Early Years 1,140 hours strategic review group in Education and support Education Resources on the financial implications of the new Government's priority	1140hrs capital and revenue submission made in line with Scottish Government (SG) timescales. Full review and evaluation continues in line with SG requirements and funding award. Ongoing participation in 1140hrs Strategic Review Group and national working groups to ensure all financial aspects of implementation considered and support in place.	Green
Implement changes required by the Welfare Reform Act 2012 and subsequent regulations with a specific focus on the financial and social impact on the introduction of Universal Credit in October 2017	Prepare and implement appropriate financial strategies taking account of economic conditions and local government settlements	Manage the implementation of Welfare Reform throughout the council, including leading the council's Welfare Reform Monitoring Group	The council's Welfare Reform Monitoring Group continue to manage the implementation and impact of Welfare Reform across the council. Full Service Universal Credit rollout in South Lanarkshire commenced in October 2017 for new claimants.	Green

Finance and Corporate Resources

Governance Control	Action	Measures	Comments/Progress	Status
Implement the South Lanarkshire Economic Strategy and Tackling Poverty Programme in conjunction with the Community Planning Partnership and other Partners	Provide an effective research and intelligence service to support council decision-making by the council and its partners	Provide briefings, reports and analysis as required on social, economic and demographic circumstances, issues and trends – and on policy issues - that may impact on the council, its communities and services	Regular briefings are continuing to be made to the Chief Executive and CMT with the recent focus being on child poverty and background information on community planning activity across Scotland.	Green
Review the council's approach to Public Performance Reporting to meet the requirements of the new Accounts Commission Direction	Review the council's approach to performance management on an ongoing basis	Continue to appraise the council's approach to Public Performance Reporting (PPR) taking account of Audit Scotland's Direction	Our Annual Performance Report 2016-17 was approved by Executive Committee in December 2017 and is available on the council's website. The supplementary Public Performance Reports were updated and uploaded onto the website by the statutory deadline of 31 March 2018.	Green
Implement and monitor new Corporate Risk Workplan	Ensure high standards of governance are being exercised	Review of the council's top risks to be completed	Review of the council's top risks completed, and the outcome was reported to CMT on 26 October 2017, Executive Committee on 8 November 2017 and the Risk and Audit Scrutiny Forum on 24 January 2018.	Green
		Develop and deliver the annual council Governance Statement by due date (council-wide)	The Annual Review of Governance Arrangements is progressing and is on target to meet the prescribed timescales. All resources have completed their Self-Assessment and are preparing their Director's Statement of Assurance. The "Arms-Length External Organisations" (ALEO's)/Shared Service providers Self-Assessments are also ongoing.	Green
		Complete Resource Governance self assessment by due date and develop actions to address non-compliant areas (Resource)	The Annual Self-Assessment of Governance Arrangements for Finance and Corporate Resources is complete. The Director's Statement of Assurance is currently being finalised and a list of draft improvement actions has been developed.	Green
	Promote high standards of Information Governance	Support the continued learning and development of our employees in the area of information governance	The Learn on Line (LOL) Course on Information Governance topics has been updated in terms of GDPR changes. A review has been undertaken of the Information Security LOL course and Email and Online Risk LOL course. A new user interface on the Information Governance LOL course has been developed by Learning and Development to aid Managers and Employees decide on how to focus their training.	Green

Finance and Corporate Resources

Governance Control	Action	Measures	Comments/Progress	Status
Implement effective Best Value management arrangements to ensure continuous improvement and efficient and effective service delivery	Implement effective Best Value management arrangements to ensure continuous improvement and efficient and effective service delivery	Lead, facilitate and contribute to best practice, self evaluation and improvement activity across the council and with other agencies	Officers have progressed the 2017-18 programme and an update report is scheduled to be presented to CMT in June 2018.	Green
		Engage in self evaluation activity and take forward any improvement actions (Resource)	Officers have progressed the 2017-18 programme and Services continue to take forward improvement actions.

The practice of presenting completed assessments to the Finance and Corporate Resources Senior Management Team will continue. | Green |
| | | Engage in self evaluation activity and take forward any improvement actions (council wide) | Officers have progressed the 2017-18 programme and a progress report will be presented to CMT in June 2018. In addition, work to prepare a self-assessment programme for 2018-19 will commence soon. | Green |
| | | Ensure that the planned scrutiny activity arising from the Local Scrutiny Plan based on the shared risk assessment process is addressed | The Local Scrutiny Plan (LSP) for 2017-18 did not identify any risk-based scrutiny for the council therefore no specific actions were required as a result.

The LSP has been reported to Corporate Management Team (14 September 2017) and the Performance and Review Scrutiny Forum (31 October 2017). | Green |
		Use the results of benchmarking activity (including Local Government Benchmarking Framework) to inform and improve service delivery (Resource)	The latest LGBF (2016-17) final results will be published by the Improvement Service the week beginning 9 April 2018. Further analysis on these final results including improvement actions will be presented to CMT early in the new financial year.	Green
		Use the results of benchmarking activity (including Local Government Benchmarking Framework) to inform and improve service delivery (council-wide)	The latest LGBF (2016-17) final results will be published by the Improvement Service the week beginning 9 April 2018. Further analysis on these final results including improvement actions will be presented to CMT early in the new financial year.	Green
		Lead the council's approach to benchmarking based on Local Government Benchmarking Framework Family Group activity, case studies and other benchmarking activity	Annual learning events covering most indicators were attended during 2017-18. Any emerging areas of good practice will be shared and discussed within the council, for potential adoption.	Green

Finance and Corporate Resources

Governance Control	Action	Measures	Comments/Progress	Status
Identify, implement and maximise council wide efficiency reviews	The Corporate Management Team (CMT) will identify, recommend, monitor and report on the delivery of efficiency reviews	Conclude and report on Efficiency reviews through CMT and onwards in savings packages before setting of budget by March 2018	A savings package was approved by the Executive Committee on 28 February 2018 which allowed the budget to be set for 2018/19.	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 February	The level of Council Tax and the 2018-19 Budget was approved on 28 February 2018.	Green
	Implement Efficient Government Policy and Action Plan	Prepare an annual Efficient Government Statement by due date showing levels of efficiencies achieved	The Annual Efficiency Statement is complete and was submitted to COSLA in line with timescales set. It was presented to Executive Committee on 30 August 2017.	Green
Develop and implement the council's financial situation in the context of local government economic and budgetary control, including preventative and collaborative spend and raise awareness of overall potential impact	Prepare and implement appropriate financial strategies taking account of economic conditions and local government settlements	Complete the update of 2018-19 financial strategy by summer 2017	The update of the 2018-19 Financial Strategy was presented to Executive Committee on 26 June 2017.	Green
		Ensure ongoing effective communication and consultation on financial issues with elected members and Executive Directors	Members approved a budget for 2018/19 in February 2018. An updated Financial Strategy will be taken to members by Summer 2018.	Green
Continue the review of the council's online forms to ensure compliance with recommended best practice guidance	Ensure that the council's website facilitates effective communications between customers and the council	As more residents access the website through mobiles and tablets, review structure and edit content to meet users' needs and priorities, including regular user experience testing, surveys and focus groups with employees and members of the public	Progress continues as part of the daily business of the Communications and Strategy Team in line with the aspirations of Resources in this area of work.

Online form work completed in this quarter is ongoing customer contact work, including 8 new online forms, and myaccount went live. The online form Design Principles were approved and are now being implemented.

Work has also started on another 7 forms for the website and 2 for myWorks.

Work has also started on a new autism section of the website. | Green |

Finance and Corporate Resources

Governance Control	Action	Measures	Comments/Progress	Status
Provide elected members with the necessary training and support on an ongoing basis to ensure they are clear about their own roles and responsibilities and how those roles differ from the roles and responsibilities of officers	Provide support to elected members	Deliver an ongoing learning and development programme for elected members throughout the year	A number of induction/awareness sessions have been held as part of the Members' Learning and Development Programme. Members have also been offered the opportunity to attend Improvement Service masterclasses and conferences, approved through the Conference Allocation process. All members have access to Learn on Line so that they can undertake training at a time/place suitable to them.	Green
		Provide ongoing IT support to elected members, particularly in relation to the roll out of the tablet devices	There were 86 faults logged and dealt with on behalf of elected members from 20 December 2017 to 13 April 2018. These faults included issues with Dell Venue 11 Pro Tablets, no WI-FI connection, emails not being received via Smartphone and requests for the roaming facility to be activated if an elected member is going abroad.	Green
	Raise awareness of equality obligations throughout the council	Equalities training will be provided to employees and elected members via a combination of e-learning and one to one training	Modern apprentices have received equality and diversity awareness sessions as part of their induction process. An awareness session was also delivered to participants of the employability programme. Awareness sessions continue to be delivered to new taxi drivers.	Green
Council's Code of Conduct to be re-issued to all staff with a revised process in relation to conflicts of interest	Council's Code of Conduct to be reviewed	To be circulated to all staff by the end of the financial year	The council's Code of Conduct has been amended to reflect the conflict of interest changes and issued via a Management Bulletin and Personnel Circular in March 2018.	Green
Promote the council's values and the new Council Plan to all employees, customers and stakeholders after approval by Committee	Deliver the objectives of the Council Plan Connect	Deliver annual Resource Plan and review suite of measures for coverage and relevance (Resource)	The Finance and Corporate Resource Plan 2017-18 was approved on 7 February 2018 and is available on the council's website. Work is well underway on the 2018-19 Plan which is scheduled for approval at committee after the summer recess.	Green

Finance and Corporate Resources

Governance Control	Action	Measures	Comments/Progress	Status
		Deliver annual Resource Plan and review suite of measures for coverage and relevance (council-wide)	All Resource Plans for 2017-18 were produced on a consistent basis, in line with the corporate guidance. Following committee approval, all are available on the council's website. Work is well underway on the 2018-19 Plans which are scheduled for committee approval after the summer recess.	Green
	Communicate our vision, values and policies	Continue to promote key strategic plans and strategies	A review of the Council Plan, Connect, was concluded in 2017, with the draft document being presented to the Executive Committee on 8 March 2017. Consultation continued over the summer and the final plan was approved by the council on 6 December 2017. The new Plan will continue to be promoted widely internally and with the public and other stakeholders.	Green
Review the content and application of local induction checklist for new staff	Local induction checklist for new staff to be reviewed	To be completed by the end of the financial year	The induction checklist has been amended and will be added onto the intranet and included in the May 2018 version of Connecting with Managers Newsletter. Hiring managers will also receive a link to the checklist and reminder to complete for their new starts.	Green
Analyse the results and develop an Improvement Plan from the 2016 Employee Survey	Develop and implement Employee Survey Improvement Plans	Develop and implement improvement plans for all resources by March 2018	Action Plans have been devised and are at a stage of being progressed by all Resources. Almost all actions are either completed, will progress on an ongoing basis, or they have been programmed.	Green
A review of the processes in place for the procurement of goods and services to be undertaken by all Resources to ensure that they continue to apply best practice	Implement the Procurement Strategy Action Plan	Complete actions in action plan within the agreed timescales	All actions within the Procurement Strategy Action Plan undertaken within agreed timescales (revised timescales set where appropriate). The process of review is well underway with activities commenced in all Resources.	Green

Housing and Technical Resources

Governance Control	Action	Measures	Comments/Progress	Status
Implement a Local Outcomes Improvement Plan as required by Part 2 : Community Planning of the Community Empowerment (Scotland) Act 2015	Monitor and report on implementation and ongoing development of Community Safety Strategic Framework	Develop and implement Community Safety theme of the LOIP	Community Safety chapter of LOIP including measures being finalised - to be passed to Corporate Resources by end of April 2018. The finalised chapter will be presented to the SSLB for approval in June 2018, following which the LOIP will be presented to CMT and then to the CPPB in August 2018.	Green
		Partnership to demonstrate progress against priorities	Majority of actions, indicators, baseline positions and targets have been identified and agreed by partners. Awaiting confirmation of statistical information and finalised indicators for Domestic Abuse priority. First reporting on progress to take place in May 2018.	Green
Consider the potential impact on assets owned/managed by South Lanarkshire Council and South Lanarkshire Leisure in relation to Part 5 : Asset Transfer of the Community Empowerment (Scotland) Act 2015	Develop, management and publication of valid Corporate Land and Property Information	Publication of Asset Data	The asset storybook has been published on the council's website in August 2017 and is complete.	Green
Ensure that the council has a Strategy and Action Plan that promotes sustainable development within service delivery and compliance with public sector climate change duties	Maximise the energy efficiency of all operational properties in support of the Carbon Management Plan	% reduction in energy consumption across the energy portfolio	Figures will not be available until mid June.	Report Later
		Agree 2017/18 CEEF Programme with CMT	Report to CMT was submitted on 13 April 2017. Complete.	Green
	Implement the Climate Change Duties Compliance Improvement Action Plan	Implement actions within the Climate Change Duties Compliance Improvement Action Plan within the agreed timescales	H&TR to implement actions arising from the Improvement Plan being developed by Community and Enterprise Resources.	Green
Promote high standards of Information Governance including preparation for the introduction of the General Data Protection Regulations (GDPR)	Promote high standards of Information Governance	Information governance self assessment audit checklist to be completed annually and all relevant actions to be implemented	Draft Annual Governance Self Assessment completed and Statement of Assurance to be signed off by Executive Director in April 2018.	Green
Deliver the Strategic Commissioning Plan and Directions required by the Integration Joint Board on Health and Social Care Integration	Ensure effective contribution to health and social care outcomes contained within the Strategic Commissioning Plan	Monitor and report on progress of Housing Contribution Statement to help achieve priority outcomes for health and social care (RP)	Ongoing monitoring and progress will be reported routinely during the year and reported in the annual Local Housing Strategy Review.	Green

Housing and Technical Resources

Governance Control	Action	Measures	Comments/Progress	Status
Implement changes required by the Welfare Reform Act 2012 and subsequent regulations with a specific focus on the financial and social impact on the introduction of Universal Credit in October 2017	Continue to revise systems procedures and approach to reflect full implementation of Universal Credit	Implement action plan on welfare reform	Welfare Reform Action Plan under monthly review and actions being progressed to reflect service requirements.	Green
		Report on progress to Committee throughout 2017/18	Last report to H&TR Committee 6 March 2018. Next update 23 May 2018.	Green
Undertake a review of the Housing Services Customer Engagement Strategy	Ensure effective engagement with tenants and other customer groups	Develop and implement new Customer/Tenant Engagement Strategy	Draft Customer Involvement Strategy developed in partnership with tenants. Draft Strategy issued for 3 month consultation on 23 January 2018. Following end of consultation, draft Strategy will be revised and presented to H&TR Committee for approval on 23 May 2018.	Green
		Develop and implement new Tenant Scrutiny Framework	Customer Scrutiny Group (CSG) presented their findings and recommendations from the letting standard scrutiny activity to Resource Management Team on 18 January 2018. CSG met on 27 February to consider the recommendations and to develop an action plan. Programme of scrutiny activity for 2018/19 currently being developed. CSG currently considering the options for their next scrutiny activity which will be completed during the summer.	Green
Implement the South Lanarkshire Economic Strategy and Tackling Poverty Programme in conjunction with the Community Planning Partnership and other Partners	Continue to improve energy efficiency of housing stock to help address fuel poverty	Assist/support households to access schemes available to help address fuel poverty issues	Home Energy Efficiency Programme (HEEPS) funding provided to help address fuel poverty issues.	Green
	Continue with physical regeneration work in priority areas	Commence implementation of the Masterplan for regeneration in East Whitlawburn	Officer Steering Group established to oversee procurement process for developer partner.	Green
		Continue to develop and implement Sustainable Housing Plans in identified rural areas	Preparations underway for 4th quarter and final review of 2017/18 rural housing plans, findings will be reported to local communities via a 2nd edition newsletter during April/May and to the Local Housing Forum in April 2018. Next steps are development of 2018/19 plans with communities building on 1st years plans.	Green

Housing and Technical Resources

Governance Control	Action	Measures	Comments/Progress	Status
Strengthen awareness of good governance across the council; promote key governance policies; and ensure all employees have completed mandatory training	Ensure high standards of governance are being exercised	Complete Resource Governance Self Assessment by due date and develop actions to address non-compliant areas (ADM)	2017/18 Self Assessment is complete. The Directors Statement of Assurance to be signed off by Director and Chair of Resource by 13 April 2018.	Green
Implement effective Best Value management arrangements to ensure continuous improvement and efficient and effective service delivery	Implement effective Best Value management arrangements to ensure continuous improvement and efficient and effective service delivery	2017/2018 Quality Assurance Programme developed and approved	The Quality Assurance programme continues on target. The results of all checks are reported to the appropriate Manager on an ongoing basis and to Service Management Teams quarterly. This includes a mixture of agreed recurring checks and identified one off checks.	Green
		Overall review of performance management framework including the development of an Executive Dashboard	The Executive Dashboard is now live. Further development and refinement will continue to establish area reports on a similar basis.	Green
		Engage in self evaluation activity and take forward any improvement actions	Self evaluation activity is progressing as part of the Service and Resource Planning process.	Green
		Use the results of benchmarking activity (including LGBF) to inform and improve service delivery	Improvement actions from 2015-16 results continue to be monitored. The draft 2016-17 results are currently awaited.	Green
Identify, implement and maximise council wide efficiency reviews	Commence/complete Efficiency/Service reviews within the Resource	Implement agreed actions following service reviews and report on outcomes to RMT - Factoring	Review underway and report being prepared for Resource Management Team.	Green
		Implement agreed actions following service reviews and report on outcomes to RMT – Building Services and design	Agreed actions have been implemented.	Green
		Implement agreed actions following service reviews and report on outcomes to RMT – Estates Services	Agreed actions have been implemented.	Green
		Lead Corporate efficiency review on Property and report to CMT	Actions from CMT report 6 July 2017 have been incorporated into the overall Property Services Review led by Head of Service.	Green
Develop and implement the council's financial situation in the context of local government economic and	Ensure effective management of all Resource budgets and Business Plans	Financial reports to RMT and HTR committee on Resource financial position are produced within the agreed timescales and formats	All reports completed in accordance with agreed timetable.	Green

Housing and Technical Resources

Governance Control	Action	Measures	Comments/Progress	Status
budgetary control, including preventative and collaborative spend and raise awareness of overall potential impact		Overall budgetary targets achieved by March 2018	Final financial and accounting entries have not yet been processed. It is expected that overall Resource budgetary targets will be achieved.	Report Later
		Delivery of targeted agreed efficiency savings	Final financial and accounting entries have not yet been processed. It is expected that overall Resource budgetary efficiency savings targets will be achieved.	Report Later
Promote the council's values and the new Council Plan to all employees, customers and stakeholders after approval by Committee	Deliver the objectives of the Council Plan Connect	Deliver annual Resource Plan and review suite of measures for coverage and relevance	The Housing and Technical Resource's Resource Plan was approved at committee in December 2017. The Resource Plan was published on the council's website in January 2018.	Green
Raise staff awareness in relation to Construction Industry Training Board – Community Benefits in Construction and ensure cohesive corporate reporting in relation to sustainable procurement	Ensure effective awareness briefing sessions are rolled out	Monitor all relevant staff have been briefed	Awareness Session has now been carried out in relation to Construction Industry Training Board (CITB) to all relevant staff within Property Services.	Green
	Briefing sessions to staff on revised Procurement duties	Brief staff involved in Procurement process	Staff briefing session has now been carried out to all relevant Property Services staff in relation to procurement process.	Green

Social Work Resources

Governance Control	Action	Measures	Comments/Progress	Status
Implement a Local Outcomes Improvement Plan as required by Part 2 : Community Planning of the Community Empowerment (Scotland) Act 2015	Work with partners to implement the Locality Outcomes Improvement Plan (LOIP)	Annual report is prepared in line with the LOIP timescales	The Health and Social Care Partnership will provide input to the Community Planning Partnership through to the completion of updates against the Health and Care measures within the Community Plan.	Green
Ensure that the council has a Strategy and Action Plan that promotes sustainable development within service delivery and compliance with public sector climate change duties	Contribute to the Council's sustainability work	Develop and report on local initiatives involving service users which contribute to the Council's sustainability agenda	The Resource continues to contribute to the Climate Change Compliance Improvement Plan in relation to our resource use of energy, fuel consumption, and waste management arrangements. Use of the home care mobile application solution has reduced the use of paper.

Continued use of EDRMS has reduced the use of paper and printing requirements.
Reducing our use of plastics continues to be rolled out across the resource. | Green |
	Implement the Climate Change Duties Compliance Improvement Plan	Implement actions within the Climate Change Duties Compliance Improvement Action Plan within the agreed timescales	The resource continues to contribute to the Climate Change Compliance Improvement Plan in relation to our resource use of energy, fuel consumption, and waste management arrangements.	Green
Continue to implement the requirements of the Children and Young People (Scotland) Act 2014 in relation to kinship care, continuing care and aftercare	In light of the Children and Young People (Scotland) Act 2014 to review the current approach to aftercare and continuing care as per part 10 and 11 of the Act	Report six monthly to the Children and Justice Services Management Team on the status of the review	A report and an options analysis on Parts 10 and 11 of the Children and Young People (Scotland) Act 2014 has been prepared and taken to the GIRFSLC Strategy Group.	Green
Prepare for the implementation of the Carers (Scotland) Act 2016	Work in partnership to resource carers appropriately in their caring role	Monitor the implementation of the Carers (Scotland) Act 2016 as it relates to young carers	Monthly meetings of the Carer Act Implementation Board have been driving forward the agenda for carers/young carers. A report was presented to Social Work Committee in February 2018, and the South Lanarkshire Integration Joint Board in April 2018.	Green
	Work in partnership to support carers to continue in their caring role	Quarterly progress on the impact of the implementation of the Carers Strategy for South Lanarkshire 2012-17	The Carers' Strategy Group has temporarily been postponed and a Carers Act Programme Board has been developed to take forward (through sub-groups) the duties in the new Act. Work continues to progress well and the new Carers' Strategy is in draft format; being an iterative process as the new Act is implemented.	Green

Social Work Resources

Governance Control	Action	Measures	Comments/Progress	Status
	Work in partnership to take forward the Carers (Scotland) Act 2016 within South Lanarkshire	Develop an action plan through The Carers' Strategy Group to take forward the duties contained within the Act	An action plan will be developed alongside the new Carers' Strategy for South Lanarkshire. This is at the initial stages as the new duties in the Carers (Scotland) Act are implemented.	Green
		Establish a Programme Board for the Implementation of the Carers (Scotland) Act	The Programme Board meets every four weeks to oversee the implementation of the Carers (Scotland) Act 2016. There is wide representation from operational staff (Children and Families, Adults and Older People's) and carers' organisations. Several sub-groups are also now established to take forward areas of work; these report back into the Programme Board.	Green
Promote high standards of Information Governance including preparation for the introduction of the General Data Protection Regulations (GDPR)	Promote high standards of Information Governance	Information governance self assessment audit checklist to be completed annually and all relevant actions to be implemented	Information Governance self assessment completed on revised reporting template. Preparation for GDPR through Information Governance Board. Social Work progressing action plan for GDPR within timescale.	Green
Implement the South Lanarkshire Community Justice Outcome Improvement Plan with a focus on preventing and reducing further offending	Embed the new model for Community Justice in Scotland in South Lanarkshire Justice Services	Provide update reports to the Community Justice Partnership and the Safer South Lanarkshire Board	The March Community Justice Partnership quarterly meeting reflected on a refresh of the Terms of Reference of the Group aligning them to the revised Community Planning Partnership structure. The draft Community Justice Plan for 18/19 is with partners for their comment and contribution. Once updated it will be presented to the Safer South Lanarkshire Partnership Board.	Green
	Ensure high standards of compliance are maintained for Community Payback Orders	Increase the programme of activities and personal placements available within the Community Payback Order and feedback to Community Justice Partnership meetings	The range and diversity of personal placements has been increased, and new opportunities continue to present themselves.	Green

Social Work Resources

Governance Control	Action	Measures	Comments/Progress	Status
Deliver the Strategic Commissioning Plan and Directions required by the Integration Joint Board on Health and Social Care Integration	In partnership with NHS Lanarkshire, support the development and implementation of integration arrangements for adult health and social care services	Six monthly partnership performance reports are prepared and submitted to the Performance and Audit Sub Committee/Integrated Joint Board	There are a number of areas of development which are being led by the Partnership with regards to reporting performance management to the Integrated Joint Board and the Performance and Audit Sub Committee (PASC) in a Health and Social Care context. A workshop on performance was held in March 2018 which included members of the Performance and Audit Sub Committee and also locality Integrated Health and Social Care Managers to agree a suite of data that should be reported to the relevant committees, the format and frequency of this data was also considered. Once agreed a similar exercise will be undertaken with localities to refine the performance arrangements at locality level.	Green
		Support the development and implementation of the locality planning model	Locality operational structures have been agreed and Locality Managers appointed, with each of the localities now having a lead GP in place. The Locality Management Groups continue to meet on a regular quarterly basis and are looking at other models of integration moving forward. Locality core groups are meeting fortnightly to develop resources (mapping existing resources within communities and identifying gaps) within localities. This work is forging ahead and sub groups have been developed to look at specific areas of work.	Green
		Develop and implement locality profiles for each of the four localities to assist with the locality planning process	Each of the four localities now have a locality profile, this allows us to see how the data differs from one locality to another. The second edition of "The Story So Far," is currently being developed, this will be an update to the first edition which was created in 2016. This will provide locality level health and social care data which will help inform discussion in localities, and will be used in conjunction with local knowledge to influence future analysis and ultimately the delivery of services in the localities.	Green

Social Work Resources

Governance Control	Action	Measures	Comments/Progress	Status
	Implement the actions detailed within the Health and Social Care Delivery Plan	Develop trajectories for the 6 areas identified in the Health and Social Care Delivery Plan: Emergency Admissions; Unscheduled Care Bed Bays; Accident and Emergency Attendances; Delayed Discharge Bed Days; End of Life Care; Balance of Care	Trajectories have been prepared for the big 6 integration measures and presented to both the NHS Board and also Integration Joint Board. The service redesign required to support the achievement of the trajectories is part of an evolving and developing process. A full driver diagram outlining the contribution of each input/service redesign to the reduction of 48,000 unscheduled bed days has been prepared and has been provisionally agreed, subject to further detailed work with regards to each initiative. This has now been presented and approved by both the Audit and Performance Sub Committee and Integration Joint Board.	Green

Social Work Resources

Governance Control	Action	Measures	Comments/Progress	Status
	Support the implementation of the 6 additional Integrated Joint Board (IJB) Directions for 2017/18	Provide progress reports to the IJB in relation to the six directions as follows: Home Care; Care Pathways; Locality Planning; Demand within Emergency Care Planning; Primary Care Transformation; Local Outcome Improvement Plans (LOIPS)	There has been significant progress against the 6 additional Integrated Joint Board directions as follows: 1) There is a full project plan with associated milestones to implement all aspects of Primary Care Transformation, including a new General Medical Practitioner (GMS) contract; 2) The modernisation of care at home services is progressing well, with a number of areas successfully implemented including mobile working and a new contract with the external sector; 3) Trajectories with associated improvement actions have now been developed and approved by the IJB for unscheduled care; 4) The locality planning model continues to be developed, with all four localities now established and Integrated Health and Social Care Locality Managers appointed. Work continues with the development of care pathways and shifting the balance of care. The locality model will continue to be developed as a key priority for the Partnership. This is reflected in the Directions being issued in 2018/19 in the refreshed Strategic Commissioning Plan; 5) Work continues to develop new models of care for bed based resources as part of the ambition to shift the balance of care from acute/residential settings to community based alternatives; and 6) The Health and Social Care Partnership has been central to the development of the Community Plan, particularly the Health and Social Care Partnership Improvement Plan. This has an agreed overarching objective to tackle deprivation, poverty and inequality and is reflected in our Neighbourhood Plans.	Green

Social Work Resources

Governance Control	Action	Measures	Comments/Progress	Status
Implement the Self Directed Support Strategy and actions arising from the 2013 Act through the development and finalisation of the support plan and appropriate resource allocation system	Implement the requirements of the Self Directed Support Act	Carers module is developed and tested in line with the duties stipulated in the Carers (Scotland) Act 2016 working to the Scottish Government's implementation date of April 2018	The initial review of the Carers Enablement Plan specification (Adult Carer Support Plan) has been completed by IT colleagues. The statutory guidance on the Carers (Scotland) Act 2016 came out in December 2017 and this will be used to ensure compliance in relation to the Carers Module (assessment) on SWIS. Work remains on-going at present through the new SDS Lead.	Green
		Support Planning Module is further refined and tested before full implementation in 2018	User Acceptance Testing has continued alongside the revisions made to the L15 (support plan). Staff training continues into 2018.	Green
		Develop a reporting system to capture a range of Self-directed Support activity	A revised method to capture health and social care data is to be implemented nationally from 1 April 2018. This will include self-directed support as well as other key deliverables to support national outcomes.	Green
Implement the South Lanarkshire Economic Strategy and Tackling Poverty Programme in conjunction with the Community Planning Partnership and other Partners	Contribute to the tackling poverty agenda	Provide update reports to the Tackling Poverty Programme Board	The end of year report to the Tackling Poverty Team is now complete. The annual statistical return and case study from the PACT team contribute to our vulnerable families support.	Green
Strengthen awareness of good governance across the council; promote key governance policies; and ensure all employees have completed mandatory training	Ensure high standards of governance are being exercised	Complete Resource Governance self-assessment by due date and develop actions to address non-compliant areas	The Annual Statement for has been prepared and will be submitted within Corporate timescales	Green
Implement effective Best Value management arrangements to ensure continuous improvement and efficient and effective service delivery	Implement effective Best Value management arrangements to ensure continuous improvement and efficient and effective service delivery	Engage in self-evaluation activity and take forward any improvement actions	The Resource was engaged in self-evaluation activity in relation to self-directed support.

The Resource has compiled an annual progress update with key outcomes/benefits as a result of Self-Assessment Activity in relation to Care inspection activity and Customer Service Excellence. | Green |

Social Work Resources

Governance Control	Action	Measures	Comments/Progress	Status
		Use the results of benchmarking activity (including the Local Government Benchmarking Framework) to inform and improve service delivery	Local Government Benchmarking activity and other benchmarking, for example the Health and Social Care benchmarking network are used to contribute to the analysis of performance and trend analysis by the Resource. The Resource also learns from other Partnerships and where applicable applies this learning within a service delivery context. Public Performance Reporting is updated using LGBF information.	Green
		Ensure that Scottish Government Performance Reports are submitted within timescale: LAAC; Child Protection; Justice Services; Mental Health; Learning Disability (Esay); Homecare and Respite	All Scottish Government returns for the year 2016/17 have been submitted.	Green
Promote the council's values and the new Council Plan to all employees, customers and stakeholders after approval by Committee	Deliver the objectives of the Council Plan Connect	Deliver annual Resource Plan and review suite of measures for coverage and relevance	The Social Work Resource Plan 2017-18 is complete. Social Work Committee approved the plan on 7 February 2018.	Green
Implement the new framework for Care at Home and Housing Support Services for Older People, Adults and Children and Families	Ensure monitoring, compliance and control of externally purchased services	Deficiency in care issues reported to management team and action plans in place to resolve	The resource purchase a range of external care service from a number of providers. From the services of: supported living (learning disability, substance misuse, sensory impairment) home care, day care (adults and older people) care homes (adults and older people, children) only one service has had a poor rating from the care inspectorate. This care home service is under close monitoring. Four care homes have changed ownership and no current care inspectorate history is available, and one new care home has opened in the Hamilton locality and its inspection report is awaited.	Green

Report

Report to:	**Risk and Audit Scrutiny Forum**
Date of Meeting:	**13 June 2018**
Report by:	**Executive Director (Finance and Corporate Resources)**

Subject:	**Review - Code of Corporate Governance and Annual Governance Statement**

1. Purpose of Report

1.1. The purpose of the report is to:-

♦ Provide the Forum with an update on the evaluation of the 2016-17 Annual Governance process and of the changes made to the Local Code of Corporate Governance and the Annual Governance Statement.

2. Recommendation(s)

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

(1) that the review of the Local Code of Corporate Governance and Annual Governance Statement is noted.

3. Background

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

3.2. On 1 April 2016, a 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). Changes were made to the Annual Governance Self-Assessment process in 2016-17 to meet the principles and requirements contained within the new framework, however, further work to review the Council's wider governance framework was required.

4. Evaluation of the 2016-17 Annual Governance Process

4.1. On completion of the 2016-17 Annual Review of Governance Arrangements, representatives from the Governance Group undertook a full review of the process and the associated documentation.

4.2. The review was completed in accordance with the principles and requirements contained within the new framework and also took account of feedback received from the Council's external auditor. Work was undertaken to identify best practice in other local authorities and this learning has also informed the review.

4.3.   Some of the key outcomes of the review are listed below:-

- a new Local Code of Corporate Governance
- a new Annual Governance Statement Template
- alignment of all key documents with the principles and requirements contained within the CIPFA/SOLACE framework, thereby creating a golden thread between the Local Code of Corporate Governance; the Annual Corporate and Resource Self-Assessment Checklists; and the Annual Governance Statement
- the inclusion of "peer reviews" at stages of the Annual Review of Governance Arrangements to identify best practice and share learning across Resources
- a more streamlined reporting process for the annual governance improvement actions to reduce current duplication. Improvement actions specific to each Resource will continue to be reported through the Resource Planning process and only those actions that are "significant" or will impact all Resources will be reported through the Governance Improvement Plan. Resources will continue to be required to demonstrate how they have improved governance arrangements in their Annual Director's Statement of Assurance

5.   Local Code of Corporate Governance

5.1.   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 has been developed to meet these requirements.

5.2.   The new 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 (referred to at paragraph 3.2.)
- 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. A copy of the draft Code is attached at Appendix 1.

5.3.   Compliance with the Code will be reviewed as part of the Annual Review of Governance arrangements and will be evidenced through the Corporate Self-Assessment Checklist and through the Annual Governance Statement. To allow the Governance Group to focus on producing the Annual Governance Statement for approval by Committee in June each year, it is proposed that the annual update of the Code document takes place in autumn.

6.   Annual Governance Statement

6.1.   The new Governance Statement template has been developed to make clear linkages with the CIPFA/SOLACE framework and to provide an annual record of how the Council complies with its Local Code of Corporate Governance. The template has been re-focussed to provide information on key governance arrangements and uses a diagram and links to other key governance documents to supplement the information.

6.2. The new template will be used for the forthcoming 2017-18 Annual Governance Statement. A copy of the new Governance Statement Template is attached at Appendix 2.

7. Employee Implications

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

7.2. Officers will be assigned to lead on areas identified as improvement areas.

7.3. The Local Code of Corporate Governance will be communicated to all elected members and employees.

8. Financial Implications

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

9. Other Implications

9.1. The Annual Governance Statement will be subject to review by Audit Scotland as part of their consideration of the council's Annual Report.

9.2. There are no significant issues in terms of sustainability or risk directly associated with this report.

10. Equality Impact Assessment and Consultation Arrangements

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

10.2. 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)

15 May 2018

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

Previous References
♦ None

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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Draft Local Code of Corporate Governance 2018

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:-
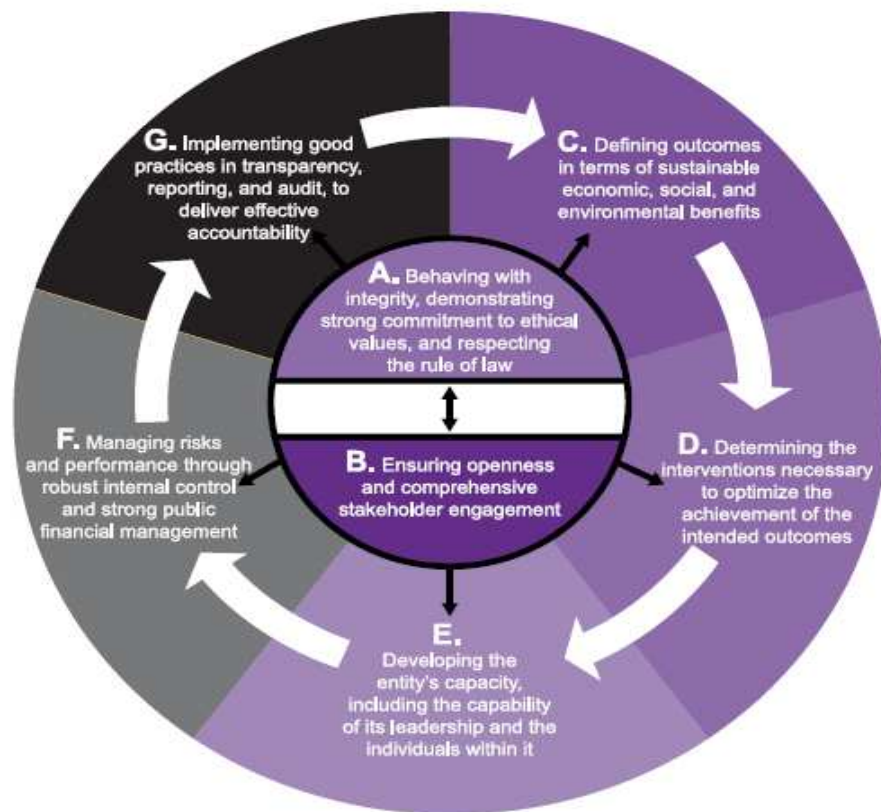
Further information regarding each of the above principles and the behaviours and actions that demonstrate good governance in practice are detailed at Section 1.

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 Forum and the Executive 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:**

Section 1

Actions and behaviours that demonstrate good governance in practice

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

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		●		●			

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
Corporate Management Team (CMT)						●	●
Council Plan – Connect	●	●	●	●	●		
Council Website	●	●					●
Empower Self-Assessment process					●		
Equality Impact Assessments/Equal Opportunities Policy	●	●	●	●	●		
Financial management			●	●		●	
Financial standards and guidance						●	
Freedom of Information Act Publication Scheme		●					
Governance Arrangements - 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	●				●		

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
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 Management			●	●		●	●
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)	●					●	

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
Workforce planning					●		
Writing style guide							●

Annual Governance Statement Template

☐ Links to documents will be added

☐ Variable text

1. Scope of responsibility

The residents of South Lanarkshire expect the council to conduct its business in a lawful and transparent way. In particular, the council have a duty to safeguard public money and account for it; and to continuously review and improve how its functions are discharged, focussing on the priorities of economy, efficiency and effectiveness.

The council is responsible for putting in place proper arrangements for the governance of its activities, facilitating the effective exercise of its functions including clear arrangements for the management of risk.
A local code of corporate governance has been approved and adopted. This is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) framework entitled 'Delivering Good Governance in Local Government'.

This statement explains how South Lanarkshire Council has complied with the code during 20xx-xx and meets legislative requirements to include the Annual Governance Statement within the Annual Accounts.

2. The purpose of the governance framework

The governance framework comprises the culture, values, systems and processes by which the council is directed and controlled. It describes the way the council is accountable to communities. It enables the council to monitor the achievement of its strategic objectives and consider whether these objectives have led to the delivery of appropriate and cost effective services.
The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It is based on an ongoing process designed to identify and prioritise the risks to the achievement of the council's aims and objectives by evaluating the likelihood and potential impact of those risks being realised. This enables the council to manage risk efficiently, effectively and economically.
The governance framework has been in place at South Lanarkshire Council for the year ended 31 March 20xx and up to the date of approval of the Annual Report and Accounts.

3. The governance framework

Visions and Aims for the Community
The council's vision is 'to improve the quality of life of everyone in South Lanarkshire'.
The Council Plan, Connect 2017-2022 sets out the council's vision, values and objectives and what difference this will make to the residents and communities of South Lanarkshire. The Community Plan 2017-22 sets out a common vision for the South Lanarkshire Community Planning Partnership and shows how the partners aim to achieve that vision.

The following table sets out how the council has complied with its Local Code of Corporate Governance. Key elements of the systems and processes that comprise the council's governance arrangements are described below. These systems and

processes are fit for purpose and provide assurance that the council is discharging its obligations to residents.

Principle	Assurance on compliance
Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	
Principle B: Ensuring openness and comprehensive stakeholder engagement	
Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits	
Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes	
Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it	
Principle F: Managing risks and performance through robust internal control and strong public financial management	
Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability	

4. Review of effectiveness

The council has responsibility for conducting an annual review of the effectiveness of its governance framework including the system of internal control. The following diagram outlines the steps that the council takes when undertaking an annual review of the effectiveness of its governance arrangements.

5. Group Assurances

In respect of the Joint Boards, Charities and Companies that fall within the council's group boundary, the review of their internal financial control systems is informed by:
- Annual Governance Statements included in the respective financial statements of the Joint Boards;
- Assurances from company directors and/or other senior company officials; and
- The work of the relevant bodies respective external auditors (and where relevant internal auditors) and other interim reports.

The Executive Director of Finance and Corporate Resources, the Council's Chief Financial Officer, has considered the effectiveness of the Group's internal financial control system for the year ended xxxx. It is the Executive Director of Finance and Corporate Resources' opinion that reasonable assurance can be placed upon its effectiveness.

6. Assurance

The opinion of the council's Internal Audit Service is that a xxxx level of assurance can be placed on the council's financial control environment and a xxxx level of assurance can be placed on the council's operations control environment.

The opinion of the council's Risk Management Service is that a xxxx level of assurance can be placed on the council's strategic risk control environment and a xxxx level of assurance can be placed on the council's operational risk control environment.

The Executive Director of Finance and Corporate Resources is a member of the council's Corporate Management Team and as such, is involved in all major decisions taken by the council's Chief Officers, and in material matters which are submitted to elected members for decision. This involvement fulfils the expectation of the Chartered

Institute of Public Finance and Accountancy (CIPFA) in terms of the role of the Chief Financial Officer.

It is the council's view that reasonable assurance can be placed upon the adequacy and effectiveness of the systems of governance that operate in South Lanarkshire Council and its group during 20xx-xx and that there are no significant weaknesses.

7. Governance Areas for Improvement
Progress against the areas identified as requiring action and improvement in the previous year are available to view on the council's website; see the Good Governance Action Plan.
The following areas for improvement have been identified through the annual governance review:-

[Governance improvement actions to be added]

The annual review demonstrates sufficient evidence that the code's principles of delivering good governance in local government operated effectively and that the council complies with the Local Code of Corporate Governance.

During 20xx-xx, steps will be taken to address the governance improvement areas to further enhance the council's governance arrangements and evidence our commitment to continuous improvement.

John Ross
Leader of the Council

Signature: **Date:**

Lindsay Freeland
Chief Executive

Signature: **Date:**

Paul Manning
Executive Director (Finance and Corporate Resources)

Signature: **Date:**

Report

Report to:	**Risk and Audit Scrutiny Forum**
Date of Meeting:	**13 June 2018**
Report by:	**Audit and Compliance Manager (Finance and Corporate Resources)**

Subject:	**Internal Audit Annual Assurance Report 2017/2018**

1. Purpose of Report

1.1 The purpose of the report is to:-

♦ report on the progress and performance of Internal Audit and to provide an independent audit opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control systems based on audit work undertaken in 2017/2018

2. Recommendation(s)

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

(1) note that Internal Audit performance is positive

(2) note the overall findings from internal audit work and that these will inform the Council's 2017/2018 governance statement

(3) note the level of assurance

(4) note that a summary of this report will be presented to Executive Committee on 27 June 2018

3. Background

3.1 The internal audit service is delivered within South Lanarkshire Council (SLC) within the context of the Public Sector Internal Audit Standards (PSIAS) (revised 1 April 2017), compliance with which is mandatory under Section 95 of the Local Government (Scotland Act) 1973. This sets out a series of standards to ensure a professional, independent and objective internal audit service is delivered that supports good governance within South Lanarkshire Council (SLC).

3.2 PSIAS requires that a Quality Assurance and Improvement Programme (QAIP) is developed to provide assurance that internal activity is conducted in accordance with an Internal Audit Charter, that it operates in an efficient and effective manner and that it is perceived to be adding value and improving operations. This programme includes periodic and ongoing internal assessments as well as an external inspection once in each five year period. An external review was undertaken in 2017/2018 and its conclusions supported the assertion in previous Internal Audit annual assurance reports that SLC's internal audit function generally conforms to the Public Sector Internal Audit Standards. A report on the outcome of this inspection was presented to the Forum on 21 March 2018.

3.3   Internal Audit has reported throughout the year to the Risk and Audit Scrutiny Forum (RASF). Reports to the Forum have detailed the findings from each finalised assignment in conjunction with information in relation to Internal Audit activity's purpose, authority, responsibility and performance relative to the 2017/2018 Audit Plan.

3.4   During the year, Internal Audit has also delivered services to South Lanarkshire Leisure and Culture, Lanarkshire Valuation Joint Board and SEEMIS under the terms of agreed Service Level Statements. A programme of audits has been completed for each of these external clients in 2017/2018. Annual reports will be prepared and presented to the respective Boards.

3.5   In addition, an internal audit service was provided to South Lanarkshire Integration Joint Board in 2017/2018 in conjunction with NHS Lanarkshire. A specific programme of audits for the year is nearing conclusion and will be formally reported to the Board in due course.

4.   Link to Council's Objectives and Top Risks
4.1   As a function, Internal Audit seeks to link in to the Council's Connect Ambition of 'achieve results through leadership, good governance and organisational effectiveness'. Specifically, for Internal Audit, this relates to the provision of assurance that the Council is well governed financially and operationally and has in place effective control and risk management arrangements. In areas where this is not the case, an action plan is developed and delivery tracked to demonstrate improvements are achieved.

4.2   In addition to Connect, assignments within the Audit Plan each year are linked to the Council's top risks to ensure that work is focused in areas of greatest risk and, where potentially, an independent review would add greatest value. The 2017/2018 Plan linked to seven of the Council's top ten risks (as identified in January 2017) with three areas not directly covered by the Plan. There were failure to develop a sustainable Council and communities, failure to demonstrate continuous improvement, limited strategic direction and a lack of cohesive change management and failure to manage increasing levels of adverse weather. Of these risks, the sustainability agenda was considered in the delivery of all audits within the Plan and change management covered by the programme of Service reviews underway. The remaining risk in relation to adverse weather was not included in the Plan as an audit is unlikely to add value.

4.3   PSIAS requires the Audit Plan to be kept under review as it progresses and this includes a comparison against the Council's top risks as these are reassessed during the year. The Council's top risks, revised in year, include the following three new top risks:

- potential liability arising from claims of historic abuse
- failure to work with key partners to achieve outcomes of the Local Outcome Improvement Plan
- implementation of Self Directed Support

4.4   In respect of the latter two risks, work was included in the 2017/2018 Plan. In respect of the first risk, Internal Audit forms part of the internal working group tasked with responding to this agenda.

5. Internal Audit Workload – 2017/2018

5.1 The actual number of audit days delivered in 2017/2018 was 1,318 days which was 15.8% above Plan[1]. 97.4% of the Council Plan was delivered by 31 March 2018. The two outstanding audit assignments at this date relate to special investigations[2].

Table One - Internal Audit workload analysis for 2017/2018

	Total No. Jobs
Planned	76
Deferred until 2018/2019[3]	(3)
Adjusted workload	**73**
Reports completed to draft	**71**

5.2 Each of these audits was conducted in conformance with PSIAS.

5.3 Of 71 assignments noted in the table above, 70% have been concluded and issued as final. In some instances, findings noted below relate to draft reports, although all outstanding draft reports are at a final stage and no material changes are anticipated.

6. Internal Audit Delivery – 2017/2018

6.1 In terms of an overview of performance, Internal Audit has improved performance in 2017/2018 in relation to completing a greater percentage of the audit plan (97.4%; target 100%) and completing assignments within allocated days (82%; target 80%). Targets were met in relation to issuing draft reports on time (87%; target 80%) and productivity (86%; target 80%), albeit year-on-year performance has marginally declined.

6.2 As resources reduce, an increasing proportion of total time is being spent on external client work as well as responding to adhoc requests and participating in Council-wide scrutiny and review groups. The presence on such groups provides an independent challenge to the work of the Group and ensures that emerging risks are known and addressed, if required. Whilst not directly providing an audit opinion, knowledge of Council systems and processes are reviewed as part of the delivery of this role and does assist in the development of a more value-added role for the Service.

6.3 PSIAS requires the Council's internal audit function to demonstrate engagement with clients to ensure the Audit Plan is agreed at the outset of the year and continues to address known and emerging risks. Historically, this had been achieved through client questionnaires and periodic meetings with Heads of Support Services. Moving forward, feedback will be gathered through annual questionnaires to Heads of Service within whose areas where there has been audit activity in the year and through annual meetings with Executive Directors.

6.4 The Forum is asked to note Internal Audit performance in the year to 31 March 2018.

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[1] This reflects, in part, an auditor remaining in post during part of 2017/2018 awaiting re-deployment which has been resolved at the beginning of 2018/2019

[2] Contract Review and CRM Fuel Theft

[3] I342058 CPO Process, I342061 Mobile Working, I350063 Financial Strategy

7. Financial Controls and Findings

7.1 The opinion in relation to financial controls has been formed based on two main areas of assurance, namely:-

- ♦ a programme of financial audits included within the 2017/2018 Internal Audit Plan
- ♦ the work of External Audit in relation to the Council's financial statements for the year ended 31 March 2017 (final) and 31 March 2018 (interim)

7.2 Interim audit work for 2017/2018 undertaken to date by the Council's External Auditor has been completed and no significant issues have been highlighted in the Interim Management Letter issued by Audit Scotland for the year ended 31 March 2018.

7.3 Overall, there is a good level of assurance over financial control across the Council. Many significant financial controls are imbedded within systems and these have been tested throughout the year by a programme of internal and external audit testing.

7.4 In terms of specific findings for the most significant financial audit assignments, a joint audit of **Accounts Payable/E-invoicing** controls has provided overall adequate assurance around the controls in operation within these processes. External Audit have also reviewed this testing and noted their intention to place reliance on the operation of these controls for the 2017/18 financial statements. A number of recommendations, however, are likely to be made surrounding general best practice or in the interests of good house-keeping.

7.5 In addition, during the year, reports have been developed for Creditors to identify all instances where the gross invoice amount for each supplier is the same and, therefore, that a duplicate payment may have been made. These lists are prioritised to allow investigation time to be directed to higher value errors. The intention is to move, during 2018/2019, to running these reports on a weekly basis in the period between the last keying date and the payment run date to allow any duplicates to be stopped prior to payment.

7.6 Audit work on **PEF** concluded that this was at the early stages of development and implementation but that adequate assurance was obtained that governance arrangements were being developed to assess PEF monies contribution to closing the poverty related attainment gap. Many aspects of PEF governance have been established, however, the audit highlighted the need to focus on transparency across all aspects of the process.

7.7 Out with these specific assignments, the Continuous Controls Monitoring (CCM) project continued throughout the year and has informed 'intelligent' sampling within both routine audits and specific investigations. CCM work provided detailed analysis of this data which was subsequently used in special investigations and has been used extensively by External Audit.

7.8 Financial investigative work in the year was not significant in terms of volume or value and not such to suggest any fundamental issues within routine financial control arrangements.

8. Operational Controls and Findings

8.1 The opinion in relation to operational controls has been formed based on two main areas of assurance, namely:

♦ a programme of operational audits included within the 2017/2018 Internal Audit Plan

♦ the work of external regulators and inspectors

8.2 Overall, there is an adequate level of assurance over operational control across the Council. Although operational controls generally exist, on occasion, these lack robust implementation. Controls such as adherence to proper processes and key controls rely on management checks and monitoring and, as operational controls are generally vested in people, this remains an area of higher inherent risk. Adherence to procedures remains key to ensuring a full audit trail is available to support all activity and demonstrate effective governance of Council funds.

8.3 In terms of specific findings for the most significant operational audit assignments, adequate assurance was obtained in relation to the processes in place to ensure the effective and compliant delivery of the Council's **City Deal** projects, including the grant claim process. Although processes were assessed as adequate, the audit has concluded that there are a number of areas where improvements could be made across aspects of project monitoring, administration and benefit tracking.

8.4 In relation to a review of implementation of the **Community Empowerment Act**, the audit established that the Council has developed a range of measures to ensure compliance with the Act. The audit also recognised that significant progress has been made across a number of areas but that major challenges lie ahead to deliver the outcomes for local communities that the Act seeks to deliver.

8.5 Audit work in the year also covered Self Directed Support (SDS) and focused on providing assurance that SDS Regulations were being applied within Social Work Resources' processes. The audit highlighted the importance of consistent progress across Services to further develop processes and to complete the substantial volume of work still to be undertaken. Although adequate assurance was obtained that progress is being made, this needs to be maintained if the 2020 deadline is to be met, in what is now a relatively short time-fame.

8.6 Audit work on General Data Protection Regulations drew from a broad range of sources to identify key tasks that were required to be undertaken prior to 25 May 2018. This review established that progress had been made across all areas of required compliance but that there were a number of areas that remained work in progress and were unlikely to be completed prior to the GDPR implementation date.

8.7 Aside from work on the General Data Protection Regulations (GDPR), there has been no in year review of information governance arrangements by Internal Audit. Within the Council, these are monitored by the Information Governance Board and are self-assessed by Resources on an annual basis prior to completion of the Director's Statement of Assurance. Actions have been identified but, other than those relating to GDPR, are generally not viewed as significant by the Board.

8.8 Audit work on **Cyber Security - User Interface** confirmed that, overall, there was adequate assurance that the controls in place to enable users to remotely access the Corporate IT network are effective and robust. General recommendations have been made around raising awareness of policies, training, controlling the use of removable media and monitoring USB connectivity across the network.

8.9 Work reviewing **Service-based procurement issues** concluded in 2017/2018. Internal Audit will undertake specific follow-up in 2018/2019 to assess whether the significant risks that were identified within specific Service procurement and operational practices have been addressed.

8.10 Other than the specific assignments detailed above, investigative work was of low value and volume in operational areas during 2017/2018. Where appropriate, actions have been agreed or are being discussed with Resources.

9. Management of Fraud Risks

9.1 There are four main routes for reporting fraud with the Council, whistle-blowing via letter, telephone call, verbal or email, through the CRM system, through local management or from the Police. Two-thirds of concerns reported during the year came through external whistle-blowing or through the CRM system. The remaining one-third of concerns were reported by local management. Irrespective of the source of alert, all notifications are risk assessed and, dependent on an initial evaluation of risk, either investigated by Internal Audit or the Personnel fact-finding team (with assistance from Resources if required) or, if relevant, passed to the Police. Fraud statistics are reported bi-annually to the Forum and a full report will be presented to the Forum detailing 2017/2018 statistics in September 2018.

9.2 The total value of fraud concerns reported to Internal Audit in 2017/2018 equated to £7.3k. The majority of this related to two separate investigations covering a break in and use of Pupil Equity Fund monies. These two investigations represented 84.6% of the value of total fraud concerns in the year. The Council's Security Manager has reviewed and implemented a number of improvements to address issues around the break-in. In respect of PEF monies, no fraud was identified but the review did highlight the importance of transparent decision-making to demonstrate and respond to the intense interest that PEF will generate. Significant reputational risk can, of course, attach to frauds irrespective of the value. Audit recommendations are routinely made to address identified gaps in controls and standard fraud indicators are included in all audit programmes, the results of which are considered during the annual planning process.

9.3 In addition to the above investigative work, Internal Audit are responsible for co-ordinating investigation of National Fraud Initiative matches throughout the Council. 98.5% of all target investigations were completed by 31 March 2018. A report on the interim outcome of the NFI exercise was presented to the Forum in March 2018 and a final report on the exercise will be included in the annual Fraud Statistics report presented to the Forum later in the year. It is anticipated that no fraud will be identified by investigations although errors have been highlighted and a value attached to this.

9.4 A corporate fraud programme of work was also included in the 2017/2018 Annual Internal Audit Plan. Two more significant assignments within this programme were in relation to Tenancy Fraud and Abandoned Properties.

9.5 Audit findings in relation to **Tenancy Fraud**, established that tenancy records were in need of review and update and that data cleansing was recommended within Academy prior to the move to a replacement system. There were no indicators that a tenancy had been fraudulently succeeded.

9.6 In relation to **Abandoned Properties**, testing found that the Service is proactive in engaging with tenants with rent arrears albeit there were some documentation and administrative gaps in the abandonment process. Debt collection in this area remains problematic.

9.7 Internal Audit also monitors fraud alerts through internal and external sources and disseminates information as appropriate. In 2017/2018 the majority of the information shared with Council Resources related to fraudulent attempts to change bank details. A specific review of a sophisticated fraud that was perpetrated in another Local Authority is underway with a focus on areas where there is specific risk of the same control gap within this Council. Appropriate action will be taken to address any identified risks to South Lanarkshire Council.

10. Council wide Performance – Delivery of Audit Actions 2017/2018
10.1 PSAIS places a responsibility for monitoring progress with the delivery of audit actions with the Chief Internal Auditor to ensure that recommendations are effectively implemented. Council-wide, 97% of internal audit actions were delivered on time (and 99% in total, with some only marginally late). Only one action remains outstanding as at 31 March 2018 and will now be followed up in 2018/2019. Individual Resource performance information in relation to audit actions is reported within IMPROVe.

10.2 The above performance data suggests that actions are being fully and timeously implemented. This is checked independently by a programme of formal follow-up reviews which are undertaken by Internal Audit each year. During 2017/2018, five formal follow-up audit assignments were completed. Of these assignments, all evidenced a degree of completion but there is a growing pattern of recommendations either not being implemented or only partially implemented. Where audit actions are particularly significant, more extensive follow up work is now being programmed within audit plans.

11. Areas of External Reliance
11.1 On an annual basis, an assurance mapping process is undertaken in conjunction with the Good Governance Group to identify significant issues that could impact on the overall opinion expressed within this report. The audit opinion also considers significant partnerships. Assurances are sought in relation to governance arrangements annually by the Council during preparation of the Governance Statement. No issues have been identified that require specific note within this annual report. Internal Audit is represented on the Good Governance Group and, through this, contribute to the preparation and development of the Governance Statement.

11.2 This includes the shared risk assessment, the output of a process each year that involves the Council and representatives of all scrutiny bodies who engage with the Council. The outcome (a Local Scrutiny Plan) from this, in 2017/2018, identified no specific risk-based scrutiny risks for the Council although some areas of the Council's activity were to be the subject of ongoing monitoring and oversight by the Local Area Network during the year. In 2018/2019, a similar position has been identified and there are no scrutiny risks identified. Outwith this Local Area Network, the main area of external reliance is detailed in the paragraphs below.

11.3 External Audit undertook the 2016/2017 financial audit during 2017/2018 and provided an unqualified opinion in relation to the Council's financial statements. Interim audit work in relation to the year ended 31 March 2018 has been completed by External Audit and no significant issues identified in the Interim Management Letter that has subsequently been issued. Internal Audit have liaised with External Audit periodically throughout the year, as required, and have provided specific assistance around the provision of financial year-end data to Audit Scotland.

11.4 Audit Scotland also publish reports throughout the year in relation to a variety of areas. Where Resources consider it appropriate, these are reported to Committees covering the key messages and their application to the Council. In 2017/2018, relatively few reports were presented to Committees or Forums. The process for handling Audit Scotland reports may benefit from a refresh to ensure that a more consistent approach is taken, moving forward. Internal Audit will facilitate this review in 2018/2019.

12. Summary of Overall Assurance and Audit Opinion

12.1 Adequate arrangements exist within the Council to escalate any concerns the Audit and Compliance Manager may have in relation to the level of risk accepted by management or the Council. Throughout the year, there was no impairment in the scope of audit work or the ability of Internal Audit to express an independent opinion.

12.2 The objective of Internal Audit is to evaluate and improve the effectiveness of risk management, control and governance processes. The purpose of this report is to provide an independent audit opinion on the adequacy and effectiveness of the Council's internal controls based on audit work undertaken in 2017/2018 and by doing so to provide assurance around the overall adequacy and effectiveness of South Lanarkshire Council's framework of governance, risk management and control arrangements.

12.3 Of the audit assignments completed to draft stage in 2017/2018 that provided an audit opinion, a material number concluded either good or adequate assurance as to the adequacy and effectiveness of controls. Overall, reasonable assurance can be placed on the adequacy and effectiveness of the Council's framework of governance, risk management and control arrangements for the year ending 31 March 2018.

12.4 Of the seventy seven audit actions that were due to be implemented in 2017/2018, 44% of these actions relates to specific Service procurement control gaps. Pro-active approaches are being developed through CCM data analysis of key financial systems to assist in highlighting patterns and trends that merit further investigation. This could form an important part of a sound financial control environment in the future. Continuing themes across actions include adherence to current procedures, retention of documentation, segregation of duties, reviewing and monitoring, that all remain key controls that require to be strengthened.

12.5   Internal control remains, primarily, a management responsibility to ensure that the Council conducts its business in a manner that has due regard to the principles of good governance. The presence of an internal audit function does not negate the importance of effective internal controls. Internal Audit cannot be expected to give total assurance that control weaknesses or irregularities do not exist. The above financial and operational audit opinions are based upon the audit work undertaken during the year and knowledge of the Council's governance, risk management and control arrangements.

12.6   The Forum is asked to note the above findings and approve their inclusion in the Council's annual Governance Statement. A signed Annual Internal Statement of Assurance is included at Appendix One based on the view of the Council's own internal audit function.

13.   Employee implications
13.1   The Internal Audit service in 2017/2018 was delivered by a team of thirteen. Of the team of thirteen, eleven are partly or fully qualified through either the Chartered Institute of Internal Auditors or one of the Consultative Committee of Accountancy Bodies.

13.2   Feedback received in relation to audit assignments is used to highlight areas for training and development. These are progressed on an individual basis as part of the performance development review process. Best practice information is shared and learning points discussed throughout the year.

14.   Financial implications
14.1   Audit and Compliance Services, during 2017/2018, spent £578,793 against a budget of £540,893 (to period 14). The overspend relates primarily to a surplus post that was awaiting redeployment in 2017/2018.

15.   Future years
15.1   Although the Local Scrutiny Plan reports no specific scrutiny risks have been identified for South Lanarkshire Council in 2018/2019, the Council will be subject to a range of nationally driven scrutiny activity during the year. The Council will also undergo a Best Value audit in late 2018/2019 and preparation for this is underway. The 2018/2019 Audit Plan will allocate time to progress some of the areas identified within the Local Scrutiny Plan and further time can be allocated, if required, to assist in reviews.

15.2   For Internal Audit, the focus for the year ahead will include:
♦ balancing routine assurance work with the increasing requirement to participate and add value to corporate activity
♦ continuing to react timeously to audit requirements for significant evolving agendas

16.   Other Implications
16.1   Each audit assignment seeks to identify efficiencies and report as a part of the audit opinion where appropriate. In practice, this often translates into identifying audit recommendations that suggest a more efficient way in which to deliver services. Opportunities to identify 'cash' savings are becoming less frequent in an environment of growing financial constraints. From Resources' perspective, much of the 'value added' element of an internal audit service is linked to the function's ability to provide advice and guidance. In addition, there has been a growing focus on the content of action plans to ensure that these effect required improvements. This is particularly important in areas where issues are more significant.

16.2 Responding to Services' requests for assistance and participation in internal working groups is accommodated within the Plan and through contingency time. This aligns to the PSIAS requirement to deliver an effective internal audit service. The number of days allocated to contingency has been reduced in 2018/2019 to allow maximum audit coverage. This will remain under review during 2018/2019 and may require some revision, particularly if a significant level of unplanned or adhoc work materialises.

16.3 There are no sustainability issues in terms of the information contained in this report.

17. Equality Impact Assessments and Consultation Arrangements
17.1 There is no requirement to carry out an impact assessment in terms of the information contained within this report.

17.2 Resource Heads of Service are consulted in advance of every planned audit assignment and following completion of fieldwork. Resources and elected members are also consulted during preparation of the annual audit plan.

Yvonne Douglas
Audit and Compliance Manager

24 May 2018

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

Previous References
▪ 2017/2018 Quarter One Audit Plan (22 February 2017 RASF)
▪ 2017/2018 Quarters Two – Four Audit Plan (RASF 20 September 2017)
▪ 2016/2017 Internal Audit Annual Assurance Report (RASF 20 September 2017)
▪ 2018/2019 Internal Audit Plan (RASF 21 March 2018)

List of Background Papers
▪ 2017/2018 progress reports to the Risk and Audit Scrutiny Forum
▪ Figtree statistical and assurance and time recording extracts
▪ Public Sector Internal Audit Standards (revised)
▪ Fraud statistics and NFI updates

Contact for Further Information
If you would like to inspect the background papers or want further information, please contact:-
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Signed Statement of Assurance for 2017/2018   **Appendix One**
To the members of South Lanarkshire Council, the Chief Executive and Executive Directors

As Audit and Compliance Manager of South Lanarkshire Council, I am pleased to present my annual statement and report on the adequacy and effectiveness of the governance, risk management and internal control systems of the Council for the year ended 31 March 2018.

Respective responsibilities of management and internal auditors in relation to governance, risk management and internal control

It is the responsibility of the Council's senior management to establish appropriate and sound systems of governance, risk management and internal control and to monitor the continuing effectiveness of these systems.

It is the responsibility of the Audit and Compliance Manager to provide an independent opinion on the adequacy and effectiveness of the governance, risk management and internal control systems of the Council. The Audit and Compliance Manager cannot be expected to give total assurance that control weaknesses or irregularities do not exist but can form an opinion based on work undertaken during the year and knowledge of control systems.

The Council's framework of governance, risk management and internal controls

South Lanarkshire Council has a responsibility to ensure its business is conducted in accordance with legislation and proper standards and adheres to and works within a framework of internal values and external principles and standards.

The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled and how it accounts to communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and therefore only provides reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks that would prevent the achievement of South Lanarkshire Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The work of Internal Audit

Internal Audit is an independent and objective assurance function established by the Council to review its governance, risk management and internal control arrangements. It objectively examines, evaluates and reports on the adequacy of these arrangements as a contribution to general governance arrangements and more specifically the proper, economic, efficient and effective use of resources.

The Internal Audit Service operated in accordance with the Public Sector Internal Audit Standards (PSAIS) (revised 2017) throughout 2017/2018. An external assessment of the extent of compliance was undertaken in 2017/2018 as part of the Quality Assurance and Improvement Programme. This assessment concluded that the section generally conforms with the requirements set out in PSIAS with actions agreed to address areas of non-compliance identified by the review. These areas of non-compliance are not considered to impact upon the quality of the internal audit service delivered or the audit opinion expressed within this annual report.

The section undertakes an annual programme of work endorsed by the Risk and Audit Scrutiny Forum and approved by the Executive Committee. All plans are based on a formal risk evaluation process, which reflects agreed and emerging risks and changes within the Council and is subject to periodic review throughout the year.

All internal audit reports identifying risks, areas for improvement and/or non-compliance with expected controls are brought to the attention of management and include appropriate recommendations and agreed action plans. It is management's responsibility to ensure that proper consideration is given to internal audit reports and that appropriate action is taken to implement audit recommendations.

Internal Audit ensure that management has understood agreed actions or assumed the risk of not taking action. A programme of informal and formal follow-up audit assignments provides assurance around the complete and timeous implementation of audit recommendations. Significant matters arising from internal audit work are reported to the Executive Director Finance and Corporate Resources and the Council's Risk and Audit Scrutiny Forum.

Basis of opinion
My evaluation of the control environment relates only to South Lanarkshire Council and is informed by a number of sources but mainly by audit work undertaken during 2017/2018.

Limitation of scope
No individual audit assignments were specifically limited in scope at the outset but scopes were amended to reflect the output from the initial risk and control analysis undertaken at the start of each assignment and the resources available.

Opinion
It is my opinion, based on the above, that overall, reasonable assurance can be placed on the adequacy and effectiveness of the Council's framework of governance, risk management and control arrangements for the year ending 31 March 2018.

Signature:-

Yvonne Douglas BA CA   **26 April 2018**

SOUTH LANARKSHIRE COUNCIL

Report

Report to:	**Risk and Audit Scrutiny Forum**
Date of Meeting:	**13 June 2018**
Report by:	**Executive Director (Finance and Corporate Resources)**

Subject:	**Actuarial Review of the Council's Self Insurance Fund**

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

♦   provide an update on the financial health of South Lanarkshire Council's self-insurance fund, following a full actuarial review.

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

(1)   note the conclusions of the actuarial report and that further funding requirements will be considered as part of future revenue budgets
(2)   note that the position for pre 1996 liabilities will be monitored and managed as required
(3)   note that a contingent liability for historic abuse claims will be included in the Council's Annual Accounts 2018

3. Background
3.1. South Lanarkshire Council operates a self-insurance fund to pay for purchased insurance cover, the settlement of excesses for liability, motor and property claims against the Council, other self-insured losses and the cost of administering an in-house risk management section.

3.2.   The Local Authority (Scotland) Accounts Advisory Committee (LASAAC) advises that regular actuarial reviews should be undertaken on insurance funds. The last full actuarial review of the council's insurance fund took place in 2013, with an interim review completed in 2015.

3.3.   Following the interim review, the fund was in a neutral position assuming wind up at 31 March 2015, that is, the balance of the fund was sufficient to meet known liabilities, and no further action to increase the balance of the insurance fund was required.

4. Actuarial Review of Insurance Fund

4.1. The main aims of the full actuarial review of the Council's self-insurance fund were to estimate future insurance claim settlement costs of known and yet to be intimated claims from past insurance policy years against the fund balance as at 31 March 2017 and to estimate annual contribution rates required for the overall fund, to ensure that the balance of the fund does not fall into deficit.

4.2. Following a Quick Quote exercise, HJC Actuarial Consulting Limited were appointed to undertake the full actuarial review.

4.3. The full review is only concerned with claims payments from the insurance fund, those that are already known as well as those incidents that have been incurred but have not yet been reported to the Council. All amounts used in the review take into account any potential recoveries from the Council's insurer.

4.4. Following completion of the full actuarial review, it was decided that, in light of recent changes to legislation and case law, a review of the council's pre-fund liabilities, that is, claims prior to 1 April 1996 against predecessor authorities, was also required.

4.5. The report will, therefore, focus on two distinct areas, namely post 1996 liabilities and pre 1996 liabilities.

5. Conclusions from Actuarial Review – Post 1996 Liabilities

5.1. The actuary's overall conclusions and recommendations as at 31 March 2017 were:-

- that the level of estimated future claim payments since 2005 has remained broadly stable at each review carried out, with this amount being in the region of £3m to £4m
- that the estimated value of future claim payments has reduced from £4.4m to £3.2m from the last review. This was due to a lower number of outstanding claims and an improving claims experience at this review
- that the fund is currently in a neutral position, that is, the balance of the insurance fund is currently sufficient to meet all estimated liabilities
- that, for future years, the proposed annual contribution required from Resources to meet claims costs below the deductible should be increased slightly from £2.25m to £2.35m. This increase is as a result of the Council increasing the self-insured excess level on employer's and public liability claims from £100,000 to £250,000 and the potential increased level of self-insured payments on significant injury claims, due as a result of the change to the Ogden discount rates

6. Pre 1996 Liabilities

6.1. There has been no new movement in terms of further levies, in respect of Municipal Mutual Insurance (MMI), since the position reported in the Annual Insured Risks report on 8 November 2016. As detailed previously, a provision of £0.8m currently exists within the Council's balance sheet to meet the cost of any future levies.

6.2. It is anticipated that the Council will receive a number of claims for historic childhood abuse, for children who have been abused whilst under the care of the Council's predecessor authorities. The increased likelihood of claims being intimated now is as a result of recent changes to legislation, developments in case law and raised public awareness as a result of the Scottish Child Abuse Inquiry.

6.3.   The financial impact on the Council for potential abuse claims will depend upon insurer's interpretation of policy wording. Insurers have advised that they are broadly in agreement that cover will be provided for abuse claims, but that each case will be dealt with on its own merits and subject to the terms and conditions of the policy.

6.4.   For the periods where the Council remains unable to prove that insurance cover existed, the Council will continue to self-fund these claims.

6.5.   Due to the unknown financial impact, a contingent liability for historic abuse claims will be included within the council's Annual Accounts 2018.

6.6.   The actuary has given consideration to the recent changes to legislation, case law and levels of insurance cover available within the pre-1996 liabilities.

7.   Future Financial Pressures
7.1.   As stated at 4.1, the actuarial review only covers the cost of insurance claim settlements and does not give consideration to the cost of insurance premiums or other miscellaneous charges to the self-insurance fund.

7.2.   Aside from the cost of self-insured insurance claim settlements, insurance premiums is the most significant other expenditure to the self-insurance fund. For 2018/19, insurance premiums and other insurance related fees will total £1.7m.

7.3.   Further financial pressures on the insurance fund may arise from increases in insurance premiums. Premium levels can be influenced by market conditions, the Council's claims experience, increases in Insurance Premium Tax (IPT) and other Government policy decisions such as fluctuations in the Ogden Discount rate which may result in insurers applying a levy to premiums to counteract the increased settlement costs of significant injury claims.

7.4.   A tender exercise will be undertaken for the Council's main insurance policies during 2018/19, with a view to seeking best possible terms and placing new covers with effect from 1 April 2019.

7.5.   On 1 April 2018, the excess on the Council's motor insurance policy was increased from £100,000 to £150,000. This was subsequent to the period covered by the actuarial review and may impact upon future motor self-insured losses.

8.   Employee Implications
8.1.   There are no employee implications associated with this report.

9.   Financial Implications
9.1.   Table One below shows a summary of the insurance fund's estimated financial position as at 31 March 2017.

Table One - Insurance Fund Summary (1 April 1996 – 31 March 2017)

Fund Claims	£m
Fund Balance as at 31 March 2017	3.3
<u>Less</u> estimated future claims payments	(3.2)
Estimated fund surplus/(deficit)	0.1

Position outlined in table one, assumes wind up of the insurance fund as at 31 March 2017

9.2. On an annual basis, Resource contributions to the insurance fund are currently £2.7m per annum and with average expenditure per annum to the insurance fund over the last five years at £4.2m. Therefore, the balance of the insurance fund is currently reducing by around £1.5m per annum.

9.3. Despite the actuary recommending an increase to the contribution rate to the insurance fund per bullet 4 at 5.1, this will not be necessary as an additional contribution of £1.7m will be made to the insurance fund from an underspend in the Revenue Account at the end of 2017/18. In light of the decreasing fund balance, it is envisaged that the fund will be in deficit by 2020/21, and that this will be considered in future revenue budgets.

9.4. As noted at 4.4 above, a further review into pre 1996 liabilities was also undertaken. This covered the council's liabilities resulting from its predecessor authorities for asbestos and abuse claims where insurance cover does not exist, and for any future MMI levies.

9.5. Table Two below shows a summary of the council's pre 1996 liabilities resulting from predecessor authorities as at 31 March 2017.

Table Two – Pre 1996 liabilities

Pre-fund liabilities (predecessor authorities)	£m
MMI provision (to cover levies)	0.8
Estimated MMI/Pre 1996 claims	(2.8)
Estimated Historic abuse claims	(2.0)
Overall pre 1996 liabilities surplus/(deficit)	(4.0)

Figures noted in respect of pre 1996 liabilities and historic abuse are broad outlined estimates based upon research and findings of the review

9.6. It is envisaged that the majority of any potential historic abuse claims will be intimated over the next 10 years, with other long term liabilities taking up to 40 years to diminish. Further funds may be required during this period to meet these potential claims or the liabilities may turn out to be materially lower, given the uncertainty arising from projecting over such long time periods, for incidents (exposures to asbestos, child abuse) occurring before the valuation date of 31 March 2017.

9.7. The position with pre 1996 liabilities and the overall balance of the self-insurance fund will be closely monitored and any additional funding requirements will be managed as required.

10.   Other Implications
10.1. There is the risk that, in future years, there may not be an adequate balance within the insurance fund to meet liabilities. As Council funds are facing various pressures due to the current climate, there may not be money available to top up the insurance fund if this is required. It is, therefore, necessary that the Council takes steps to protect the current funds and to restrain any future insurance premium increases by aiming to reduce the number and cost of claims intimated against the Council.

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 are no equalities issues related to the proposals in this report.

11.2.. There was no requirement to undertake any consultation other than with the actuary (HJC Actuarial Consulting Limited) in terms of the information contained within this report.

Paul Manning
Executive Director (Finance and Corporate Resources)

16 May 2018

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

Previous References
♦ Report to RASF – 8 November 2016 - 2015/16 Year End Insured Risks Report

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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Report

Report to:	**Risk and Audit Scrutiny Forum**
Date of Meeting:	**13 June 2018**
Report by:	**Executive Director (Finance and Corporate Resources)**

Subject:	**Audit Scotland Report on Principles for a Digital Future (Lessons Learned from Public Sector ICT Projects): Considerations for South Lanarkshire Council**

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

♦ Provide the Risk and Audit Scrutiny Forum with the recommendations on the Audit Scotland report on Principles for a Digital Future (Lessons learned from public sector ICT projects) (Appendix 1); and
♦ Detail some learnings for South Lanarkshire Council which can be incorporated into future ICT programmes

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

(1) Note the Audit Scotland report and learnings for South Lanarkshire Council

3. Background
3.1. Many improvement programmes within South Lanarkshire Council depend on the delivery of new IT technology to deliver required business outcomes. The Internal Technology service plan for 2017/18 includes over 80 IT projects, ranging from large cross-council programmes to smaller scale upgrades

3.2. To ensure that these projects deliver on time and with the desired business outcomes, it is important that best project management practices are followed. This includes constantly improving IT processes and learning lessons from projects across the public sector.

3.3. The Council's IT uses a variant of the Prince2 project management methodology which is considered as the gold standard across the UK public sector. This provides the framework for all IT change processes, including business analysis, business case development, project prioritisation, planning and scheduling, stakeholder management, software development, risk and issue management, testing and handover to production. These are overseen by governance processes including steering groups, project review boards for specific projects and Resource Management Teams (RMT), the Information and Communications Technology (ICT) Programme Board and Corporate Management Team (CMT) for overall programme of work.

3.4.   Each of these processes remains under review to ensure that ICT team continues to deliver an effective and efficient service to the Council

3.5.   Audit Scotland published a report in May 2017, Principles for a Digital Future - Lessons Learned from public sector ICT projects which highlighted common themes identified from previous audits into public sector ICT projects, including NHS24, Police Scotland i6 and Common Agricultural Policy Futures Programme, all of which encountered major difficulties.

3.6.   This report has been reviewed by the Council's – IT service to identify learnings for South Lanarkshire Council, and how these might be applied.

3.7.   The report is structured into 5 high level principles for success, each of these will be considered in turn

4.   Audit Scotland Report – Principle for Success 1 – Comprehensive Planning
4.1.   Key learnings for the Council are:

4.1.1. The report states that "It is fundamental at the start of projects to understand the need and clearly define the benefits that you want".

4.1.2. Although this appears to be an obvious statement, very often at the outset of a project different stakeholders have different views on what the objectives are and what they hope to achieve. As part of the Council's IT project initiation process, the scope and objectives are documented and approved by the relevant body (e.g. project review board). It is also important that, during the lifecycle of the project, changes are controlled.

4.1.3. On a related point, the anticipated benefits need to be realistic and an owner for those benefits requires to be assigned. Normally, it is the requesting organisation/customer who actually realise the benefits arising from the project, and not IT.

4.1.4. The report advises that public sector organisations are complex, and IT projects must take heed of this. If they do not, then there is a risk of project delays and failure.

4.1.5. Within the Council, this risk is mitigated at all stages of an IT project by assigning a dedicated project manager who involves all stakeholders to build the initial project plan, and then to closely manage the execution of that plan. Key to this is engagement with non-IT resources who may have limited availability to work on project tasks.

4.1.6. The report also highlights the necessity to identify any skills and capacity gaps at an early stage in a project. This is done to a certain extent, however, this can be a challenge as technical resources are rarely dedicated to a project and have many other duties (e.g. other projects, support tasks) which can result in delays. IT are investigating various tools to assist in scheduling of staff to give better visibility of availability.

5.   Audit Scotland Report – Principle for Success 2 – Active Governance
5.1.   Key learning for the Council is:

5.1.1. The report states that "An active and well thought-through governance framework…can really add value to a project". Within the Councils, the governance of IT projects varies depending upon the size and importance, however, the intent of this principle is largely met and embedded.

5.1.2. One of the main challenges of a central ICT function is to manage competing priorities across multiple customers. A change for 2018/19 is that the ICT Programme Board (which is made up of senior representatives from each Resource) is included in the decision making and prioritisation process to ensure that IT resources are applied to areas of maximum value to the Council. This involvement will take the form of scrutinising the proposed project portfolio for 2018/19 prior to formal approval by CMT.

5.1.3. One other area of improvement that will be delivered in this area is to further raise awareness of Project Review Boards (PRBs), and customers in general, of some key aspects of the IT project management process. This will help with areas such as developing realistic project plans, understanding risks and effective management of issues, all of which are essential to successful project delivery

6.   Audit Scotland Report – Principle for Success 3 – Put Users at the Heart of the Project
6.1.   Key learnings for South Lanarkshire Council are:

6.1.1. The report states that all users should be identified and their needs understood. The Council's IT is structured along a Demand and Supply organisational model. This is to provide a clear "line of sight" for all IT services, including projects. In practice, this means all IT projects, including internal upgrades/refreshes, have a customer. Working with the customer, all stakeholders, including users, are identified and their needs incorporated into project objectives and plans. For citizen facing services (e.g. web forms), the citizen panel, co-ordinated by the Digital team in Communications and Public Affairs, is engaged. To address user training requirements, IT work in conjunction with Training and Development to assess training needs, develop training materials and deliver the training.

6.1.2. Putting users, especially citizens, at the heart of projects is becoming more important as we digitally transform services. Citizen-centric applications, such as a customer portal, to access personalised services on the Council's web-site (or an app) will become commonplace in the coming years.

6.1.3. There are a couple of challenges to implement this principle. A distinction requires to be made between user "needs" and "wants" as implementing an IT solution for the latter may be significantly more expensive. Also, there may be resistance from users to adopt standard solutions which are typically cheaper. Finally, users may have different, and even conflicting, requirements which require to be resolved at the appropriate level (e.g. PRB)

7.   Audit Scotland Report – Principle for Success 4 – Clear Leadership that sets the tone and culture and provides accountability
7.1.   Key learnings for South Lanarkshire Council are:

7.1.1. The report states that all senior leaders across the organisation should show a clear commitment to the project, and need to demonstrate drive to keep the project moving forward.

7.1.2. For the Council, the governance structures in place via steering groups, project review boards, CMT and, ultimately committees, ensure that projects move forward. These structures will be leveraged in future to improve on-time performance of projects by removing obstacles and empowering project teams to deliver required outcomes

8. Audit Scotland Report – Principle for Success 5 – Individual Projects set in a central framework of strategic oversight and assurance

8.1. Key learnings for South Lanarkshire Council are:

8.1.1. The report states that projects are not done in isolation, there is a wealth of knowledge on how to successfully deliver the benefits.

8.1.2. As previously mentioned, the Council's IT Service is organised on a Demand and Supply Model. This is to help ensure that there is a valid business context for all projects. In addition to this, all IT projects must align with the Council's Digital ICT Strategy 2017-2020. This strategy, which is closely aligned to 'Connect', the Council Plan, promotes cross-council solutions taking advantage of new technologies.

8.1.3. The Council also engages with many external organisations, including the Local Government Digital Transformation Partnership, the Lanarkshire Data Sharing Partnership and SOCITM, the Society of IT Managers. This not only provides benefits in shared project delivery, but also in networking and sharing of best IT and digital practices.

9. Conclusions

9.1. The Council's IT service is aware and has implemented the 5 principles noted in the Audit Scotland report. However, the findings within the report provide good inputs to the Council as it continuously improves its project management and governance processes.

10. Employee Implications

10.1. There are none associated with this report.

11. Financial Implications

11.1. There are none associated with this report

12. Other Implications

12.1. There are no implications associated with this report.

13. Equality Impact Assessment and Consultation Arrangements

13.1. There is no requirement for Equality Impact Assessments

13.2 Consultation with Resources on the Council's IT service provision and project delivery is via ICT Programme Board

Paul Manning
Executive Director (Finance and Corporate Resources)
25 April 2018

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

Previous References
- None

List of Background Papers
- Link to SLC Digital ICT Strategy 2017-2020
  http://intranet.southlanarkshire.gov.uk/info/20581/delivering_a_digital_council/232/delivering_a_digital_council

- Link to Audit Scotland report on "Principles for a Digital Future - Lessons learned from public sector ICT projects"
  http://audit-scotland.gov.uk/uploads/docs/report/2017/briefing_170511_digital_future.pdf

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

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Principles for a digital future:

Lessons learned from public sector ICT projects

AUDIT SCOTLAND

Prepared by Audit Scotland
May 2017

Audit Scotland

Audit Scotland is a statutory body set up in April 2000 under the Public
Finance and Accountability (Scotland) Act 2000. We help the Auditor General
for Scotland and the Accounts Commission check that organisations
spending public money use it properly, efficiently and effectively.

Introduction

With the advances in digital technologies, and as more and more public sector organisations look to digital to transform the way they deliver services, it has never been more important for these organisations to do it right.

Managed effectively, information and communication technology (ICT) and digital programmes can transform public services and make a real and positive difference to people's lives. However, the difficulties in managing such programmes are well documented and remain a complex challenge for Scottish public sector bodies.

In common with other audit organisations, we have reported on the difficulties public sector ICT projects and programmes have encountered. These are by no means unique to Scotland's public sector: consistently, the same issues are reported by organisations worldwide. In short, we can point to a set of common issues and themes at the heart of failing ICT projects and programmes.

This document summarises the issues we have identified in our previous reports, bringing together all the common themes into one place. We also point to other examples from around the world. Rather than provide a checklist of actions, we have organised these themes into a set of core principles. All public sector organisations should consider these, both before embarking on digital programmes or projects and throughout the project lifecycle.
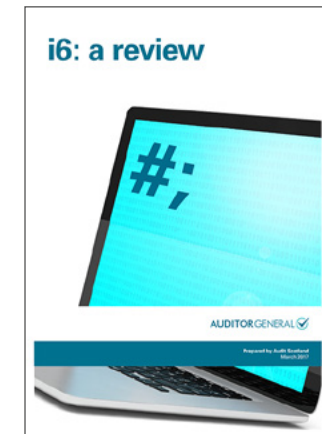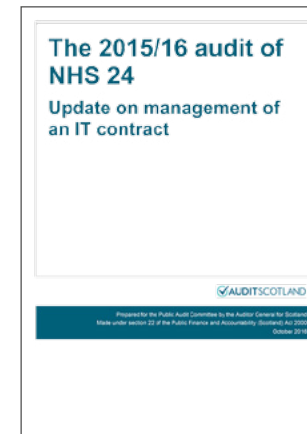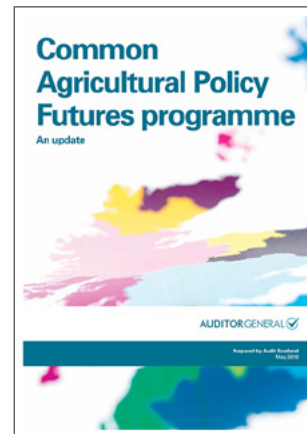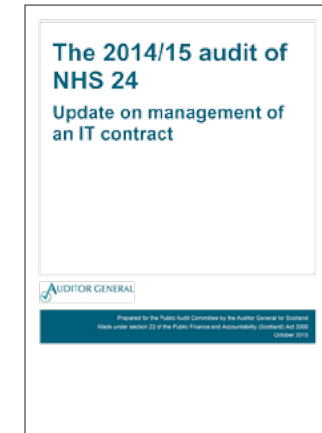
Background

It is clear from experience around the world that some ICT and digital projects do not go well. Ten years ago, the National Audit Office (NAO) published a *report on the common causes of failure of public sector ICT projects* 🖳. The digital world has moved on significantly since then and yet the following set of principles in our summary do not look very different from what the NAO set out.

In the past five years, the Scottish public sector has spent around £4 billion on ICT, with over £856 million spent on procuring ICT in 2015/16 alone.[1]

Digital technology offers huge potential for improving and transforming public services. Services are now designed to be digital:

- organisations are moving from paper-based to digital processes

- data is used and shared to help decision-making and service delivery

- citizens' expectations of digital services are increasing.

For this reason, the principles in this document are relevant to everyone working in public services, not just those working in ICT departments.

Note: 1. ICT spend analysis is based on the Scottish Procurement Information Hub's vCode classification. This dataset does not include any internal spend on ICT services and equipment or employee costs.

Source: Scottish Procurement Information Hub (Spikes Cavell), extracted April 2017.

This summary does not aim to provide all the answers, or provide a different story to previous lessons-learned summaries. It aims to pull together the main findings from our series of recent reports on ICT project failures in Scotland, and to signpost Scottish public bodies to the learning points of others. We supplement the principles with case studies and examples to highlight our messages.

The principles cannot be considered in isolation. All interact to create the right environment for a successful project. A key factor underpinning each principle is having the right skills and experience on the project at the right time. Look out for our skills check icon 🎯, which highlights this throughout the document.

With digital technology becoming such a core part of public services, we are focusing our future audit work on how well the public sector is using it to improve and transform public services.

Links

📁 Case study

💬 Quotes

🎯 Skills check

⬇ PDF download

🖳 Web link

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Principles	▶ Planning	▶ Governance	▶ Users	▶ Leadership	▶ Strategic oversight

Comprehensive **planning**
setting out what you want to
achieve and how you will do it

Individual projects set in
a central framework of
**strategic oversight and
assurance**

Active **governance**
providing appropriate
control and oversight

Principles
for success

Clear **leadership** that
sets the tone and
culture and provides
accountability

Putting **users** at the
heart of the project

▶ Clearly define the need and benefits
▶ Understand and appreciate the likely complexity
▶ Identify people with the right skills and experience
▶ Break the project down into manageable stages
▶ Be aware of optimism bias
▶ Consider the procurement options early

▶ Ensure governance is active and dynamic
▶ Integrate risk management
▶ Use an appropriate project management methodology
▶ Be an intelligent client
▶ Develop appropriate independent assurance arrangements
▶ Ensure honest and accurate project monitoring
▶ Build in appropriate quality assurance processes

▶ Identify all users and understand their needs
▶ Sustain engagement with users
▶ Help people make change happen
▶ Prioritise knowledge transfer

▶ Ensure senior leadership show drive and commitment
▶ Clarify and define lines of accountability
▶ Maintain stability and develop succession planning
▶ Recognise the role of culture and tone at the top

▶ Work within a central assurance framework
▶ Recognise that strategic oversight adds value

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Comprehensive planning setting out what you want to achieve and how you will do it

Clearly define the need and benefits

History shows us that most problems that occur have their origins in the set-up of the project. It is fundamental at the start to understand the need and clearly define the benefits that you want. This requires significant user engagement which is explored as a principle of its own in the users section. In assessing the business need, be guided by what the people who will use it want to achieve, rather than by technology. It is important not to develop policy and ideas in isolation from the rest of the business. Digital experts need to be involved at the start so that policies and ideas are practical and will work in reality, and can be easily designed and developed into any system.

Set out the need and the benefits clearly in a business case and agree them. Benefits should be monitored and assessed throughout the project.

'Universal Credit was a huge change from the benefits system it sought to replace. But despite the scale of the change, there was under investment in policy design and planning. There was a failure to 'sweat out' what the end state would look like, or to engage with users early enough on issues like the move to monthly payments. A deep understanding of the people a policy is supposed to affect is a vital starting point for policy change.'

Universal Credit: from disaster to recovery?, Institute for Government, UK, 2016.

'A "lack of dialogue" between policy designers and the people who implement policies seriously increased the risk of failure, leading to "designs that are based on unrealistic predictions about how people will behave"…Digital and policy specialists need to work together, not in relay…People with a good understanding of technology can generate policy ideas that may not have been otherwise apparent.'

Making a success of digital government, Institute for Government, UK, 2016.

Understand and appreciate the likely complexity

Public sector organisations are rarely set up in simple ways, and teams must be careful not to underestimate the complexity of the policy or idea. To help appreciate the size of the task ahead, it is essential to invest time to fully understand: the current business processes, the need for change and what is needed to make change happen. It is important that organisations also help suppliers to understand the business processes and environment.

Looking at how other organisations have undertaken similar projects can be a useful starting point. Reusing or adapting existing software may be an option but organisations must understand how much time and effort it can take to adapt a product.

The i6 programme was complex and highly ambitious. The supplier and Police Scotland originally believed that most of the i6 system could be based on an existing IT system that the supplier had delivered elsewhere. This proved incorrect; during development it became apparent that the supplier would need to develop significantly more than had been originally anticipated.

i6: a review, Audit Scotland, March 2017.

Our reports on the CAP Futures programme identified that the programme had underestimated the complexity of the policy and the system required.

'The original business case did not fully recognise the size and scale of the task or articulate the level of uncertainty.'

Common Agricultural Policy Futures programme: an update, Audit Scotland, May 2016.

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Comprehensive planning setting out what you want to achieve and how you will do it

Identify people with the right skills and experience ⌖

Central to planning is the need to have the right people involved when developing the idea. We have often found that public sector organisations undertaking an ICT project rarely have the right skills and experience already within the organisation. This is not just about the technical digital skills, but also skills needed for:

- programme and project management and leadership

- negotiating and managing contracts

- capturing user experience

- business analysis.

It is critical that there are appropriate skills and experience at a senior level within the organisation. We comment more on this in the leadership section.

Having the right skills at the right time throughout a project is central to its success. It may sound obvious but it's hard to know what skills and experience you need for a project if you've never done one before. It is crucial that an organisation identifies the skills and experience gaps and assesses how best to fill them. Talking to other organisations and seeking advice is essential, as is planning for recruitment and time lags. Getting the right leadership for significant projects will often help to bring experience and knowledge of what is required.

'A key factor in the failure to deliver the programmes as intended was the public sector bodies' lack of specialist skills and experience.'

Managing ICT contracts: an audit of three public sector programmes ⬇, Audit Scotland, August 2012.

'Public servants lack project, program and portfolio management skills and experience. "Learning on the job" is ok in many circumstances, but not when you are responsible for managing complex projects – it is essential to have the right skills and experience.'

'Public servants typically don't have enough commercial experience and consequently they often fail when it comes to probity and contract management. Get people with the right skills and experience to manage commercial relationships.'

Common Causes for Failure in Major ICT-enabled Programs and Projects ⬉, Government of South Australia, 2012.

In 2014, a Scottish Government survey identified the top four digital skills gaps and shortages:

Skills gap (internal)	Skills shortages (external)
Business intelligence	Software development and programming
Data analysis and analytics	Network, system, design and development
Information security	Information security
Contract and supplier management	Project management

Source: Scotland's Digital Future: Delivery of Public Services: Skills Gap Survey and Analysis

Managing ICT contracts in central government: an update ⬇, Audit Scotland, June 2015.

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Comprehensive planning setting out what you want to achieve and how you will do it

Break the project down into manageable stages

The business case should set out the minimum that the project needs to achieve, and its priorities. This can then guide decisions about what needs to be done and by when. Organisations don't need to try and do everything in one large programme. Breaking up larger projects into a series of smaller stages may be appropriate.

There are many examples of projects that have failed in a big-bang implementation. That is where the whole project was due to become operational on one day, usually a critical or legislative deadline. Teams must consider the implementation approach and appropriately stage the project and go live.

We explore project management methodologies in the **governance section**.

'Government ICT projects are often too ambitious and too complex because of the combination of political, organisational and technical factors. A project that is too complex lacks balance between the ambitions and the available human, financial and time resources…The motto is: start small and proceed in small steps.'

Lessons Learned from Government ICT Projects Part A, Dutch Court of Audit, Holland, 2007.

A report by the National Advisory Group on Health Information Technology in England recognised that, while there is urgency to digitise, there is also risk in going too quickly. It recommends a staged approach to transforming how services are delivered, prioritising organisations that are ready to digitise. Those that are not yet ready, that is, those lacking the staff, the training or the culture to digitise effectively should be given time and support to build capacity before starting. 'It is better to get digitisation right than do it quickly.'

Making IT work: harnessing the power of health information technology to improve care in England, National Advisory Group on Health Information Technology in England, Wachter, 2016.

In 2009, NHS 24 began a programme to improve patient experience by modernising its core telephone and online technology. Following continued delays in implementation, the system had to be withdrawn shortly after launch in 2015 as it did not meet patient safety performance measures. The Board took a fundamental look at what needed to be addressed in order to fully implement the new system. Originally, implementation was attempted on a national basis. A revised, three-stage, implementation approach was agreed by the board. This meant that Planned Care services (that represent a low percentage of calls) would be rolled out first, followed by Unscheduled Care services in a single NHS Board and then full national roll-out. This approach would allow NHS 24 to thoroughly test the new system in real conditions and establish greater confidence in the system prior to national roll-out.

The 2015/16 audit of NHS 24: Update on management of an IT contract, Audit Scotland, 2016.

▶ **Principles**	**Planning**	▶ **Governance**	▶ **Users**	▶ **Leadership**	▶ **Strategic oversight**

Comprehensive planning setting out what you want to achieve and how you will do it

Be aware of optimism bias

Optimism bias is a key concept at the planning stage. Essentially this is about building appropriate contingency into plans, timescales and costs to compensate for in-built but often unrealistic optimism. This ranges from the very specific requirement to amend costs within the business case to build in optimism bias, to the need to constantly challenge assumptions and estimates.

The political environment of the public sector adds another dimension that needs to be considered. Legislative and ministerial commitments can reduce flexibility in timeframes.

'Optimism bias is such a common cause of failure in both public and private projects that it seems quite remarkable that it needs restating. But it does – endlessly.'

Universal Credit: from disaster to recovery?, Institute for Government, UK, 2016.

'Organisations have a tendency to be over optimistic about timeframes; to overestimate the benefits to be delivered and to underestimate the costs and complexity of implementation.'

Investing Smarter in Public Sector ICT: Turning Principles into Practice, Victorian Auditor-General's Office, Australia, 2008.

'The political context contributed to misplaced optimism throughout the i6 programme.'

i6: a review, Audit Scotland, March 2017.

Consider the procurement options early ⌖

There are different procurement options available and organisations should consider which is most appropriate as they develop the need and idea. The procurement route must be consistent with how the project is to be managed and how the service is to be delivered.

Entering a procurement process with less than complete knowledge of what you are trying to achieve could lead to an organisation being tied into a system or service that can't ever meet those needs. Having the right skills to translate user and business needs into technical requirements, and to understand and challenge the supplier's solutions and ways of working is important.

It is important to develop a relationship with the supplier that is trusting but promotes constructive challenge.

The programme, i6, to modernise Police Scotland's IT system followed good practice in terms of planning and procurement. For example, to fulfil its role as an intelligent client, Police Scotland addressed in-house skills gaps by bringing in external legal and technical advisers, and experts in contract and supplier management.

Despite this, and 18 months of pre-award discussion, there was a fundamental disagreement between Police Scotland and Accenture about interpreting the contract and the scope of the programme. This led to a rapid loss of trust which never fully recovered and recurring disputes about the project's scope.

Even though the programme ultimately failed, the investment in specialist procurement skills helped manage the contract and secure a settlement agreement with the supplier.

i6: a review, Audit Scotland, March 2017.

Principles	Planning	Governance	Users	Leadership	Strategic oversight

Active governance providing appropriate control and oversight

Ensure governance is active and dynamic

An active and well thought-through governance framework, that is, the procedures and controls in place to guide a project and to support effective decision-making, can really add value to a project. It provides the appropriate control and oversight at all levels of the project.

Governance should be active, that is, play a continuing and key role throughout the project. But it should also be dynamic, flexing to meet changing needs of the project and adapting to changing risk profiles. Governance boards also need to find the right balance between supporting the project team, but also scrutinising and constructively challenging management and significant decisions.

Organisations need to think about the skills of people within the governance structure, and whether additional skills and experience would help scrutinise the project more effectively.

A review of ICT projects in New Zealand found it was vital to have the right mix of skills and experience at the governance level to hold the project team accountable. This should include considering appropriately skilled people from other public sector agencies and external advisors.

Top 10 Lessons Learned from ICT-enabled Projects and Programmes, New Zealand Government, 2014.

'An "active governance" approach which requires committee members to be informed; to have relevant experience and expertise; to be prepared to challenge project managers and to closely investigate selected aspects of a project, is considered essential.'

Management of ICT Projects by Government Agencies, Public Accounts Committee, Legislative Assembly of the Northern Territory, Australia, 2014.

Integrate risk management

Managing risk is a core part of governance and should be integrated throughout the whole project. The team needs to be clear about where the key risks are across the project and the risk level that the team, governance boards and sponsors can tolerate. This will not be uniform across the project, and risk management processes need to be sophisticated enough to ensure decision-making responds to changing risk. Decisions should be based on assessments of the potential impact of risks on different components of the project.

'A common observation arising from our work is that departments are often overly optimistic in their assessment of the risk to projects and programmes, and the effectiveness of the mitigating actions they take to address risk. Management also tends to consider project risk in isolation, without considering how risks in one project can affect other business priorities.'

Managing risks in government, National Audit Office, UK, 2011.

'Because [ICT projects] are often large projects with a strong public profile the potential for failure poses a significant risk to the government's reputation…organisations need to develop a higher level of risk management maturity and to pay more attention to managing and mitigating risks throughout a project's life.'

Management of ICT Projects by Government Agencies, Public Accounts Committee, Legislative Assembly of the Northern Territory, Australia, 2014.

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Active governance providing appropriate control and oversight

Use an appropriate project management methodology

History shows that projects using a variety of project management methodologies get into difficulties. Organisations need to carefully consider which project management methodology will best suit:

- the nature of the project
- the needs and timing of the launch of the project
- the profile and likelihood of risks, and importantly
- the skills and experience at all levels of the organisation in different methodologies.

It is important to adapt governance frameworks according to the methodology being used, giving consideration to the speed of delivery, control, and decision-making.

If using a new methodology, the organisation should consider how best to provide the project with the appropriate level of skills. This includes ensuring that people at all levels of the governance framework understand the methodology being used. For example, knowing and understanding what information they will need to effectively scrutinise delivery.

'The adoption of a formal project methodology is an important starting point. However, project management discipline needs to be applied firmly and consistently to maintain control.'

Top 10 Lessons Learned from ICT-enabled Projects and Programmes, New Zealand Government, 2014.

Registers of Scotland (RoS) tried using an Agile methodology for its Land Registration Act 2012 implementation programme but recognised it didn't have the right skills and experience in place. To ensure its Agile approach was successful for future projects it took the following actions:

- Internal staff and contractors took part in an ongoing Agile training programme which aimed at producing a number of accredited practitioners.
- The executive management team received introductory Agile training. This helped them understand the process and the information they needed to oversee the project.
- RoS recruited an Agile coach to help make this approach an integral part of its organisational culture so that it can be used for future projects.

Managing ICT contracts in central government: an update, Audit Scotland, June 2015.

RoS is now using Agile delivery for its major Business Transformation Programme. It has established Agile delivery, supported by investment and training, as its preferred route to maintain quality, customer focus and flexibility. RoS has continued to provide Agile training to all levels of the organisation, with around 150 staff now trained in Agile and six in Agile coaching.

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Active governance providing appropriate control and oversight

Be an intelligent client

Public sector organisations do not have a good track record of supplier and contract management. Organisations need to have appropriate skills to act as an intelligent client, to challenge the supplier and fully understand the progress and risk level.

'The main attributes of being an intelligent client include having:

- organisational capacity in technical, commercial and programme management skills
- appropriate governance and controls in place
- skills in scenario planning and options appraisal
- an understanding of how proposed solutions can meet the demands of the business
- arrangements to share learning and experiences across and outside the organisation.'

Managing ICT contracts: an audit of three public sector programmes, Audit Scotland, August 2012.

In its report, the NAO found that forming constructive, open relationships with suppliers was a key factor in successful projects. These projects typically had shared governance arrangements, joint teams and established an open environment in which client and supplier were comfortable challenging each other.

Delivering successful IT-enabled business change, National Audit Office, UK, 2006.

Develop appropriate independent assurance arrangements

Independent assurance, such as gateway reviews, can provide vital challenge and support for key decision and progress points across the project life. This helps provide assurance on the delivery of a project.

Being independent means it can raise, with leadership, concerns that those within the project either don't recognise or feel they don't have the back-up to voice.

To work well, independent assurance should be planned in advance. Assurance from different sources such as technical assurance, internal audit, and internal approvals should be co-ordinated. This avoids overlap and undue burden on the project team. Leadership need to appreciate the value of independent assurance and ensure that recommendations are acted on. The role of governance boards is to make sure that assurance is happening and the team is responding to the points raised.

In our Managing ICT contracts report, we found evidence that the findings of independent assurance reviews were not always acted on. For example, the Crown Office and Procurator Fiscal Service had a total of three health checks on its ICT programme. Later reviews highlighted that recommendations from previous reviews had not been implemented, and that implementing them on time might have made it easier to identify the issues that ultimately led to the programme terminating.

Managing ICT contracts: an audit of three public sector programmes, Audit Scotland, August 2012.

Active governance providing appropriate control and oversight

Ensure honest and accurate project monitoring

Monitoring project progress and providing the right information to the right level of the governance framework is crucial to recognising problems and reacting quickly. This means identifying key indicators of progress and reporting consistently and honestly to everyone involved in governance. All levels of governance need to recognise the risks of over-exaggerating problems, or diluting problems, and ensure that mechanisms are in place to ensure accurate reporting to account for any bias. This includes reporting from any suppliers.

Clear and accurate reporting about difficulties can help support bold decisions about the future direction.

'ICT projects are never killed off, they are only ever re-scoped. Processes should be put in place to review all projects, and under-performers should be closed.'

Common Causes for Failure in Major ICT-enabled Programs and Projects, Government of South Australia, 2012.

Revenue Scotland used criteria and associated indicators to assess its readiness to collect and manage two new taxes from 1 April 2015. It ensured all products within its Tax Administration Programme, including its IT implementation project, were aligned against these criteria. It monitored progress weekly, using a traffic light system to indicate the level of risk to the planned delivery. Items assessed as amber or red were escalated to the necessary governance level to ensure action was taken to bring them back on track.

Managing ICT contracts in central government: an update, Audit Scotland, 2015.

Build in appropriate quality assurance processes

An important part of quality assurance is understanding what is 'good enough' to be accepted by the business and user, and how you will test this. A clear, strong and effective testing strategy, and a managed approach to launching or releasing the new system, process or service is central to this. There are many examples of systems not operating effectively because the end user was not familiar with how it would work in practice. There are also examples of systems going into operation and failing because they were not properly tested during the user acceptance or system integration testing stages (UAT and SIT), or test results were not properly challenged.

In its review of local ICT projects, the Victorian Auditor-General stressed the importance of thoroughly testing a new software or system before it goes live. When testing is compromised, often in the rush to meet deadlines, software may be released before it is fit for purpose. This may mean temporary fixes are required to compensate for the software's deficiencies. A go-live decision should only happen after extensive testing to ensure that either all scope items have been fully met or that clear post-implementation plans exist, including time frames for achieving them.

Digital Dashboard: Status Review of ICT Projects and Initiatives – Phase 2, Victorian Auditor-General's Office, Australia, 2016.

'Too many errors were identified during the last phase of software testing which has put pressure on meeting deadlines. The software did not function as needed and it took additional time to fix the error.'

Common Agricultural Policy Futures Programme: an update, Audit Scotland, May 2016.

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Putting users at the heart of the project

Identify all users and understand their needs

Organisations need to identify everyone, both internal and external, who will use or be affected by a proposed system or service. They should involve these stakeholders in the project right from the start. This allows the organisation to fully understand what is required and how people need and expect the system, process, or service to operate in practice. Even for internal users it is essential to understand how they need the system or process to work, otherwise it will become a source of frustration.

'Digitising effectively is not simply about the technology, it is mostly about the people.'

'IT systems must be designed with the input of end-users, employing basic principles of user-centred design. Poorly designed and implemented systems can create opportunities for errors, and can result in frustrated healthcare professionals and patients.'

Making IT work: harnessing the power of health information technology to improve care in England , National Advisory Group on Health Information Technology in England, Wachter, 2016.

Sustain engagement with users

This is not just about involving users in testing the proposed solution. It is about getting them involved in designing the whole process from the start. Involving them from the start, and throughout the process, will help get their buy-in and commitment to the solution, meaning it is more likely to achieve desired outcomes. Users' and business needs may change over time. Processes need to be in place to allow changes to be made easily but ensuring appropriate checks and controls exist.

Revenue Scotland drew on experience when developing the new Additional Dwelling Supplement (ADS) module for its IT system. It recognised the importance of working closely with all stakeholders:

- It worked closely with its IT provider to adapt its system for ADS.

- People who use the IT system took part in testing to check not only that the new module worked well but also that the changes did not affect other parts of the IT system.

- It held roadshows, webinars and produced guidance to ensure that stakeholders, such as solicitors, were aware and prepared for the tax change.

Managing new financial powers: an update , Audit Scotland, March 2017.

▶ Principles	▶ Planning	▶ Governance	Users	▶ Leadership	▶ Strategic oversight

Putting users at the heart of the project

Help people make change happen

Very often digital and ICT projects are undertaken to deliver a change. The technology alone will not deliver this change. There needs to be a programme of work with the people who will use or be affected by the system, to get them ready for the change. This includes leaving enough time for training sessions before they have to use the technology, good communication throughout the project, and appropriate support once the system or service is live.

To learn from the failed launch of their new IT system, NHS 24 undertook a series of reviews. These found that not enough was done to involve users at the planning and testing stages. Incorrect design assumptions meant that there were problems integrating the new system with existing ones in individual NHS boards, and with operational processes and workflow. Additionally, weaknesses in training and familiarisation meant operational staff did not have enough confidence and experience with the new system.

The 2015/16 audit of NHS 24: Update on management of an IT contract, Audit Scotland, October 2016.

Registers of Scotland created an Innovation Centre in July 2016, providing a safe environment for users to test ideas, improve business processes, and optimise software before rolling it out into the business. A core team is supported by around 150 volunteers from all levels of the organisation, with up to 40 people working in the centre at any one time.

The centre helps get buy-in from system users before business roll-out. It helps inform the roll-out process, ensuring business readiness and supporting organisational change.

Source: Audit Scotland, May 2017.

Prioritise knowledge transfer

Organisations must plan for the end of the project and the transition into business as usual. Usually the people involved in the project are not the ones who then work with the system or service once it has been delivered. Organisations must prioritise knowledge exchange from those who have a detailed working knowledge of the system to those who are going to use and maintain it. Clearly documenting the system will help. This is particularly important when external contractors are involved. Knowledge transfer takes time and should not be left until the end of the project as, invariably, time runs out.

'We found evidence of ICT programmes where the majority of staff were on short-term contracts across all levels of the programme… Bodies need to put knowledge transfer plans in place from the outset to ensure this expertise is shared with permanent members of the team and is not lost. This applies at all levels of the organisation, whether a software developer or digital director.'

Managing ICT contracts in central government: an update, Audit Scotland, June 2015.

| ▶ Principles | ▶ Planning | ▶ Governance | ▶ Users | Leadership | ▶ Strategic oversight |

Clear leadership that sets the tone and culture and provides accountability

Ensure senior leadership show drive and commitment 🎯

Many reports on failures of ICT projects include commentary on the impact of weak leadership, or a high turnover of senior officers, and a lack of commitment. These issues can have a serious impact on the project.

Senior leadership (such as the executive management team, senior responsible owner (SRO) and project sponsor) need to demonstrate drive to keep the project moving forward. As digital is so important to the future delivery of services, all senior leaders across the organisation should show a clear commitment to the project.

As highlighted in the planning section, successful projects need leaders with the appropriate skills and experience to effectively deliver change.

> 'Recent research suggests that senior level engagement may actually be the most important factor in ICT-enabled projects as it contributes to success both directly and through its mediation of other critical success factors such as project methodologies and management, stakeholder and change management, planning, and project staff.'
>
> *Management of ICT Projects by Government Agencies* ⬀, Public Accounts Committee, Legislative Assembly of the Northern Territory, Australia, 2014.

> The NAO reported that it is critically important for those in leadership positions to have the skills and expertise, and the time to lead the project. This is particularly important for projects with significant uncertainty, such as welfare reform. The early years of the Universal Credit system were hampered by a lack of leadership, in part due to a high turnover of SROs, and this created a lack of oversight.
>
> *Welfare reform – lessons learned* ⬀, National Audit Office, UK, 2015.

Clarify and define lines of accountability

Projects need clear lines of accountability. Where roles and responsibilities of senior leadership are unclear this leads to miscommunication and issues falling through cracks. It is important that everyone is clear who is responsible for making decisions. For example, what types of decision leadership or governance boards will be expected to make, and knowing when issues will be escalated, and to whom.

> 'From the outset…define who is responsible for getting the project done and who is ultimately accountable for the success (or failure) of a project. Distinctions should be made between accountable and responsible parties, and between the governance and management of a program or project.'
>
> *Common Causes for Failure in Major ICT-enabled Programs and Projects* ⬀, Government of South Australia, 2012.

Clear leadership that sets the tone and culture and provides accountability

Maintain stability and develop succession planning

Many lessons-learned reports have highlighted the impact of a revolving door of senior officers on projects. Projects need stable leadership. Upheaval adds time, changes focus, and changes the culture of the project. Succession planning to replace lost skills should be a key element when planning projects. While changes can't always be prevented or predicted, ensuring adequate planning, knowledge transfer, and sound leadership at all levels can help ease the impact.

Recognise the role of culture and tone at the top

Many reports highlight the detrimental impact of a negative culture, but many projects continue to underestimate the role culture plays in a successful project. A critical element of success in any project is people. Ensuring a collaborative and positive culture is in place will help maximise the contribution of all the team. Culture is hard to create and change, but leadership has an essential role in setting the tone for the team and leading by example.

Projects should also be aware of the different cultures that can exist between different teams in the same organisation. For example, the policy, front-line, and digital teams can all work to different values and behaviours.

The Common Agricultural Policy (CAP) Futures Programme (Scotland) and Delivery Programme (England) were established to deliver new ICT systems to comply with CAP reform and improve the CAP payments process for farmers and landowners. Both programmes experienced difficulties.

In England, the failure of a verification system led to the withdrawal of the new online system and the use of paper-based applications instead. A report by the NAO into how the programme was managed found numerous changes in leadership contributed to the difficulties that led to the system failing. The programme had four SROs in one year. Each SRO had their own management style and priorities. These repeated changes to governance arrangements disrupted the programme and caused uncertainty and confusion for staff.

Early review of the Common Agricultural Policy Delivery Programme, National Audit Office, UK, 2015.

In Scotland, the new system had significant difficulties, which meant that payments to farmers were delayed. Loans had to be provided while claims were processed. Significant tensions between the programme team and the ICT delivery team added to programme delays. These two groups did not operate as one team and management failed to adequately address the seriousness of the problem. There was a lack of trust and this created a blame culture. This hindered efforts to resolve quality issues as there was no consensus on the underlying causes, contributing to delays.

Common Agricultural Policy Futures Programme: an update, Audit Scotland, May 2016.

Principles	Planning	Governance	Users	Leadership	Strategic oversight

Individual projects set in a central framework of strategic oversight and assurance

Work within a central assurance framework

In response to public sector ICT project failures, some governments have introduced a central framework of strategic oversight and assurance. This places an additional level of oversight and assurance on riskier projects, to help ensure that they deliver the intended benefits. Importantly, the framework does not dilute the accountability lines on the project.

Strategic oversight helps to identify and prioritise the risks and challenges that the project needs to deal with to succeed. It can also provide senior leadership across the organisation with an additional level of confidence at key points that the project is ready to proceed to the next stage.

The big challenge for any central strategic assurance framework is to have access to people with the right level of skills and experience to be able to independently assess the project's risks and challenges.

'Assurance provides information to those who finance, sponsor, govern and manage a project. It informs decisions that can reduce project failure, promote conditions for success and increase the chance of delivering the required outcome cost-effectively. Assurance helps ensure the disciplines around delivering projects are followed and highlights where they have not been.'

Assurance for major projects, National Audit Office, UK, 2012.

The NAO developed a basic maturity model for an effective central assurance system

Improve
• Share lessons
• Use feedback loops to continuously improve the assurance system

Measure
• Analyse project portfolio data
• Transparent reporting of project status
• Use assurance reports to trigger interventions
• Establish return on investment from assurance
• Understand the burden assurance places on departments

Control
• Obtain the required mandate to carry out assurance
• Agree assurance mechanisms to be used
• Establish the projects to be assured
• Establish the level of assurance required for different projects based on risk
• Obtain and deploy the necessary level of capable resources for assurance

Source: *Assurance for major projects*, National Audit Office, UK, 2012.

▶ **Principles**	▶ **Planning**	▶ **Governance**	▶ **Users**	▶ **Leadership**	**Strategic oversight**

Individual projects set in a central framework of strategic oversight and assurance

Recognise that strategic oversight adds value

Effective oversight and assurance arrangements add value by helping to deliver successful projects. They can support learning and improvement. Having a central framework of strategic oversight and assurance can create the conditions in which people share lessons and experiences both across an organisation and with other public sector bodies. Learning from previous projects should be a key part of the planning for every new project.

As this document shows, a wealth of information exists on lessons learned from ICT projects across the world. There is no shortage of intelligence to share around public bodies and to encourage discussions about successes and difficulties. Our list of further reading details the documents we have used; these, in turn, have further reading lists.

'One of the most important lessons to be learned from these projects is the absolute necessity of having a coherent framework to govern and oversee ICT-enabled projects and to provide mechanisms for guidance, support and improvement. This is essential for large complex multi-agency projects but is also important for smaller projects.'

Management of ICT Projects by Government Agencies 🖥, Public Accounts Committee, Legislative Assembly of the Northern Territory, Australia, 2014.

Our reports

Managing ICT contracts: an audit of three public sector programmes ⊕, Audit Scotland, August 2012.

Managing ICT contracts in central government: an update ⊕, Audit Scotland, June 2015.

The 2014/15 audit of NHS 24: Update on management of an IT contract ⊕, Audit Scotland, October 2015.

Common Agricultural Policy Futures Programme: an update ⊕, Audit Scotland, May 2016.

The 2015/16 audit of NHS 24: Update on management of an IT contract ⊕, Audit Scotland, October 2016.

Managing new financial powers: an update ⊕, Audit Scotland, March 2017.

Useful references

Scottish Government Digital Directorate ⊡.

Scottish Public Sector Digital First Service Standards ⊡.

Scottish Government ICT Assurance Framework ⊡.

Scottish Government Programme and Project Management Centre of Expertise (PPM-CoE) ⊡.

Scottish Local Government Innovation Exchange ⊡.

Scottish Local Government Digital Office ⊡.

UK Government Digital Service (GDS) ⊡.

Further reading

Delivering successful IT-enabled business change 🖳, National Audit Office, UK, 2006.

Universal Credit: from disaster to recovery? 🖳, Institute for Government, UK, 2016.

Making a success of digital government 🖳, Institute for Government, UK, 2016.

Common Causes for Failure in Major ICT-enabled Programs and Projects 🖳, Government of South Australia, 2012.

Making IT work: harnessing the power of health information technology to improve care in England 🖳, National Advisory Group on Health Information Technology in England, Wachter, 2016.

Lessons Learned from Government ICT Projects Part A 🖳, Dutch Court of Audit, Holland, 2007.

Investing Smarter in Public Sector ICT: Turning Principles into Practice 🖳, Victorian Auditor-General's Office, Australia, 2008.

Top 10 Lessons Learned from ICT-enabled Projects and Programmes 🖳, New Zealand Government, 2014.

Managing risks in government 🖳, National Audit Office, UK, 2011.

Management of ICT Projects by Government Agencies 🖳, Public Accounts Committee, Legislative Assembly of the Northern Territory, Australia, 2014.

Digital Dashboard: Status Review of ICT Projects and Initiatives – Phase 2 🖳, Victorian Auditor-General's Office, Australia, 2016.

Welfare reform – lessons learned 🖳, National Audit Office, UK, 2015.

Early review of the Common Agricultural Policy Delivery Programme 🖳, National Audit Office, UK, 2015.

Assurance for major projects 🖳, National Audit Office, UK, 2012.

Results of the development of the state's information systems 🖳, Report of the National Audit Office, Estonia, 2010.

eGovernment Benchmark 2016: A turning point for eGovernment development in Europe? 🖳, European Commission, 2016.

Key lessons from Scottish Government independent assurance reviews 🖳, Scottish Government, 2015.

Large Information Technology Projects 🖳, Report of the Auditor General of Canada, 2006.

Digital transformation in government 🖳, National Audit Office, UK, 2017.

Principles for a digital future:

Lessons learned from public sector ICT projects

This report is available in PDF and RTF formats,
along with a podcast summary at:
www.audit-scotland.gov.uk

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AUDIT SCOTLAND

SOUTH LANARKSHIRE COUNCIL

Report

Report to:	**Risk and Audit Scrutiny Forum**
Date of Meeting:	**13 June 2018**
Report by:	**Executive Director (Finance and Corporate Resources)**

Subject:	**Audit Scotland – Financial Overview 2016/17**

1. Purpose of Report

1.1. The purpose of the report is to:-

   ♦ provide the Forum with a summary of the information contained within the Audit Scotland Report 'Financial Overview 2016/17' published in November 2017.

2. Recommendation(s)

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

   (1) that the key messages and recommendations of the Audit Scotland Overview Report 2016/17, as detailed in sections 4 to 6, be noted; and

   (2) that the Council's position in relation to these messages/recommendations, as detailed in section 7, be noted.

3. Background

3.1. In November 2017, Audit Scotland published the Financial Overview 2016/17 report on behalf of the Accounts Commission. Audit Scotland publish two overview reports each year, this one focuses on financial matters, and the other, on councils' performance and challenges, was published in April 2018. A copy of the report can be found on the Audit Scotland website (Audit Scotland - Financial Overview 2016/17).

3.2. The Audit Scotland report is divided into 3 parts, namely:
   - Part 1: Councils' Income and Budgets for 2016/17
   - Part 2: 2016/17 Financial Performance
   - Part 3: Financial Outlook

3.3. The key messages from each of the 3 parts of this report are outlined in sections 4, 5 and 6 below.

3.4. In addition to these key messages, the report poses a number of questions for consideration by Councillors. These are detailed in Appendix 1 to the report, with the Council's position in relation to these questions, summarised in section 7.

4. Part 1 – Councils' Income and Budgets for 2016/17

4.1. A number of key messages are presented in the report in relation to councils' income and budgets for 2016/17, namely:

   - 2016/17 was a challenging year for councils with a real-terms reduction in revenue funding, a continuation of the council tax freeze, inflationary pressures and the cost of new UK and Scottish Government policy commitments.

- Councils depend on Scottish Government funding for the majority of their income. The largest element of Scottish Government funding, relating to Grant Aided Expenditure, has remained largely unchanged since 2008/09, with additional funding linked to supporting national policies. The report says that the Scottish Government and COSLA must be sure that the funding formula remains fit for purpose. It is important that it is suited to improving outcomes for local communities while continuing to reflect priorities within and across council areas.

- In response to funding reductions, councils approved about £524 million of savings and the use of £79 million of their reserves when setting budgets for 2016/17. Councils' savings plans have focused on reducing staff numbers, rationalising surplus property and improving procurement of goods and services. Councils were not always clear in their budget-setting reports about the risks associated with savings and their potential impact on levels of service.

- Councils' budget-setting processes for 2016/17 were complicated by later confirmation of funding from the Scottish Government and the funding arrangements for integrating health and social care.

- Councils set larger capital budgets in 2016/17 than in 2015/16. The Scottish Government capital grant fell and councils planned to fund expenditure through increased borrowing.

5. Part 2 – 2016/17 Financial Performance
5.1. A number of key messages are presented in the report in relation to the 2016/17 Financial Performance of councils, namely:

- All councils received an unqualified audit opinion on their 2016/17 accounts but the accounts could more clearly explain their financial performance.

- Councils are showing signs of increasing financial stress with 20 councils drawing on their usable reserves in 2016/17.

- Councils' actual use of reserves was often quite different from that originally planned. The reasons why are not always clear.

- Auditors found that budget-setting needed to be more robust and that financial management could be improved in several councils.

- Levels of net debt increased by £836 million in 2016/17. On average, councils spent almost ten per cent of their revenue budgets servicing this debt.

- Councils that have been proactive in making difficult decisions will be better placed to deal with future financial pressures.

6. Part 3 – Financial Outlook
6.1. A number of key messages are presented in the report in relation to the Financial Outlook for councils, namely:

- The financial outlook for councils remains challenging with further real-term reductions in funding and a range of cost and demand pressures on budgets

- In total, councils approved £317 million of savings and the use of £105 million of reserves when setting budgets for 2017/18

- Some councils relying heavily on the use of reserves to fund services will need to take remedial action or they will run out of General Fund reserves within two to three years

- Robust medium-term financial strategies and savings plans are increasingly critical to the financial sustainability of councils

- Strong leadership is increasingly important and it is essential that councillors work effectively with officers, their partners and other stakeholders to identify and deliver necessary savings.

7.   South Lanarkshire Council – Financial Overview 2016/17

7.1.   The Audit Scotland report contains a number of tables that set out information for all councils. For the majority of indicators, South Lanarkshire Council results were in the main grouping of councils. However, there were four areas where results could potentially be classed as outliers, these are detailed below:

7.2.   **Change in Revenue Reserves (excluding HRA) as a percentage of Income**
South Lanarkshire Council's change in revenue reserves as a proportion of annual income is 3.6%, the highest increase in Scotland. This increase in reserves can be explained by a transfer to Reserves of £18.3m in lieu of planned early debt repayments that were not made in 2016/17. In addition to this, in year underspends for 2016/17 were also approved for transfer to Reserves at the end of the year.

7.3.   **Difference between planned and actual use of General Fund reserves as a proportion of income**
South Lanarkshire Council used significantly less reserves than planned in 2016/17, ranking 2nd in terms of less use of reserves. This reflects the impact of the additional transfers to Reserves made instead of the planned early repayment of debt, as well as underspends experienced in-year.

7.4.   **Revenue Costs of General Fund Borrowing**
South Lanarkshire Council ranks 16th in terms of the revenue costs of General Fund borrowing expressed as a percentage of income. However, in terms of principal repayment, the Council has the lowest proportion of principal costs (2%) compared to other authorities. This reflects the profile of debt servicing payments made by the Council in 2016/17.

7.5.   **Council Net External Debt**
South Lanarkshire Council has the highest level of General Fund external debt, expressed as a percentage of income for 2016/17. This includes the Councils commitments in relation to PPP arrangements, which are managed through the Councils Revenue account, as well as funding for the Primary School Modernisation Programme. However, as noted above in Section 7.4, the costs of servicing the Council's debt are within the mid-range of all authorities, even though the debt level is the highest.

8.   Questions for Councillors

8.1.   Throughout the Audit Scotland report there are a number questions for the attention of Councillors. For each question, Audit Scotland suggests that Councillors should consider 'What do I know?' and 'Do I need to ask further questions?'.

8.2.   The questions, which cover a variety of issues, are listed within Appendix 1 along with the Council's position in relation to each of the areas identified.

9.   Employee Implications

9.1   None.

10.   Financial Implications

10.1   The Audit Scotland Report raises a number of financial areas for consideration by Councils, however, there are no direct financial implications as a result of the content of this report.

11.   Other Implications

11.1   There are no implications for risk or sustainability in terms of the information contained in this report.

12.   Equality Impact Assessment and Consultation Arrangements

12.1.   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.

12.2.   There is also no requirement to undertake any consultation in terms of the information contained in the report.

Paul Manning
Executive Director (Finance and Corporate Resources)
17 April 2018

Link(s) to Council Values/Ambitions/Objectives

♦ Accountable, Effective, Efficient and Transparent

Previous References

♦ None

List of Background Papers

♦ Local Government in Scotland – Financial Overview 2016/17 – Audit Scotland November 2017

Contact for Further Information

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

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Audit Scotland Questions for Elected Members	South Lanarkshire Council Perspective
Budget Setting • Does your council have a medium term financial strategy aligned with corporate objectives? • How does annual budget setting link to medium term financial planning? • How is your council preparing for any further real terms reduction in Scottish Government funding? • If your council plans to raise council tax do you know how much it will raise? How will you communicate and explain the reasons for the rise to constituents? • What impact will savings have on the delivery of services? What are the potential risks?	The Council's current 3 year (medium term) financial strategy ends with financial year 2018/19. A new medium term financial strategy, covering 2019/20 to 2021/22 is being prepared and will be presented to members during 2018. Similar to the previous strategy, this will also highlight the longer term strategy including commentary and assumptions where possible As has been the case in previous years, the annual budget setting process will serve as an update to the medium term financial plan. The Council's priorities are considered in the development of the medium term strategy, as well as the annual budget updates. One of the main budget assumptions is the level of government grant. In recent years, scenarios have focussed on the level of funding reductions. This has formed an integral element of the medium term budget process. The budget strategy for 2018/19 was refreshed following the receipt of the local government settlement in December 2017, and update in March 2018. A 3% increase in Council Tax for 2018/19 was agreed by members as part of the 2018/19 budget setting exercise. Savings packages were compiled to focus, as far as possible, on efficiency and outturn savings, thus minimising the impact on front line service delivery. In terms of service impact, every effort is made to mitigate the impact on service delivery, where possible still delivering, but perhaps in a new or more innovative way.

Audit Scotland Questions for Elected Members	South Lanarkshire Council Perspective
Financial and Savings Plans • What is your council's financial position? What particular challenges does the council face? • Does your council have a savings plan? What are the options to close future funding gaps? • What measures in the council's corporate and transformational plans are aimed at addressing the underlying demand for some services?	For 2017/18, the Council has presented a positive Probable Outturn position with transfers to reserves proposed which will to assist in future Revenue Budget Strategies. Moving forward, the 2018/19 Budget position currently relies on making savings with a lesser reliance on Reserves than previously anticipated. This will assist the Council into the following years. The ongoing uncertainty brought about by single year financial settlements from the Scottish Government continues to pose a challenge. Better planning for budgets could take place if grant allocations for future years were available earlier. Preparation of detailed budgets for the financial year begin more than a year in advance. Single year grant settlements, mean that budget are currently prepared using estimates, bringing uncertainty into the process. The medium term financial strategy will identify the medium term savings requirements and officers will work to identify savings as well as corporate financial solutions to close any funding gaps. In arriving at the expenditure assumptions within the financial strategy, a number of factors are taken into account including investments in Council Priorities, and the impact of changing demographics. The cost of social care has increased significantly in recent years and this trend is expected to continue. National pay negotiations for all employees, continue to be a significant element of the budget investments required. Connect is the Council Plan for South Lanarkshire, it sets out the Councils' vision, values, ambitions and what the Council hopes to achieve over the next five years. The plan takes account of the context within which it must be delivered. Connect makes links to issues which influence the context for service delivery including: legislative changes, population changes and tackling disadvantage. Progress towards meeting objectives is the subject of regular monitoring and reports on progress towards milestones are regularly presented to committees and the public.

Audit Scotland Questions for Elected Members	South Lanarkshire Council Perspective
Reserves • What is the Council's reserves policy? • What have reserves been used for in recent years? Supporting services and bridging the funding gap or transforming services? • What are the different types of reserves your council holds? Do you know what these can be spent on? • What is the likely use of reserves for 2017/18? How does this compare to forecast funding gaps? • What are the levels of reserves held by your council's IJB? Are these in line with the IJB's reserve policy?	The Council has a Reserves Strategy which forms part of the Council's overall Budget Strategy. Annual updates on the Council's budget strategy, as reported to the Executive Committee for approval, detail the proposed use of reserves where appropriate. Updates highlight the unsustainable nature of reserves as a funding source. In the past, a number of the Council's specific Reserves, such as HRA, Repairs and Renewals and the Capital Fund, were used to support services by carrying forward committed sums. More recently, on a multi-year basis, reserves have formed part of the Council's medium term revenue budget strategy. This includes use of the Capital Receipts Reserve (Capital Fund) and the Earmarked General Fund. Members were provided with the details of the Council's useable reserves. In addition, the Council's medium term revenue budget strategy details the types of reserves held and how they can be used. The 201718 Probable Outturn has shown a positive outcome for the year and it is proposed that monies be transferred to Reserves at the end of the year. The South Lanarkshire IJB carried forward monies at the end of its first year, 2016/17. This was in line with the agreed reserves policy.
Levels of debt and affordability • What share of your council's budget is taken up with interest payments and debt repayment?	Updates on the Council's budget strategy, as reported to Executive Committee for approval, detail the position in relation to planned capital expenditure and the Treasury Management Strategy. The updates provide information on borrowing and debt projections.

Audit Scotland Questions for Elected Members	South Lanarkshire Council Perspective
• What proportion of the council's debt is linked to inflation (ie, subject to indexation)? What does that mean for longer term affordability?	The Council's loan charges budget is presented to Executive Committee on a 4 weekly basis. For 2017/18, this represents 8.6% of the total net expenditure budget. In addition, quarterly updates are given to the Finance and Corporate Resources Committee on the Treasury Management function, and includes the position on debt levels. The Council also has a PPP arrangement for the provision of its Secondary School estate. This includes an annual payment for running the schools and for financing the build costs. Payments are index linked. The financial implications are included in the Council's Budget Strategy.
Budget outturn reports and management commentaries • Do budget monitoring reports clearly explain performance against plans and any changes to plans? • Do management commentaries clearly explain council performance and any changes to plans?	Any significant variances against budgeted expenditure/income are reported to Executive Committee on a 4 weekly basis, then onwards to the Revenue Budget Scrutiny Forum and the relevant Resource Committees. Each year the probable outturn exercise is undertaken and the results, including any variances expected to arise before the year end, are reported to the Executive Committee and the relevant Resource Committees. At year end outturn reports, and the management commentaries, include details of the financial performance for the year, including a comparison of the planned outturn and the actual position, and reasons for the variances.

Audit Scotland Questions for Elected Members	South Lanarkshire Council Perspective
Financial scrutiny • What additional training would you like to receive to develop your knowledge and skills in financial scrutiny?	All members were invited to attend initial financial training after the 2017 Council elections. This training was carried out by senior finance officers of the council, and covered an introduction to Local Government Finance as well as specifics about each of the functions of the Finance Service. In addition, a financial training session was also provided by CIPFA. There was also a specific session delivered by Internal Audit regarding the role of elected members on the Risk and Audit Scrutiny Forum External Audit playing a part in this training session. Future members training sessions are planned with members being able to input into the agenda. At all Committees and Forums, senior Finance officers talk through any financial papers and are available to answer any questions.
Charging for services • Does your council have a charging policy? Is this in line with corporate plans and objectives? When was this last reviewed? • What information do you need to be able to explain increases in fees and charges to your constituents?	The Council has policies for charging for Social Care Services. A Council-wide charging policy is being developed. Information on charges for most services is readily available. Throughout the year, income from fees and charges are regularly reported to the Revenue Budget Scrutiny Forum on a Resource Basis. The impact of changes in fees or charges is considered as part of the overall budget strategy and savings approval process. When proposals are put forwards to increase fees, the level of existing charge, and how other providers of similar services charge are taken into account (including other councils' charges). Consideration is also made to who is affected by the charges, and whether individuals or groups may be affected by more than one charge increase. Cost recovery is a key consideration in setting the charges for non-statutory services.

Audit Scotland Questions for Elected Members	South Lanarkshire Council Perspective
Exit packages • Are staff severances in line with the council's workforce plan? • How does the council ensure that councils have the capacity to delivery transformational change? • Do you know the implications of your council's pension liabilities of staff retiring early?	The Councils Strategic Workforce Plan, covering the period 2017 to 2020, was approved by Executive Committee in March 2017, with Resource specific plans being approved at the appropriate Resource Committees thereafter. These plans are reviewed on an annual basis and close attention is paid to projected savings and ongoing service reviews in looking at any changes required. This highlights any potential severance requirements, but more importantly also provides a managed process for workforce reduction. Workforce planning is an integral element of Connect, and is key to ensuring that the right people, are in the right place, at the right time, to deliver the objectives of the plan. The strong link between workforce planning and the Council plan ensures that the Council is able to work towards achieving its objectives and delivering change. All exit packages are supported by a fully costed business case with identified savings. These are approved through the Executive Director (Finance and Corporate Resources) and the Head of Personnel, with the exception of Chief Officers and statutory roles where approval is sought from Committee. Regular reports are presented to the Finance and Corporate Resources Committee in relation to costs associated with Early Retirement and Voluntary Severance.
Capital programmes • How clearly does the council's capital programme link with the asset management plan and corporate objectives? • Has non-delivery of the capital programme (ie. slippage) been significant at your council in recent	The Council's capital programme is presented to Committee for approval after having been collated by officers giving consideration to service need and the corporate objectives of the Council. Asset Management Plans inform the requirement for physical build projects as well as other Council Resources such as Fleet and Roads. For any project value over £2m an option appraisal is carried out, showing the service delivery options considered and justifying the proposed project. The Council's capital programme is a multi-year programme and variances in spend over years,

Audit Scotland Questions for Elected Members	South Lanarkshire Council Perspective
years? Why?	reflect the wide and varied programme, where issues such as negotiating land purchases, managing a multi project schools modernisation programme or liaising with partners to achieve the best outcomes for a project, are managed. Changes to the capital programme, as a result of acceleration/slippage of projects are presented to the Executive Committee for approval on a regular basis.

South Lanarkshire Council

Interim Audit Report 2017/18

✓AUDITSCOTLAND

Prepared for South Lanarkshire Council
May 2018

Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.

- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.

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- carrying out relevant and timely audits of the way the public sector manages and spends money

- reporting our findings and conclusions in public

- identifying risks, making clear and relevant recommendations.

Contents

Audit findings

Introduction

1. This report contains a summary of the key issues identified during the interim audit work carried out at South Lanarkshire Council during January to April 2018.

2. Our interim work included testing of key controls within financial systems and verification to source documentation of significant income and expenditure transactions up to December 2017. As the income and expenditure verification testing was performed prior to the 2017/18 financial year end, the need for additional testing will be considered as part of the financial statements audit to ensure sufficient audit coverage for the full year is achieved.

3. We will consider the results of this testing when determining our approach to the audit of the 2017/18 annual accounts.

4. Our responsibilities under the *Code of Audit Practice* require us to assess the system of internal control put in place by management. We seek to gain assurance that the audited body:

- has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements

- has systems of internal control which provide an adequate means of preventing and detecting error, fraud or corruption

- complies with established policies, procedures, laws and regulations.

5. We are also required to carry out work on the audit dimensions as set out in the Code of Audit Practice. We are currently reviewing the arrangements in place to measure and monitor performance across the Council, and the extent to which the authority is able to demonstrate that this helps drive continuous improvement. The findings from this work will be reported in our Annual Audit Report, which will be presented to the Council in September.

Conclusion

6. We did not identify any issues which present a risk of material misstatement for the 2017/18 financial statements. However, we have reported in Exhibit 1 a number of other issues and risks to management for consideration. Where we will be carrying out additional work in response to the finding this is included along with the issue identified. This additional testing will enable us to take planned assurance for our audit of the 2017/18 annual accounts.

Work summary

7. Our 2017/18 testing considered key controls in a number of areas including:

• Bank reconciliations	• IT access
• Payroll controls	• Budget monitoring
• Authorisation of journals	• Feeder system reconciliations
• Change of supplier bank details	• Controls for preventing and detecting fraud

8. In accordance with *ISA 330: the auditor's response to assessed risk*, our audit judgements are based on current year testing of controls and where appropriate prior year results. Our risk based audit approach allows us to take a three-year cyclical approach to controls testing. This approach enables us to place reliance on previous years' audit work where controls remain unchanged and no significant weaknesses had been identified. Also, where possible we place reliance on the work of internal audit to avoid duplication of coverage and make the best use of available audit resources.

9. The contents of this report have been discussed with relevant officers to confirm factual accuracy. The co-operation and assistance we received during the course of our audit is gratefully acknowledged.

Risks identified

10. The key control and wider dimension risks identified during the interim audit are detailed in Exhibit 1. The findings will inform our approach to the financial statements audit.

11. Any weaknesses included in this report are only those that have come to our attention as a result of our normal audit procedures; consequently, this report should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made. It is the responsibility of management to decide on the extent of the internal control system appropriate to the council.

Additional audit work

12. Whilst no errors have been identified as a result of our audit work to date, the control weaknesses identified mean that additional audit work is required to allow us to obtain the necessary assurances for the audit of the 2017/18 financial statements. Specifically this will focus on extending our substantive testing of journals and verifying the existence of a sample of employees.

Exhibit 1

Key findings and action plan 2017/18

Issue identified	Management response	Responsible officer and target date
Financial statements issues and risks		
Approval of journal entries The council's financial ledger is the system for recording all transactions and preparing the financial statements. Journal entries are the means by which the council's financial ledger is manually updated. To prevent error	As reported last year, management advised that they are aware of this risk but highlighted that this is mitigated to an extent by the other controls in operation which include: • The provision of 4 weekly reports listing journals with a value of over £100,000 to	Not applicable – no planned action.

Issue identified	Management response	Responsible officer and target date

and fraud we would expect each journal entry to be prepared and authorised by different members of staff.

During 2016/17 we identified that this control is not in operation within the Council as management believe any risk is mitigated by the other controls in place as set out within the 'Management response' column.

As the ability of officers to approve their own journals increases the risk that invalid, erroneous or fraudulent journals could be posted to the financial ledger, we will extend our journal testing to gain assurance that significant and high risk journals have been correctly processed.

relevant managers within Resource Directorates for review,

- Internal budget monitoring arrangements which should identify and correct any significant mis-postings,

- Restrictions on which staff are able to complete journals and the ledger codes that they can post to,

- Electronic audit trail within the system of who has raised and approved all journals, and

- No risk of cash loss to the council as journals only move money around the ledger.

Confirmation of payroll standing data

The payroll masterfile contains all of the standing data required for the system to calculate and make payments to employees (for example, rates of pay, allowances, bank details etc.). To ensure that payments are made at the correct rates and only to valid employees, payroll standing data should be periodically validated to the records of employing services (Resources).

We established as part of our 2016/17 testing that the last formal exercise to positively confirm the validity of payroll data with managers within Resources was carried out in 2015.

During 2017/18 Personnel conducted a full staff verification exercise but only received 79% of responses (details of around 2,500 out of 12,000 staff not confirmed). We noted that the lowest response rates related to Education (43%) and Social Work (76%) who also had the highest levels of outstanding staff overpayments at 31 December 2017 (£0.121 million and £0.054 million respectively).

The lack of a fully complete employee confirmation exercise increases the risk that payroll errors are undetected. To address this risk we will extend our testing to include the verification of payroll information for a sample of

The payroll verification exercise is being repeated in Education Resource Directorate during May 2018 to improve the response rate. The request to Education Managers was accompanied by communication from the Executive Director to support managers in their completion of the returns. As of end of the exercise the response rate was 88%, with a follow up now planned to target remaining responses.

Payroll data verification is one of tools used to ensure employees are correctly set up and paid. As reported last year, management advised that the risk of payroll errors is mitigated to an extent by other controls in operation which include:

- Checking of payroll data is part of every managers responsibility and they have the facility to check their employees information at any point via the online People Connect system, and

- Regular internal budget monitoring arrangements should identify any payroll overspends.

Overpayments overall are a small percentage of the total Council paybill. There appears no obvious link to non-completion of the payroll data verification exercise. All overpayments are pursued to ensure repayment, and repayment plans or debtors accounts are in place for the majority of outstanding amounts.

Personnel Services Manager

June 2018 (for update on Education position)

Issue identified	Management response	Responsible officer and target date
employees from across Resource Directorates.		

Audit dimensions issues and risks

Blue (disabled parking) badges We established through discussions with the Benefits and Revenue Manager that the Council do not actively pursue the return of blue badges in the event of the death of the badge holder. **There is a risk that these blue badges could be fraudulently used, or sold on.**	The Blue Badge team receive updates on deceased customers through Tell Us Once. The badge is then cancelled through the Blue Badge national system and the Parking Unit are informed. 1,398 badges for deceased customers were cancelled last year. This was a combination of Tell Us Once and direct contact from customer representatives. The Council website and any related correspondence stipulates that a Blue Badge should be returned when the holder is deceased. The approach has been to avoid contacting next of kin to request the return of a blue badge, on the basis that it could be deemed inappropriate and insensitive. The Council relies on parking wardens identifying inappropriate use. 46 incidents of misuse were reported last year (for live blue badges, not badges from deceased individuals) and of these, 3 were cancelled. This is a negligible proportion of the number of blue badges in use (15,488). Given the relatively low levels of reported misuse, no further action is proposed.	Not applicable – no planned action.
Policies and procedures As part of our interim work we reviewed the Council's current policies to establish whether they were up-to-date and regularly reviewed. This identified two policies which did not appear to have been reviewed for a number of years: • Code of Conduct for Employees (dated September 2011) • Fraud Whistleblowing for Third Parties policy (dated December 2011) **There is a risk that these policies do not reflect current practices and requirements.**	The Code of Conduct for Employees has recently been reviewed and the latest version (March 2018) is available on the Council's intranet. The policy on Fraud Whistleblowing for Third Parties has been revised and will be presented to the Finance and Corporate Resources Committee on 20 June 2018.	Not applicable – both policies have now been updated.

Other audit work and discussions

Review of internal audit accounts payable work

13. Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to rely on the

work of internal audit wherever possible and as part of our planning process we carried out an assessment of the internal audit function at the Council. This confirmed that the internal audit function has sound documentation standards and reporting procedures in place and complies with the main requirements of the Public Sector Internal Audit Standards (PSIAS).

14. During the year the internal audit team undertook a comprehensive review of the operation of all of the controls over the payables function, including the controls for the iProcurement system. We have reviewed this work, with reference to International Standard on Auditing 610 - Using the work of internal auditors, to confirm that we can place reliance on these controls for the 2017/18 financial statements audit.

15. Review of internal audit's work concluded that this had not identified any weaknesses in the payables control environment that could result in a material misstatement in the information produced from the system. As a result we are able to place reliance on the operation of these controls for the 2017/18 financial statements audit.

Housing Repairs initial systems review

16. During April 2018 we met with representatives from the Council's housing repairs team to establish the key controls over the completion and charging for housing repairs. In support of these controls we obtained copies of key policies, procedural guidance and other evidence demonstrating how the controls should operate in practice. This work was undertaken as part of our wider code of audit practice responsibilities rather than to provide assurance for the financial statements audit.

17. We have now developed tests for each of the key controls identified and plan to undertake targeted testing as part our 2018/19 audit activity to confirm that the controls are operating as expected.

Cyber Resilience

18. Like all organisations, the Council faces the risk of cyber attacks targeting ICT systems, networks and infrastructure. The threat to public sector organisations is very real as evidenced by a recent "WannaCry" ransomware attack on the NHS. While there is a persistent risk from new threats and vulnerabilities which may result in unauthorised access and subsequent damage or interruption to its IT services, the Council maintains an awareness of such risks by running internal and external vulnerability scans. The council is an active member of the NCSC's Cybersecurity Information Sharing Partnership (CiSP), which is a valuable source of intelligence on developing cyber threats. In mid-April US and UK intelligence agencies issued a joint technical alert describing a global assault on routers, switches, firewalls, and network intrusion detection hardware by Russian state-sponsored cyber hackers.

19. The Council has committed to fully implementing the Scottish Government's Cyber Resilience Public Sector Action Plan by the end of 2018. This includes achieving the associated Cyber Essentials Plus accreditation. Cyber Essentials is a scheme sponsored by the National Cyber Security Centre that aims to guard against the most common cyber threats and demonstrate commitment to cyber security. The Council aims to be in the position to achieve the Cyber Essentials Plus accreditation by October 2018.

20. Like the Internet, the Public Services Network (PSN) is made up of different networks which are connected together. To provide the performance, resilience, and security required by the public sector, the PSN is unified by an agreed set of standards with which all users, suppliers and customers must comply. These standards, the PSN Codes and Conditions, are administered by the Cabinet Office's Digital Service.

21. Each year the Council submits an application for continuing Public Services Network (PSN) accreditation. Following an IT Health Check assessment by an independent assessor the Council completed a remediation action plan which it

sent with its PSN submission. Following a period of work completing these remediation actions, the updated PSN application is now with the Cabinet Office for assessment.

Performance, outcomes and improvement best value work

22. As part of our 2017/18 audit work we are reviewing the Council's Performance Outcomes and Improvement arrangements. This considers how performance is measured and monitored across the Council, and to what extent the authority is able to demonstrate that this helps drive continuous improvement. It also looks at how the Council's corporate priorities have been embedded within the organisation and reflected within plans of each Resource Directorate.

23. This fieldwork is currently being conducted and the findings will be reported within our 2017/18 Annual Audit Report.

Grant claim certification work

Education maintenance allowances claim

24. We have arranged to complete the sample testing for the 2017/18 education maintenance allowances claim in June 2018. The results of this testing will help inform our opinion on whether the claim is fairly stated and in accordance with the EMA guidance and processes issued by the Scottish Government which we are required to provide by the certification deadline of 31 July 2018.

Housing benefit subsidy claim

25. Each year, the Council makes a claim to the Department for Work and Pensions for subsidy in respect of housing benefit paid out by the council (£88.5 million in 2016/17). As the Council's external auditors, we are required to certify that the claim is fairly stated and in accordance with specified terms and conditions.

26. As part of our work in support of our certification of the 2017/18 housing benefit subsidy claim, we undertake detailed testing on a sample of cases to confirm that benefit has been awarded in accordance with regulations, and that the correct level of subsidy has been claimed. At present, we have nothing to report in this regard.

Publications

27. All of our reports will be published on Audit Scotland's website: www.audit-scotland.gov.uk.

South Lanarkshire Council

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South Lanarkshire Council

Local Scrutiny Plan 2018/19

April 2018

South Lanarkshire Council

Local Scrutiny Plan 2018/19

Introduction

1. This local scrutiny plan (LSP) sets out any scrutiny risks identified by the local area network (LAN), proposed scrutiny responses and expected scrutiny activity for South Lanarkshire Council during the financial year 2018/19.

2. The scrutiny risks and responses are based on a shared risk assessment undertaken by the LAN, comprising representatives of all scrutiny bodies which engage with the Council:

   - Audit Scotland
   - Care Inspectorate
   - Education Scotland
   - Scottish Housing Regulator

3. The shared risk assessment process draws on a range of evidence with the aim of determining a proportionate programme of scrutiny activity for the Council and South Lanarkshire Integration Joint Board.

4. Expected scrutiny activity across all councils in Scotland informs the National Scrutiny Plan for 2018/19, which is available on the Audit Scotland website.

Scrutiny risks

5. The LAN's risk assessment of the council did not identify any areas where specific scrutiny was required, other than that which is nationally directed or part of a planned programme of work.

Scrutiny activity

Audit Scotland

6. In June 2016 the Accounts Commission agreed a revised approach to auditing Best Value. Best Value will be assessed over the five year audit appointment, as part of the annual audit work. In addition, a Best Value Assurance Report (BVAR) for each council will be considered by the Accounts Commission at least once in this five year period. The current BVAR programme includes publication of a report for South Lanarkshire Council in 2019. The scope and timing of the work to be carried out, as part of the 2018/19 audit, will be discussed with the Council in due course. In the meantime, Best Value audit work planned for 2017/18 will focus on the council's arrangements for

demonstrating Best Value in "Performance, Outcomes and Improvement", and will be reported in the Annual Audit Report.

7. Audit Scotland also plans to undertake centrally directed performance audit work in a number of areas covering local government during 2018/19, including Health and social care integration part 2 and Children and young people's mental health services. Audit Scotland will engage with individual councils selected for site work in due course. Information on the future programme of audit work is available on the Audit Scotland website: http://www.audit-scotland.gov.uk.

8. No additional risk based scrutiny is planned.

Care Inspectorate

9. During 2018/19 the Care Inspectorate intends to visit three health and social care partnerships to report on progress towards a more collaborative culture and integrated approach to planning and delivering services.

10. Scottish ministers have asked the Care Inspectorate to lead another programme of joint inspections of services for children and young people. The Care Inspectorate intends to carry out five joint inspections during 2018/19.

11. A thematic review of self-directed support will carried out during 2018/19. Inspections will be undertaken in a number of areas with the aim of identifying factors which support effective delivery of self-directed support and any barriers to implementation.

12. The Care Inspectorate has not identified any specific risk based scrutiny work in addition to the nationally directed or continuing work programmes and general inspection.

Education Scotland

13. South Lanarkshire Council received support funding for 20 schools from the Scottish Attainment Challenge. Education Scotland will continue to liaise with schools as appropriate.

14. Education Scotland will undertake a strategic inspection of community learning and development within South Lanarkshire during 2018/19.

15. There will be no other additional scrutiny in 2018/19, other than that which is nationally directed or part of ongoing work programmes, including general inspection and support activity that Education Scotland provides to the council.

Scottish Housing Regulator

16. To assess the risk to social landlord services, the Scottish Housing Regulator (SHR) has reviewed and compared the performance of all Scottish social landlords to identify the weakest performing landlords.

17. It found that the council has weaknesses in relation to: factored owners satisfaction with the services they receive; SHQS abeyances and failures by one criteria; and time to complete non emergency repairs. In relation to the council's homelessness service, it identified risks in relation to: provision of temporary accommodation; length of time in temporary accommodation; the number of households placed in B&Bs; and the percentage of RSL lets to homeless households.

18. The council have advised that they taken a number of steps to address the low levels of factored owners' satisfaction identified in the 2015/16 survey and plan to undertake a follow up survey during 2018/19 to establish the extent to which these have successfully addressed factored owners concerns.

19. SHR will monitor the council's progress in addressing the housing and homelessness service weaknesses identified in this plan. It will review the council's six monthly performance management reports and meet council officials as necessary.

20. The Scottish Housing Regulator (SHR) may carry out thematic inquiries during 2018/19 or it may carry out survey or on-site work to follow up on published thematic reports. The SHR will also review the Scottish Social Housing Charter data submitted by landlords and carry out data accuracy visits during the second quarter of 2018/19. Where councils are to be involved in a thematic inquiry, any follow-up work to a published thematic inquiry, or a data accuracy visit, the SHR will confirm this directly with the council and the LAN lead.

General

21. For some scrutiny activity in 2018/19, scrutiny bodies are still to determine their work programmes and which specific council areas will be covered. Where a council is to be involved, the relevant scrutiny body will confirm this with the council and the appropriate LAN lead.

22. In addition to specific work shown in Appendix 1, routine, scheduled audit and inspection work will take place through the annual audit process and the ongoing inspection of school and care establishments by Education Scotland and the Care Inspectorate respectively. The outcomes of this work will help to inform future assessment of scrutiny risk.

Appendix 1: Scrutiny plan

Scrutiny body	Scrutiny activity	Date
Audit Scotland	Best Value Assurance Report (BVAR)	Spring 2019
	Audit Scotland plans to undertake performance audit work on Health and social care integration and Children and young people's mental health services.	Dates to be determined
Care Inspectorate	Joint inspections of service for adults.	Timing of inspections still to be determined.
	Joint inspections of service for children and young people.	Timing of inspections still to be determined.
	Thematic review of self-directed support.	Timing of review still to be determined.
Education Scotland	Education Scotland will undertake a strategic inspection of community learning and development.	Dates to be determined.
Scottish Housing Regulator (SHR)	The Scottish Housing Regulator will monitor the council's progress in addressing the housing and homelessness service weaknesses identified in this plan. It will review the council's six monthly performance management reports and meet council officials as necessary.	Six monthly
	The Scottish Housing Regulator (SHR) may carry out thematic inquiries during 2018/19 or it may carry out survey or on-site work to follow up on published thematic reports. The SHR will also review the Scottish Social Housing Charter data submitted by landlords and carry out data accuracy visits during the second quarter of 2018/19. Where councils are to be involved in a thematic inquiry, any follow-up work to a published thematic inquiry, or a data accuracy visit, the SHR will confirm this directly with the council and the LAN lead.	Quarter 2 2018/19

South Lanarkshire Council

Local Scrutiny Plan 2018/19

A summary of local government strategic scrutiny activity

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Report

Report to:	**Risk and Audit Scrutiny Forum**
Date of Meeting:	**13 June 2018**
Report by:	**Executive Director (Finance and Corporate Resources)**

| Subject: | **Financial Resources Scrutiny Forum Activity** |

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

♦ Provide, for information, a summary of reports considered by the Financial Resources Scrutiny Forum to May 2018.

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

(1) that the summary of reports considered by the Financial Resources Scrutiny Forum for the period October 2017 to May 2018, as detailed in Appendix 1 of this report, be noted.

3. Background
3.1. In May 2017, the Council agreed details relating to the review of Member Scrutiny Forums. This included consideration of the Terms of Reference and Powers and Responsibilities for the Forums. In respect of the Financial Resources Scrutiny Forum, the focus can be summarised as:

- scrutinise all of the Council's revenue budgets;
- review the financial and operational progress of the Council's capital programmes; and
- review the financial and operational progress of the Council's trading operations.

3.2. This report will cover items submitted to the Financial Resources Scrutiny Forum since the last update to this Forum in September 2017.

4. Agenda Items
4.1. The table attached at Appendix 1 notes the reports submitted to the Financial Resources Scrutiny Forum during the period October 2017 to May 2018, under the main areas of responsibility.

4.2. Further reports will be provided to this Forum on an annual basis advising of the business presented to the Financial Resources 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.   The main risk associated with the Council's Revenue Budget is that there is an overspend. The risk has been assessed as low given the detailed budget management applied across the Resources. The risk is managed through four weekly Budget Monitoring Meetings at which any variance is analysed. In addition, the probable outturn exercise ensures early warning for corrective action to be taken where appropriate.

7.2.   The main risk associated with the Council's Capital Programme is that there is an overspend. The risk has been assessed as low given the detailed project management plans prepared and monitored for each project. The risk of an overspend is managed through four weekly Investment Management Meetings.

7.3.   There are no implications for 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.

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

Paul Manning
Executive Director (Finance and Corporate Resources)

30 April 2018

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

Previous References
♦ Risk and Audit Scrutiny Forum, 20 September 2017
♦ South Lanarkshire Council, 18 May 2017

List of Background Papers
♦ None

Contact for Further Information
If you would like to inspect the background papers or want further information, please contact:-
Lorraine O'Hagan, Finance Manager (Strategy)
Ext: 2601 (Tel: 01698 452601)
E-mail: lorraine.o'hagan@southlanarkshire.gov.uk

Reports Submitted to Financial Resources Scrutiny Forum   **Appendix 1**

Date	Revenue Monitoring	Capital Monitoring	Trading Services Monitoring
5 October 2017	Provide an update on the position as at 18 August 2017 (period 6) for the following: • 2017/18 Financial Monitoring for the General Services Budget • 2017/18 Financial Monitoring for the Housing Revenue Account	Provide an update on the position as at 18 August 2017 (period 6) for the following: • Housing Capital Programme – Financial Information and Physical Progress • General Services Capital Programme – Financial Information and Physical Progress for Build, Non-Build and Roads Projects • General Services Exception Report (approved at Executive Committee on 27 September 2017).	Provide an update on the position as at 18 August 2017 (period 6) for the following: • 2017/18 Financial Monitoring for Trading Operations – Fleet, Roads and Property Services • Community and Enterprise Resources Trading Operations Financial and Operational Performance – Roads.
16 November 2017	Provide an update on the position as at 15 September 2017 (period 7) for the following: • 2017/18 Financial Monitoring for the General Services Budget • 2017/18 Financial Monitoring for the Housing Revenue Account	Provide an update on the position as at 15 September 2017 (period 7) for the following: • Housing Capital Programme – Financial Information and Physical Progress • General Services Capital Programme – Financial Information and Physical Progress for Build, Non-Build and Roads Projects • General Services Exception Report (approved at Executive Committee on 8 November 2017)	Provide an update on the position as at 15 September 2017 (period 7) for the following: • 2017/18 Financial Monitoring for Trading Operations – Fleet, Roads and Property Services • Housing and Technical Resources Trading Operations Financial and Operational Performance – Property.
14 December 2017	Provide an update on the position as at 13 October 2017 (period 8) for the following: • 2017/18 Financial Monitoring for the General Services Budget • 2017/18 Financial Monitoring for the Housing Revenue Account	Provide an update on the position as at 13 October 2017 (period 8) for the following: • Housing Capital Programme – Financial Information and Physical Progress • General Services Capital Programme – Financial Information and Physical Progress	Provide an update on the position as at 13 October 2017 (period 8) for the following: • 2017/18 Financial Monitoring for Trading Operations – Fleet, Roads and Property Services • Community and Enterprise Resources Trading Operations Financial and Operational

Date	Revenue Monitoring	Capital Monitoring	Trading Services Monitoring
		for Build, Non-Build and Roads Projects • General Services Exception Report (approved at Executive Committee on 6 December 2017)	Performance – Fleet.
8 February 2018	Provide an update on the position as at 8 December 2017 (period 10) for the following: • 2017/18 Financial Monitoring for the General Services Budget • 2017/18 Financial Monitoring for the Housing Revenue Account.	Provide an update on the position as at 8 December 2017 (period 10) for the following: • Housing Capital Programme – Financial Information and Physical Progress • General Services Capital Programme – Financial Information and Physical Progress for Build, Non-Build and Roads Projects • General Services Exception Report (approved at Executive Committee on 31 January 2018).	Provide an update on the position as at 8 December 2017 (period 10) for the following: • 2017/18 Financial Monitoring for Trading Operations – Fleet, Roads and Property Services • Community and Enterprise Resources Trading Operations Financial and Operational Performance – Roads.
8 March 2018	Provide an update on the position as at 5 January 2018 (period 11) for the following: • 2017/18 Financial Monitoring for the General Services Budget • 2017/18 Financial Monitoring for the Housing Revenue Account.	Provide an update on the position as at 5 January 2018 (period 11) for the following: • Housing Capital Programme – Financial Information and Physical Progress • General Services Capital Programme – Financial Information and Physical Progress for Build, Non-Build and Roads Projects • General Services Exception Report (approved at Executive Committee on 28 February 2018).	Provide an update on the position as at 5 January 2018 (period 11) for the following: • 2017/18 Financial Monitoring for Trading Operations – Fleet, Roads and Property Services • Housing and Technical Resources Trading Operations Financial and Operational Performance – Property.
26 April 2018	Provide an update on the position as at 2 February 2018 (period 12) for the following: • 2017/18 Financial Monitoring for the General Services Budget • 2017/18 Financial Monitoring for the	Provide an update on the position as at 2 February 2018 (period 12) for the following: • Housing Capital Programme – Financial Information and Physical Progress • General Services	Provide an update on the position as at 2 February 2018 (period 12) for the following: • 2017/18 Financial Monitoring for Trading Operations – Fleet, Roads and Property Services • Community and

Date	Revenue Monitoring	Capital Monitoring	Trading Services Monitoring
	Housing Revenue Account.	Capital Programme – Financial Information and Physical Progress for Build, Non-Build and Roads Projects • General Services Exception Report (approved at Executive Committee on 28 March 2018).	Enterprise Resources Trading Operations Financial and Operational Performance – Fleet.
24 May 2018	Provide an update on the position as at 2 March 2018 (period 13) for the following: • 2017/18 Financial Monitoring for the General Services Budget • 2017/18 Financial Monitoring for the Housing Revenue Account.	Provide an update on the position as at 2 March 2018 (period 13) for the following: • Housing Capital Programme – Financial Information and Physical Progress • General Services Capital Programme – Financial Information and Physical Progress for Build, Non-Build and Roads Projects • General Services Exception Report (approved at Executive Committee on 16 May 2018).	Annual review of existing Trading Operations and potential Trading Operations. Provide an update on the position as at 2 March 2018 (period 13) for the following: • 2017/18 Financial Monitoring for Trading Operations – Fleet, Roads and Property Services • Community and Enterprise Resources Trading Operations Financial and Operational Performance – Roads.

SOUTH LANARKSHIRE COUNCIL

Report

Report to:	**Risk and Audit Scrutiny Forum**
Date of Meeting:	**13 June 2018**
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 Forum to the end of 2018
- ♦ invite members to suggest topics for inclusion in the Forum's forward programme

2. Recommendation(s)
2.1. The Forum 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 Forum to the end of 2018, 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 for the Risk and Audit Scrutiny Forum was prepared. One of the actions contained in the Plan was to include, as a standard agenda item, a list of items proposed for consideration at subsequent meetings of the Forum to provide an opportunity for members to inform future agendas. The outline forward programme for Forums meeting to the end of 2018 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)

24 May 2018

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
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E-mail: pauline.macrae@southlanarkshire.gov.uk

APPENDIX – RASF OUTLINE FORWARD PROGRAMME TO END 2018

Meeting Date	Item	Responsibility
18 September 2018	1. Internal Audit Activity Report	Audit and Compliance Manager
	2. Efficiency Savings 2017/2018	Head of Finance (Strategy)
	3. External Audit Opinion and Annual Audit Findings 2017/2018	External Auditor
	4. Audit Scotland – An Overview of Local Government in Scotland	Head of Communications and Strategy
14 November 2018	1. Internal Audit Activity Report	Audit and Compliance Manager
	2. Year End Insured Risk Report	Head of Finance (Transactions)
	3. Year End Risk Management 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.