



Council Offices, Almada Street  
Hamilton, ML3 0AA

Monday, 28 November 2022

Dear Councillor

## **Risk and Audit Scrutiny Committee**

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

**Date:** Tuesday, 06 December 2022  
**Time:** 10:00  
**Venue:** Hybrid - Council Chamber, Council Offices, Almada Street, Hamilton, ML3 0AA

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

Yours sincerely

**Cleland Sneddon**  
**Chief Executive**

### **Members**

Elaine McDougall (Chair), Mary Donnelly (Depute Chair), Mathew Buchanan, Alistair Fulton, Ross Gowland, Celine Handibode, Cal Johnston-Dempsey, Susan Kerr, Richard Lockhart

### **Substitutes**

Colin Dewar, Gavin Keatt, Monique McAdams, Helen Toner

## BUSINESS

### 1 Declaration of Interests

### 2 Minutes of Previous Meeting 3 - 8

Minutes of the previous meeting of the Risk and Audit Scrutiny Committee held on 27 September 2022 submitted for approval as a correct record. (Copy attached)

### 3 Minutes of Special Meeting 9 - 14

Minutes of the special meeting of the Risk and Audit Scrutiny Committee held on 25 October 2022 submitted for approval as a correct record. (Copy attached)

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#### Item(s) for Decision

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### 4 Audit Scotland: The National Fraud Initiative in Scotland 2020 15 - 28

Report dated 22 November 2022 by the Executive Director (Finance and Corporate Resources). (Copy attached)

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#### Item(s) for Noting

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### 5 Internal Audit Activity as at 18 November 2022 29 - 34

Report dated 22 November 2022 by the Executive Director (Finance and Corporate Resources). (Copy attached)

### 6 Audit Scotland Report: Local Government in Scotland Overview 2022 35 - 52

Report dated 28 October 2022 by the Executive Director (Finance and Corporate Resources). (Copy attached)

### 7 Performance and Review Scrutiny Forum Annual Update 53 - 54

Report dated 22 November 2022 by the Executive Director (Finance and Corporate Resources). (Copy attached)

### 8 Forward Programme for Future Meetings 55 - 58

Report dated 11 November 2022 by the Executive Director (Finance and Corporate Resources). (Copy attached)

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#### Urgent Business

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### 9 Urgent Business

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

Clerk Name:	Elizabeth-Anne McGonigle
Clerk Telephone:	07385403101
Clerk Email:	elizabeth-anne.mcgonigle@southlanarkshire.gov.uk

## RISK AND AUDIT SCRUTINY COMMITTEE

Minutes of meeting held via Confero and in the Council Chamber, Council Offices, Almada Street, Hamilton on 27 September 2022

**Chair:**

Councillor Mary Donnelly (Depute)

**Councillors Present:**

Councillor Colin Dewar (*substitute for Councillor Elaine McDougall*), Councillor Alistair Fulton, Councillor Ross Gowland, Councillor Cal Johnston-Dempsey, Councillor Gavin Keatt (*substitute for Councillor Mathew Buchanan*), Councillor Susan Kerr

**Councillors' Apologies:**

Councillor Mathew Buchanan, Councillor Celine Handibode, Councillor Richard Lockhart, Councillor Elaine McDougall (Chair)

**Attending:**

**Finance and Corporate Resources**

P Manning, Executive Director; Y Douglas, Audit and Compliance Manager; S Dunsmore, Insurance and Risk Manager; E-A McGonigle, Administration Officer; A Norris, Administration Assistant

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### 1 Declaration of Interests

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No interests were declared.

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### 2 Minutes of Previous Meeting

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The minutes of the meeting of the Risk and Audit Scrutiny Committee held on 22 June 2022 were submitted for approval as a correct record.

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

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### 3 2022/2023 Internal Audit Plan

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A report dated 9 September 2022 by the Executive Director (Finance and Corporate Resources) was submitted on the proposed Internal Audit Plan 2022/2023.

The first phase of the annual 2022/2023 Internal Audit Plan had been presented to the Committee on 26 January 2022 and an update on progress was attached as Appendix 1 to the report.

The first phase of the 2022/2023 Internal Audit Plan had recognised that time was required to fully assess the extent of the function's role in the implementation of Oracle Fusion, a significant new human resources and financial accounting system, within the Council. A review of overall capacity had been undertaken prior to the proposed final Internal Audit Plan being developed. A total of 1,109 audit days, inclusive of days which had been allocated to external clients, had been provided for in the proposed Plan. The proposed Internal Audit Plan, which included a brief outline scope for each proposed assignment, was attached as Appendix 2 to the report.

The content of the Internal Audit Plan each year was determined by the requirement to deliver a programme of work that would inform the annual audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control arrangements. A summary of how each assignment linked to the 3 key areas of assurance was included at Appendix 3 to the report.

The 2022/2023 Internal Audit Plan would be delivered in accordance with the Public Sector Internal Auditing Standards (PSIAS). The Internal Audit function's compliance with PSIAS was due to be externally assessed by East Lothian Council in 2022/2023 and the outcome of this assessment would be presented to the Committee in March 2023.

Progress against the audit strategy would be monitored and reported to the Committee as part of regular monitoring reports that were presented at each meeting. Delivery of the strategy would be evidenced by the completion of the 2022/2023 Internal Audit Plan. The risk of significant subsequent changes to the Plan, arising from a change in the Council's priorities or risks, had been reduced given the approach used in 2022/2023 which had allowed capacity to be reassessed mid-year.

**The Committee decided:** that the proposed Internal Audit Plan for 2022/2023 be approved.

*[Reference: Minutes of 26 January 2022 (Paragraph 4)]*

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#### **4 Internal Audit Activity as at 9 September 2022**

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A report dated 9 September 2022 by the Executive Director (Finance and Corporate Resources) was submitted:-

- ◆ providing an update on progress by, and performance of, the Internal Audit service during the period 4 June to 9 September 2022
- ◆ providing a summary of audit reports presented to Glasgow City Region, City Deal Cabinet (the Cabinet) during the same period
- ◆ advising of the planned external assessment of the Council's Internal Audit Function's level of compliance with the Public Sector Internal Audit Standards (PSIAS)

Findings from internal audit assignments were reported to this Committee throughout the year and the last progress report was considered by this Committee on 22 June 2022. Key performance indicators, which reflected quality, on time and within budget for the period to 31 July 2022, were summarised in Appendix 2 to the report. 100% of draft reports were issued on time and 100% within budget against targets of 80% respectively. Quality continued to be monitored through internal quality control procedures.

Client contributions to the delivery of the audit plan took the form of responding to draft reports, agreeing to close meetings and signing reports timeously once agreed. 100% of audit assignments were concluded to a signed action plan within 4 weeks of the issue of a draft report against a target of 80%.

An update on progress with the delivery of the first phase of the Internal Audit Plan for 2022/2023 was provided in Appendix 1 to the report. As at 9 September 2022, 20% of the first phase of the 2022/2023 Internal Audit Plan had been completed.

The findings from assignments completed in the period 4 June to 9 September 2022 were detailed in Appendix 3 to the report.

The Council formed part of the Glasgow City Region City Deal which funded a range of capital projects within South Lanarkshire. At the June 2022 meeting of the Cabinet, audit reports had been presented on:-

- ◆ change control and contract management
- ◆ equality impact assessment and anti-bribery
- ◆ corruption and fraud measures

Additionally, the Internal Audit Annual Report and Draft Governance Statement for 2021/2022 had been presented and a link to the reports was provided in the report.

Where relevant to the Council, actions would be logged and followed up and findings would be reported within activity reports to the Committee as appropriate.

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

A self-assessment exercise was undertaken annually which assessed the ongoing level of compliance with PSIAS. This assessment was required to be undertaken once every 5 years by an external assessor. In 2017/2018, South Lanarkshire Council's review was undertaken by Stirling Council. East Lothian Council would undertake the 2022/2023 review and a report on the outcome of the external assessment would be presented to the Committee in March 2023, with periodic updates provided in the interim.

**The Committee decided:**

- (1) that progress and performance of the Internal Audit service be noted;
- (2) that the findings from the audit reports presented to the Glasgow City Region Deal, City Deal Cabinet be noted; and
- (3) that the planned external assessment of the level of compliance of the Council's Internal Audit service with PSIAS be noted.

*[Reference: Minutes of 22 June 2022 (Paragraph 5)]*

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## **5 Year End Insured Risk Report 2021/2022**

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A report dated 13 September 2022 by the Executive Director (Finance and Corporate Resources) was submitted on the Council's insurance claims for the year to 31 March 2022 for the following main classes of insurance:-

- ◆ combined liability (covering both public liability and employer's liability)
- ◆ motor insurance
- ◆ property insurance and other miscellaneous risks

Appendix 1 to the report provided annual comparisons of the numbers and values of claims by Resources for the years 2017/2018 to 2021/2022. The comparison showed an overall downward trend in the number of claims. Claims costs had fluctuated over the last 5 years with 2020/2021 showing above average cost of claims received during this period.

Appendix 2 to the report compared claim numbers and costs for 2021/2022, at 31 March 2022, with the equivalent position for 2020/2021. This showed an increase of 54 claims (7%) on the numbers reported in 2020/2021 and an increase in the cost of claims from £2.010 million in 2020/2021 to £2.242 million in 2021/2022.

Information was provided on:-

- ◆ the areas of work identified following the completion of a claims leakage analysis report by the Council's insurers and mitigating actions proposed to manage insurance hotspots
- ◆ claim highlights for the year
- ◆ positive risk management activity aimed at reducing the number and cost of claims

**The Committee decided:**

- (1) that the Insured Risks Report for the year ended 31 March 2022 be noted; and
- (2) that ongoing work to identify and mitigate insurance hotspots be noted.

*[Reference: Minutes of 15 September 2021 (Paragraph 5)]*

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## **6 Fraud Statistics Annual Report 2021/2022**

A report dated 8 September 2022 by the Executive Director (Finance and Corporate Resources) was submitted on fraud statistics for the year to 31 March 2022 and comparing those figures with the previous year's statistics.

The number, types, outcomes and costs of fraud investigations, together with performance measures for the year to 31 March 2022, were detailed in the report. A comparison to the statistics for the same period in the previous year was also provided. Those statistics highlighted that:-

- ◆ 48 fraud investigations, with a total value of £12,000, had been reported in the period, representing an increase in number and decrease in value from the previous year
- ◆ 45% of cases investigated were founded
- ◆ all of the founded cases related to benefit fraud or fraud committed by a third party

On conclusion of all internal investigations, an assessment would be made on whether improvement actions were necessary. If required, an improvement plan would be issued with recommended actions. The plan would be agreed with the relevant Heads of Service and the actions followed up by Internal Audit to ensure implementation and that gaps had been addressed. Outcomes for concluded investigations would be reported to this Committee as part of Internal Audit's annual assurance report.

**The Committee decided:** that the report be noted.

*[Reference: Minutes of 15 September 2021 (Paragraph 7)]*

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## **7 2020 National Fraud Initiative Exercise**

A report dated 8 September 2022 by the Executive Director (Finance and Corporate Resources) was submitted on the outcomes of investigations that were completed in 2021/2022 as part of the 2020 National Fraud Initiative (NFI) exercise.

The NFI matched similar data across public sector systems and identified possible inconsistencies. Those inconsistencies, known as matches, required to be investigated by participating public bodies with a view to detecting fraud. Until 2014, the focus of the initiative had alternated annually between a limited and a full exercise. The full exercise continued to be undertaken every 2 years, however, the limited Single Person Discount (SPD) exercise, where the electoral register and council tax data were compared to detect cases where Single Person Discount was being claimed and there was more than one person over 18 in the household, could now be carried out annually. The 2020 NFI had been a full exercise and involved Council wide comparisons including:-

- |                                |  |
|--------------------------------|--|
| ◆ housing benefits             | ◆ procurement  |
| ◆ Council Tax Reduction Scheme | ◆ creditors  |
| ◆ payroll                      | ◆ Council tax single discount  |
| ◆ housing tenants              | ◆ Small Business Bonus Scheme (SBBS)   |
| ◆ waiting lists                | ◆ Small Business Grant Fund (SBGF) and Retail, Hospitality and Leisure Grant Fund (RHLG) |
| ◆ blue badge holders           |  |

Records had also been matched to the Department for Work and Pensions' deceased persons' record.

Details were given on the results of the 2020 exercise which, for the Council, highlighted that:-

- ◆ at September 2021, a total of 17,113 matches had been identified. Following further data refreshes and a subsequent release of additional matches, the final number of matches totalled 25,943. Of those, it was intended to investigate a minimum of 9,446 matches
- ◆ 184 errors had been detected through the NFI exercise to date, with an estimated amount to be recovered of £158,004
- ◆ the non-cancellation of blue badges had resulted in a notional cost of £247,250

The following information was provided in appendices 1 to 4 to the report respectively:-

- ◆ details of the match areas covered in the 2020/2021 exercise
- ◆ a comparison of matches reported to the Committee in 2021
- ◆ a detailed breakdown of the target investigations and outcomes
- ◆ comparison of outcomes to 2018 NFI exercise

The Chair, on behalf of the Committee members, expressed appreciation of the work undertaken to prepare the 2020 NFI exercise.

**The Committee decided:** that the results of the 2020 NFI exercise be noted.

*[Reference: Minutes of 15 September 2021(Paragraph 6)]*

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## 8 Forward Programme for Future Meetings

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A report dated 13 September 2022 by the Executive Director (Finance and Corporate Resources) was submitted on the outline forward programme for the meetings of the Risk and Audit Scrutiny Committee to 7 March 2023.

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

**The Committee decided:**

that the outline forward programme for the meetings of the Risk and Audit Scrutiny Committee to 7 March 2023 be noted.

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## **9 Urgent Business**

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There were no items of urgent business.



## RISK AND AUDIT SCRUTINY COMMITTEE

Minutes of special meeting held via Confero and in the Council Chamber, Council Offices, Almada Street, Hamilton on 25 October 2022

### Chair:

Councillor Elaine McDougall

### Councillors Present:

Councillor Mary Donnelly (Depute), Councillor Alistair Fulton, Councillor Ross Gowland, Councillor Cal Johnston-Dempsey, Councillor Susan Kerr, Councillor Richard Lockhart

### Councillors' Apologies:

Councillor Mathew Buchanan, Councillor Celine Handibode

### Councillor Also Present:

Councillor Joe Fagan

### Attending:

#### Chief Executive's Service

C Sneddon, Chief Executive

#### Finance and Corporate Resources

Y Douglas, Audit and Compliance Manager; S Dunsmore, Insurance and Risk Manager; G McCann, Head of Administration and Legal Services; E A McGonigle, Administration Officer; A Norris, Administration Assistant; J Taylor, Head of Finance (Strategy)

### Also Attending:

#### Audit Scotland

A Kerr and F Mitchell-Knight, External Auditors

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## 1 Declaration of Interests

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No interests were declared.

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## 2 External Auditors' Annual Report to South Lanarkshire Council 2021/2022

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

- ◆ letter and appendices relating to the 2021/2022 Annual Audit report on South Lanarkshire Council and registered charities administered by South Lanarkshire Council
- ◆ 2021/2022 South Lanarkshire Council proposed Annual Audit report to members of the Council and the Controller of Audit

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

- ◆ the audit of the 2021/2022 Annual Accounts
- ◆ financial management
- ◆ financial sustainability
- ◆ governance and transparency
- ◆ best value
- ◆ key messages
- ◆ 2021/2022 action plan on recommendations for improvement

- ♦ significant audit risks identified during planning of the audit
- ♦ summary of national performance reports 2021/2022

The Senior Auditor also referred to one significant finding from the audit of the Annual Accounts in relation to valuation of Council dwellings. Other matters identified from the work on the Annual Accounts included:-

- ♦ the accounting treatment of COVID-19 funding
- ♦ asset misclassification

The external auditors' opinion on the Council's Annual Accounts 2021/2022 and those of the 3 charities administered by the Council was unqualified.

Audit Scotland would remain as the Council's external auditor for the period 2022/2023 to 2026/2027, however, a new audit team would be appointed. The existing audit team would work closely with the new team to ensure a well-managed transition.

The Senior Auditor, Audit Scotland extended thanks to the Executive Director (Finance and Corporate Resources), the Head of Finance (Strategy) and the wider team for their collaborative working and positive engagement over the term of appointment.

**The Committee decided:** that the report be noted.

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### **3 Audited Annual Accounts 2021/2022**

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A report dated 10 October 2022 by the Executive Director (Finance and Corporate Resources) was submitted on the:-

- ♦ Council's Certified Annual Accounts and Charitable Trusts' Accounts for 2021/2022, which had received a clean audit certificate from the Council's external auditors, Audit Scotland
- ♦ requirement to approve the Annual Accounts 2021/2022 for signature in terms of both the Council's accounts and related charitable trusts

The accounts covered the Council as well as 3 Charitable Trusts managed by the Council, namely South Lanarkshire Council Educational Trust, South Lanarkshire Council Charitable Trust and the East Kilbride Information Technology Trust. A clean audit certificate had been received for each with no qualifications on the Council's accounts. An agreed action plan had been included in the external auditor's report and officers would work to ensure those were implemented in 2022/2023.

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

The Chief Executive commended the professional approach and collaborative working from the Audit Scotland team. He reflected on the challenges that the Council had faced in 2021/2022 and, despite being a year of significant transformational change, the Council had maintained a high level of performance. The Chief Executive acknowledged that the future would be no less challenging for local government particularly in relation to:-

- ♦ legislative changes arising from the National Care Service (Scotland) Bill which was currently going through the parliamentary process
- ♦ ongoing financial challenges and reduction in resources

The Chair, on behalf of the Committee, thanked the Head of Finance (Strategy) and team for their extensive work involved in preparing the Annual Accounts. Thanks were also extended to the Audit Scotland team.

**The Committee decided:**

- (1) that it be noted that the South Lanarkshire Council Annual Accounts 2021/2022 and the Charitable Trusts' Accounts had each received a clean audit certificate from the Council's external auditors, Audit Scotland;
- (2) that the audited South Lanarkshire Council Accounts 2021/2022 and the Charitable Trusts' Accounts be approved for signature;
- (3) that it be noted that the external auditor's report would be referred to a future meeting of South Lanarkshire Council for noting; and
- (4) that it be noted that the Audited Accounts 2021/2022 would be available on the Council's website, as detailed at section 3.5 of the report.

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#### **4 Year End Risk Management Report (2021/2022) and Review of Council's Top Risks (2022/2023)**

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A report dated 5 October 2022 by the Executive Director (Finance and Corporate Resources) was submitted providing an update on:-

- ♦ progress with risk management activity undertaken during 2021/2022
- ♦ the Council's top risk register following the review and consultation process

Annual reviews of the Council's top risks were undertaken, with the findings of the last review reported to the Committee on 15 September 2021. This year's full review commenced in April 2022 and the consultation had sought views from Heads of Service, elected members and trades unions on new areas of risk. A session had also been held with members of the Committee on 25 August 2022 which provided information on the Council's risk management process, the top risk review, and allowed members to submit areas for consideration as part of the top risk review.

An informal benchmarking exercise had taken place to review the Council's top risks against the risk registers of 2 local authorities (North Lanarkshire Council and Renfrewshire Council). This review established that the Council's current top risk register was, in the main, reflective of the risks faced by the other 2 authorities.

Risk Sponsors were required on an annual basis to assess their Resource's compliance with the Risk Management Strategy and provide supporting evidence. The information for 2021/2022 was summarised in the end of year compliance statement, which was detailed in Appendix 1 to the report. Resources continued to demonstrate full compliance with the Strategy, having scored 45 out of 45. The 5x5 risk scoring matrix was attached as Appendix 2 to the report.

The annual review, in line with previous years, did not result in wholesale changes to the top risk register. The risks from the previous year's review, as detailed in the report to this Committee on 15 September 2021, were still deemed to be valid.

Details were given on the main changes to the Council's top risk register in section 6.3 of the report and, taking account of the revision of risk scores, the top risk register for 2022/2023 was provided in Appendix 3 to the report. The main changes to the risk profile from the previous year were:-

- ◆ 3 new very high risks had been added to the top risk register:-
  - ◆ the Council was unable to support households most impacted by the cost of living crisis
  - ◆ the Council failed to deliver the outcomes of the Community Wealth Building Strategy
  - ◆ disruption to Council services that resulted from industrial action
- ◆ 2 new high risks had been added to the top risk register:-
  - ◆ failure in achieving the outcomes of the Council Plan
  - ◆ inability of the Council to effectively accommodate and support households who arrived in South Lanarkshire as part of refugee resettlement and asylum seeker dispersal programmes
- ◆ the high score risk 'EU Exit' had been removed from the top risk register
- ◆ the risk score for the pandemic risk had been changed from very high to high

The Council's top risk register was monitored on an ongoing basis and updates were reported annually to this Committee. Risk scores and rankings would be amended if new information came to light that allowed the position to be reassessed. The top risk register for 2022/2023 was attached as Appendix 3 to the report.

Horizon scanning was used to identify several areas that could pose potential threats and risks or emerging issues and opportunities that could affect the Council. Areas identified had included Ash Dieback Disease and the COVID-19 National Inquiry and those would continue to be monitored.

A model had been developed by the Institute of Internal Auditors which aimed to provide assurance of the adequacy of control measures that were in place for strategic risks. The model aimed to ensure that top risks were mitigated through 'three lines of defence' which were:-

- ◆ Line 1 – control by operational management
- ◆ Line 2 – control and compliance by functions that had an oversight role (for example Risk Management)
- ◆ Line 3 – independent assurance

Initial work had been completed by Internal Audit last year to group existing controls as per the Three Lines model for individual top risks. Further work would be conducted this year to revisit this for each of the updated risk cards.

**The Committee decided:**

- (1) that Resource compliance with the requirements of the Risk Management Strategy be noted;
- (2) that the progress being made in delivering actions to mitigate top Council risks be noted; and
- (3) that the updated Council's top risks be noted.

*[Reference: Minutes of 15 September 2021 (Paragraph 4)]*

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## **5 Urgent Business**

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There were no items of urgent business.



# Report

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Report to:	<b>Risk and Audit Scrutiny Committee</b>
Date of Meeting:	<b>6 December 2022</b>
Report by:	<b>Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>Audit Scotland: The National Fraud Initiative in Scotland 2020</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide a summary of Audit Scotland's report – The National Fraud Initiative in Scotland 2020 (August 2022)
- ◆ highlight key points specifically in relation to South Lanarkshire Council
- ◆ identify further action where required

## 2. Recommendation(s)

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

- (1) that the contents of this report are noted; and
- (2) that the action in Appendix 5 be approved.

## 3. Background

- 3.1. The National Fraud Initiative (NFI) is a counter-fraud exercise which takes data from councils and other public bodies and cross matches to identify the potential for fraud. Participating bodies are then informed of the resulting indicative matches and are responsible for investigating a proportion of these matches using a risk-based approach. Audit Scotland have responsibility for co-ordinating the exercise across Scotland.
- 3.2. The 2020 exercise matched data across a wide range of data groups. Target investigations and outcomes specific to South Lanarkshire Council (SLC) were reported to RASC on 15 September 2021 and 27 September 2022. Appendix 1 summarises the final 2020 NFI position for SLC.
- 3.3. At the conclusion of each main NFI exercise, Audit Scotland publish an overview report that sets out NFI outcomes across Scotland, draws conclusions from these results and makes recommendations for consideration ahead of participation in the next NFI exercise.
- 3.4. Within the Audit Scotland report, financial outcomes are expressed in terms of fraud, overpayment or error that have been detected by the NFI exercise. Figures reported also include estimated future losses that detection has avoided being incurred as well as notional losses incurred as a result of delayed detection (Appendix 2 sets out these estimation bases).

- 3.5. As an exercise, NFI is continually reviewed to identify further areas where data-matching would be beneficial. The 2020 exercise included data in relation to Small Business Bonus Scheme (SBBS) relief and Small Business and Retail, Hospitality and Leisure grants (Covid-19) for the first time.
- 3.6. In addition, NFI powers are regularly reviewed and the report provides an update in relation to an extension of powers within Scotland and those proposed on a UK-wide basis. The Scottish Parliament approved The Digital Government (Scottish Bodies) Regulations 2022 in March 2022. This allows Audit Scotland to access HM Revenues and Customs income and savings data for Scottish residents for future NFI exercises which will help identify outcomes where customers have received benefits and services above that to which they are entitled.
- 3.7. The Scottish Parliament's Public Audit Committee (PAC) is also considering the expansion of legislative powers around NFI. This may include expanding NFI to bodies in receipt of significant amounts of public funding that do not fall under the audit remit of the Auditor General for Scotland or the Accounts Commission.
- 3.8. The Cabinet Office are also separately consulting on extending legal powers and Audit Scotland have indicated that they will continue to monitor developments.

#### **4. Results**

- 4.1. 132 Scottish public bodies including Central Government, Local Authorities and NHS took part in the 2020 NFI exercise. This is an increase from the previous exercise where 124 bodies took part.
- 4.2. Despite an increase in the number of bodies participating in the exercise, the overall number of matches across Scotland fell to 507,354 (a decrease of around 12.6%) and overall financial outcomes to £14.9 million (a decrease of around 2.6%). Within South Lanarkshire, matches increased by 3,066 and outcomes increased by £292,033. This increase mainly relates to new match areas in the 2020 Exercise (Covid-19 Grants and SBBS) and Blue Badges.
- 4.3. Audit Scotland conclude within their report that the reduction in matches may be due to less fraud and error in the system, strong internal controls or some key datasets from previous years not being included in the latest exercise. Further detail in relation to the latter point is provided with the report noting that residential care home data, direct payments and social care customers' data were not matched in the 2020 Exercise due to legal questions around the definition of patient data. Immigration data was also not included in either the 2018 or 2020 Exercises due to restrictions placed on it by the Home Office.
- 4.4. A reduction in outcomes is attributed to identified pressures on staffing and services and the strengthening of controls where previous fraud or error has been identified. Notwithstanding a reduction in outcomes, the report notes that NFI participants still benefit from the deterrent effect that NFI creates.
- 4.5. Detailed analysis of the outcomes across Scotland are set out in Audit Scotland's report and are summarised in the table below alongside outcomes within South Lanarkshire:-



	Scotland		SLC	
Data	Number	Outcome (£m)	Number	Outcome (£m)
Council Tax discounts	3,720	4.6	137 <sup>1</sup>	0.030
Pensions	not disclosed	1.5		
Housing Benefits	177	1.2	10	0.018
Blue Badges	4,616	2.7 <sup>2</sup>	145	0.247 <sup>2</sup>
Housing Tenancy	10	0.9		
Housing Waiting Lists	187	0.6		
Creditors	144	0.5	2	0.0057
Council Tax Reduction	772	0.7	23	0.0063
Payroll	3	0.027		
COVID Grant	1	0.025	1	0.025
SBBS	208	2.2	11	0.073
<b>TOTAL</b>		<b>£14.952m</b>		<b>£0.405m</b>

**Table 1: Outcomes from 2020 NFI exercise**

- 4.6. None of the reported fraud or errors involved a SLC employee.
- 4.7. It is South Lanarkshire Council's policy to pursue and recover all overpayments in line with the Council's debt recovery procedures. Overpayments are assessed in relation to their value and the information available before proceeding with the recovery. This assessment considers the age and health of the debtor and whether it is economical to pursue the debt.
- 4.8. The Committee are asked to note the national outcomes of the 2020 NFI exercise.
- 5. Audit Scotland Recommendations**
- 5.1. The Audit Scotland Report includes a two-part checklist for participating bodies to use to self-appraise their involvement in the NFI prior to and during the NFI exercise. Part A is designed to assist audit committee members when reviewing, seeking assurance over or challenging the effectiveness of their body's participation in the NFI. Part B is for employees involved in planning and managing the NFI exercise. In addition, the report sets out suggestions for improving efficiencies and effectiveness.
- 5.2. The completed checklists are attached at Appendix 3 (Part A) and Appendix 4 (Part B) and responses against each of the points around improving efficiency and effectiveness at Appendix 5.

<sup>1</sup> The Benefits and Revenue Section undertake a rolling programme of external reviews through Datatank to confirm ongoing eligibility around SPD. These are screened using the Electoral Register and other financial information. For the purposes of determining NFI matches for investigation, data from the NFI exercise was reviewed to remove cases that had already been included in datasets passed to Datatank for review.

<sup>2</sup> This is the notional rather than actual loss attributed to the fraudulent misuse of blue badges.

## **6 Employee Implications**

- 6.1. One Audit Assistant (with overview and management from an Audit Adviser) within Internal Audit is responsible for co-ordinating the SLC exercise which includes facilitating the issue and receipt of information requests from other public bodies in relation to NFI cases, assisting with the recording of some or all Creditor, Procurement, Grants and Single Person Discount investigations and reporting on employee benefit fraud cases if required. A total of 66 days was allocated in the 2021/2022 Internal Audit Plan to take account of the increased role of Internal Audit in the current exercise.
- 6.2. In addition to the time allocated by Internal Audit, Resources are also required to allocate time to the investigations.

## **7. Climate Change, Sustainability and Environmental Implications**

- 7.1 There are no Climate Change, Sustainability and Environmental implications relating to this report.

## **8. Financial Implications**

- 8.1. The cost of the NFI exercise and the biennial data matching for Scottish public bodies is funded by Audit Scotland. Participating bodies incur costs gathering data for upload and investigating the matches that are produced once national data-matching has been completed. Within South Lanarkshire Council, other than employee time, there is no cost associated with participating in the NFI exercise.

## **9. Other Implications**

- 9.1. The value of the Exercise extends beyond financial outcomes and is recognised as also acting as a deterrent to fraud. Failure to participate in this exercise would increase the risk of fraudulent activities not being identified. Although it is not mandatory for councils to investigate matches resulting from the NFI exercise, the extent of participation is monitored by Audit Scotland. The Council's External Auditors' work includes a review of our governance and financial arrangements including action to prevent and detect fraud. Active participation in NFI is one way the Council can demonstrate good governance and sound financial management. South Lanarkshire Council were assessed as having adequate arrangements in place
- 9.2. A key benefit of NFI is that, by identifying fraud and error, the Council is able to establish why these instances occurred and make improvements, where necessary, to prevent future financial losses.

## **10. Equality Impact Assessment and Consultation Arrangements**

- 10.1. Prior to the start of each NFI exercise, the Council is required to ensure privacy notices are available to the individuals for whose data we are sharing information. The notices clearly set out an explanation that data may be disclosed for the purpose of preventing and detecting fraud and state that data will be provided to Audit Scotland for this purpose. Details are provided as to how individuals can find out more information about the processing of their data.
- 10.2. There is no requirement to carry out an impact assessment in terms of the proposals contained within this report.

**Paul Manning**  
**Executive Director Finance and Corporate Resources**

22 November 2022

**Link(s) to Council Values/Priorities/Outcomes**

- ◆ Accountable, Effective, Efficient and Transparent

**Previous References**

- ◆ 2020 National Fraud Initiative exercise – RASC 15 September 2021
- ◆ 2020 National Fraud Initiative exercise – RASC 27 September 2022

**List of Background Papers**

- ◆ Audit Scotland Report: The National Fraud Initiative in Scotland 2020/2021 (August 2022) [NFI 2020-21 report.pdf](#)

**Contact for Further Information**

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

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Extract from 2020 National Fraud Initiative Exercise, RASC 27 September 2022

Area/Matches	Matches	Outcomes (£)
Housing Benefits	172	18,041
CTRS	2,005	6,382
Payroll	134	-
Housing Tenants	685	-
Waiting List	1,229	-
Blue Badge	1,114	-
Creditors	4,981	5,676
Procurement	259	-
Single Person Discount	15,126	30,247
Grants (SBGF and RHLG)	67	25,000
SBBS	171	72,658
<b>Overall matches</b>	<b>25,943</b>	<b>158,004</b>
Blue Badges (notional loss)	<b>430</b>	<b>247,250</b>

## Estimation bases

## Appendix 2

Extract from Audit Scotland Report: National Fraud Initiative 2020/2021 (August 2022)

<b>Data match</b>	<b>Basis of calculation of estimated outcomes</b>
Council tax single person discount	Annual value of the discount cancelled multiplied by two years.
Housing	£93,000 per property recovered, based on average four-year fraudulent tenancy. Includes: temporary accommodation for genuine applicants; legal costs to recover property; re-let cost; and rent foregone during the void period between tenancies.
Housing benefit	Weekly benefit reduction multiplied by 21 weeks.
Pensions	Annual pension multiplied by the number of years until the pensioner would have reached the age of 85.
Payroll	£5,000 for each employee dismissed or resigns as a result of NFI matching, or £10,000 for each resignation or dismissal for employees who have no right to work in the UK.
Council tax reduction scheme	Weekly change in council tax discount multiplied by 21 weeks.
Housing waiting lists	£3,240 for each case based on the annual estimated cost of housing a family in temporary accommodation, the duration a fraud may continue undetected and the likelihood a waiting list applicant would be provided a property.
Blue badges	Number of badge holders confirmed as having died multiplied by £575 to reflect lost parking and congestion charge revenue.

**PART A**

<b>Leadership, commitment and communication</b>			
<b>Question</b>	<b>Yes, No or Partly</b>	<b>Is action required?</b>	<b>Who, By and When?</b>
1. Are we aware of emerging fraud risks, eg due to Covid-19, and taken appropriate preventative and detective action?	Yes, South Lanarkshire Council undertook an exercise in 2021/22 to review emerging risks and have undertaken follow up work in 2022/23.	No	N/A
2. Are we committed to NFI? Has the council/board, audit committee and senior management expressed support for the exercise and has this been communicated to relevant staff?	Yes. South Lanarkshire Council has participated in NFI exercises since 2004. Support through Risk and Audit Scrutiny Committee evidenced through allocation of employees across Resources to participate in exercise. Employees and Members are made aware of the exercise through intranet and internet notices and Personnel Circulars.	No	N/A
3. Is the NFI an integral part of our corporate policies and strategies for preventing and detecting fraud and error?	Yes. South Lanarkshire Council is committed to tackling fraud and the NFI exercise is referenced within its anti-fraud, corruption and bribery policy and strategy.	No	N/A
4. Have we considered using the point of application data matching service offered by the NFI team, to enhance assurances over internal controls and improve our approach to risk management?	South Lanarkshire Council continues to consider additional NFI services and would present any proposed extension to the use of NFI to RASC for approval.	No	N/A
5. Are NFI progress and outcomes reported regularly to senior management and elected/board members (eg, the audit committee or equivalent)?	Yes. Monitoring arrangements in place which have been discussed with External Audit and are unchanged from previous years. NFI progress reports and final figures are reported regularly to senior management and to the Risk and Audit Scrutiny Committee. Reports to this Committee are public documents.	No	N/A
6. Where we have not submitted data or used the matches returned to us, eg council tax single person discounts, are we satisfied that alternative fraud detection arrangements are in place and that we know how successful	South Lanarkshire Council use a third party supplier to review all single person discounts on a rolling programme. Data from NFI exercise is then matched to identify any gaps that require investigation.	No	N/A

they are?			
7. Does internal audit, or equivalent, monitor our approach to NFI and our main outcomes, ensuring that any weaknesses are addressed in relevant cases?	Internal Audit monitors the progress of NFI and addresses patterns with Council Services.	No	N/A
8. Do we review how frauds and errors arose and use this information to improve our internal controls?	Yes. Internal Audit follow-up results to; establish the reason for the fraud or error; confirm corrective action has been taken where required; identify developing trends or patterns. Internal Audit also consider whether a review in this area is required and identify high risk areas for inclusion within the annual Internal Audit plan.	No	N/A
9. Do we publish, as a deterrent, internally and externally the achievements of our fraud investigators (eg, successful prosecutions)?	South Lanarkshire Council report outcomes to the Risk and Audit Scrutiny Committee. Reports to this Committee are public documents.		

**PART B**

<b>Planning and Preparation</b>			
<b>Question</b>	<b>Yes, No or Partly</b>	<b>Is action required?</b>	<b>Who, By and When?</b>
1. Are we aware of emerging fraud risks and taken appropriate preventative and detective action?	South Lanarkshire Council has both a risk register and fraud risk register for each of the Resources. These are reviewed annually as a minimum. Internal Audit are aware of the top risks and emerging risks to the Council and adjust their audit plan where appropriate.	No	N/A
2. Are we investing sufficient resources in the NFI exercise?	Yes. Internal Audit co-ordinate, monitor and report on the NFI exercise. Time is allocated within the Internal Audit Plan each year. Resources nominate employees and allocate time to allow matches to be investigated.	No	N/A
3. Do we plan properly for NFI exercises, both before submitting data and prior to matches becoming available? This includes considering the quality of data.	Yes. Internal Audit co-ordinate the NFI exercise and plan work around the timetable for extracting and uploading data. Internal Audit checks the quality of data prior to submission.	No	N/A
4. Is our NFI Key Contact the appropriate officer for that role and do they oversee the exercise properly? Are our Key Contact's details up to date on the NFI system?	Yes. The Key Contact is the Audit and Compliance Manager and is an appropriate officer for the role. She is assisted by one other key contact. Contact information is up to date on the NFI system for both.	No	N/A
5. Does our Key Contact have the time to devote to the exercise and sufficient authority to seek action across the organisation?	Yes, the Key Contact has time to devote to the exercise and has authority to seek action across the organisation in her role of Audit and Compliance Manager.	No	N/A
6. Where NFI outcomes have been low in the past, do we recognise that this may not be the case the next time, that NFI can deter fraud and that there is value in the assurances that we can take from low outcomes?	Yes, we are aware that the outcomes can change each exercise. We are aware from experience that low outcomes still have a value. We alter the matches to be investigated based on a number of risk factors.	No	N/A



7. Do we confirm promptly (using the online facility on the secure website) that we have met the fair processing notice requirements?	All notices were confirmed within the timescale.	No	N/A
8. Do we plan to provide all NFI data on time using the secure data file upload facility properly?	Yes, all data will be uploaded securely within timescales.	No	N/A
9. Have we considered using the point of application data matching service offered by the NFI team (AppCheck) to enhance assurances over internal controls and improve our approach to risk management?	South Lanarkshire Council continues to consider additional NFI services and would present any proposed extension to the use of NFI to RASC for approval.	No	N/A
<b>Effective follow-up of matches</b>			
10. Do all departments involved in NFI start the follow -up of matches promptly after they become available?	Internal Audit co-ordinate the investigation in the first instance to ensure that Services agree to and will review the high risk and specific matches allocated. Investigations commence immediately this has been agreed.	No	N/A
11. Do we give priority to following up high - risk matches, those that become quickly out -of-date and those that could cause reputational damage if a fraud is not stopped quickly?	Internal Audit prioritise investigation of high risk, reputational and time-sensitive matches but are aware that fraud can occur in areas of low or medium risk. Resources are set targets based on current results, previous outcomes, risk and other controls in place. Also discussed and confirmed our approach with External Audit.	No	N/A
12. Are we investigating the circumstances of matches adequately before reaching a 'no issue' outcome, in particular?	Yes, Resources investigate their own matches to ensure they are knowledgeable of the information and detail required to make a decision.	No	N/A
13. (In health bodies) Are we drawing appropriately on the help and expertise available from NHS Scotland Counter Fraud Services?	N/A	No	N/A

14. Are we taking appropriate action in cases where fraud is alleged (whether disciplinary action, penalties/cautions or reporting to the Procurator Fiscal)? Are we recovering funds effectively?	Yes. Fraud is investigated in accordance with standard procedures. Disciplinary action is considered where required. Recovery procedures are in place.	No	N/A
15. Do we avoid deploying excessive resources on match reports where early work (e.g., on high - risk matches) has not found any fraud or error?	Matches are risk assessed to ensure reviews are targeted. These reviews are ongoing to increase/decrease required match targets dependent on outcomes.		
16. Where the number of high -risk matches is very low, are we adequately considering the medium and low -risk matches before we cease our follow -up work?	Yes. Although there is a focus on high risk matches, low and medium risk matches are reviewed where appropriate.	No	N/A
17. Do we follow up matches which indicate a customer may be eligible for a benefit or service which they currently do not receive?	Services are relied upon to take appropriate action.		
18. Overall, are we deploying appropriate resources on managing the NFI exercise?	Yes, there are adequate resources being deployed within the Authority to manage the NFI exercise.	No	N/A
<b>Recording and Reporting</b>			
19. Are we recording outcomes properly in the secure website and keeping it up to date?	Yes. Outcomes are recorded within the website when they have been investigated and it is kept as up to date as is practical.	No	N/A
20. Do staff use the online training modules and guidance on the secure website, and do they consult the Cabinet Office NFI team if they are unsure about how to record outcomes (to be encouraged)?	Previously where staff have been unsure on how to record an outcome and the Key Contact could not help, they have contacted the Cabinet Office for clarification. The online guidance is used although most employees who deliver the NFI exercise have been doing so for many years. Any new employee would be directed to the online training.	No	N/A
21. If, out of preference, we record some or all outcomes outside the secure	South Lanarkshire Council record all outcomes within the secure website.	No	N/A

website, have we made arrangements to inform the Cabinet Office NFI team about these outcomes?			
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(actions to be taken are noted in **bold** font)

Efficient working practice	Action required?
Ensure staff involved in the NFI keep up to date with new features of the web application and good practice, by reading the guidance notes and watching the online training modules before they begin work on the matches.	<b>Yes. All NFI users will be directed to complete refresher training ahead of the 2022 NFI exercise.</b>  <b>(Audit Manager, 31 December 2022)</b>
Key Contacts should schedule staff resources so that time critical matches, such as housing benefit to students, can be dealt with as soon as they are received.	Instructions around this are already included in the NFI Plan and conveyed to Resources.
Key Contacts should coordinate investigations across internal departments and, eg organise joint investigation of single person discount matches involving housing benefit, to ensure all relevant issues are actioned.	Internal Audit fulfil this role and no amendment to approach is required.
Use the tools within the web application, such as the filter and sort options or data analysis software, to help prioritise matches that you deem the highest risk. You should also look back to see which reports in a previous exercise gave you outcomes. This will save time and free up staff for the most important investigations	Internal Audit utilise this tool and no amendment to approach is required.
The web application shows the number of shared comments which require a response (Outstanding Actions). These responses should be prioritised if they relate to an ongoing investigation so that it can be progressed promptly.	Internal Audit regularly review the shared comments/outstanding actions and notify Resources of those that need a response. This practice will continue.
Review the quality of the data supplied before the next exercise as external providers normally have to phase in changes to extraction processes. Better data quality will improve the quality of resulting matches.	Data has been reviewed for the next exercise and information tidied where practical.
Develop capability and capacity to punish fraudsters, ensuring that investigations are not abandoned if the individual resigns, leaves the property etc. Seek, through collaborating with law enforcement and the courts, the recovery of defrauded funds.	South Lanarkshire Council will continue to pursue outcomes in compliance with fraud policies.

# Report

5

Report to:	<b>Risk and Audit Scrutiny Committee</b>
Date of Meeting:	<b>6 December 2022</b>
Report by:	<b>Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>Internal Audit Activity as at 18 November 2022</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ update the Risk and Audit Scrutiny Committee (RASC) on progress by, and performance of, the Internal Audit service in the period 10 September to 18 November 2022
- ◆ provide an update of progress with the external assessment of the Council's internal audit function's level of compliance with the Public Sector Internal Audit Standards (PSAIS)

## 2. Recommendation(s)

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

- (1) that progress and performance be noted; and
- (2) that progress with the external assessment of the Council's internal audit service level of compliance with PSIAS be noted.

## 3. Background

3.1. Findings from internal audit assignments are reported to the Committee throughout the year. The last progress report to the Committee was in September 2022 and reported on work completed in the period 4 June to 9 September 2022. This report covers all work completed in the period 10 September to 18 November 2022. Performance information is also included.

## 4. Delivery of the Internal Audit Plan: Progress and Performance

4.1. As at 18 November 2022, 12% of the 2022/2023 Audit Plan was complete with a further 12% anticipated to conclude by 31 December 2022. Of the remaining 76%, 40% relates to assignments that are planned to conclude in the period 1 January to 31 March 2023 and 36% to tasks that continue throughout the year and will be closed at financial year end.

4.2. Key performance indicators reflecting quality, on time and within budget as at 30 September 2022 are summarised in Appendix 1 together with explanations. 100% of draft reports have been issued on time and 100% within budget against targets of 80% respectively. Quality continues to be monitored through internal quality control procedures.

- 4.3. 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. 100% of audit assignments were concluded to a signed action plan, where this was required, within 4 weeks of the issue of a draft report against a target set of 80%.
- 4.4. Appendix 2 lists all assignments completed in the period 10 September to 18 November 2022 together with a summary of overall assurances from each area of work.
- 4.5. Members are asked to note progress and performance.
- 5. Public Sector Internal Audit Standards – External Review**
  - 5.1. Preparation for the external PSIAS assessment continues with the intention to complete the self-assessment questionnaire and pass this to East Lothian Council, the Council's external examiners for the purposes of the 2022/2023 PSIAS inspection, in December 2022. Despite a short delay in commencing the self-assessment exercise, it is still anticipated that the independent inspection will be concluded by 31 March 2023.
  - 5.2. Members are asked to note progress and that findings will be reported to RASC in March 2023.
- 6. Progress against Strategy**
  - 6.1. The Public Sector Internal Audit Standards (PSIAS) require progress against the audit strategy to be monitored and reported to the Committee as part of regular monitoring reports that are presented at each meeting.
  - 6.2. Delivery of the strategy in 2022/2023 will be evidenced by the completion of the Internal Audit Plan in-year and will be monitored through the performance indicators regularly reported to the Committee.
- 7. Employee Implications**
  - 7.1. There are no employee issues.
- 8. Financial Implications**
  - 8.1. A breakeven position for 2022/2023 is forecast at the end of the financial year for the Internal Audit section.
- 9. Climate Change, Sustainability and Environmental Implications**
  - 9.1. There are no Climate Change, Sustainability and Environmental implications relating to this report.
- 10. Other Implications**
  - 10.1. The main risks to the delivery of the Audit Plan are, generally, vacancies and team up-skilling requirements, unforeseen service demands and delays with client sign-off. These are mitigated by coaching and training, regular meetings and escalation processes as well as inclusion of contingency time within the annual plan. The risk of significant, subsequent amendments to the Plan, arising from a change in the Council's priorities or risks, are reduced given the approach in 2022/2023 that has allowed capacity and content to be reassessed mid-year.

## **11. Equality Impact Assessment and Consultation Arrangements**

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

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

**Paul Manning**

**Executive Director Finance and Corporate Resources**

22 November 2022

### **Links to Council Values/Priorities/Outcomes**

- ◆ Accountable, Effective, Efficient and Transparent

### **Previous References**

- ◆ 2022/2023 Internal Audit Plan, 26 January 2022
- ◆ Internal Audit Activity as at 3 June 2022, 22 June 2022
- ◆ Internal Audit Activity as at 9 September 2022, 27 September 2022

### **List of Background Papers**

- ◆ Figtree extracts of Action Plans

### **Contact for Further Information**

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

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## Key audit performance indicators as at 30 September 2022

## Appendix 1

Indicator	Numbers	Percentage	Target	Comment
Assignments delivered within budget	6/6	100%	80%	
Draft reports delivered within 6 weeks of file review	6/6	100%	80%	
2022/2023 Audit Plan completed to draft by 31 March 2023	3/25	12%	100%	12% are anticipated to conclude by 31 December 2022 and a further 40% of assignments to conclude by 31 March 2023. 36% relate to tasks that continue throughout the year and will be closed at financial year end.
Internal Audit recommendations delivered on time	4/4	100%	90%	
Client to agree findings and actions within 4 weeks of draft issue	6/6	100%	80%	



Job Number	Assignment name	Draft Issue	Final Issue	Assurance Info
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Current Year				
I261110	Data Extract for External Audit	30/09/2022	30/09/2022	Provision of data for year ended 31 March 2022.

External Clients				
I928208	LVJB Annual report 2022	30/09/2022	30/09/2022	Reported to LVJB.
I911170	SLLC 2022/23 Audit Plan	07/09/2022	13/09/2022	Reported to SLLC.
I918199	SLLC Annual Report 2022	07/09/2022	15/09/2022	Reported to SLLC.
I912194	SLLC CCM	20/09/2022	20/09/2022	Reported to SLLC.
I932182	SEEMIS CCM Supplier analysis	13/10/2022	02/11/2022	Reported to SEEMIS.
I932123	SEEMIS Payroll Authorisation	24/11/2022	18/11/2022	Reported to SEEMIS.
I934178	SEEMIS Follow Up	24/11/2022	18/11/2022	Reported to SEEMIS.



# Report

6

Report to:	<b>Risk and Audit Scrutiny Committee</b>
Date of Meeting:	<b>6 December 2022</b>
Report by:	<b>Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>Audit Scotland Report: Local Government in Scotland Overview 2022</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide the Committee with a summary of the Audit Scotland Report 'Local Government in Scotland: Overview 2022' published in June 2022

## 2. Recommendation(s)

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

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

## 3. Background

- 3.1. In June 2022 Audit Scotland published the above report on behalf of the Accounts Commission. This 'overview' report is prepared each year and covers key areas of current and future activity relative to local government and an opinion on how these are or should be managed.
- 3.2. The latest Local Government Overview (LGO) is the second in a series of reports reflecting on the evolving and long-term nature of the impact of Covid-19. The 2021 report considered the initial response phase of the pandemic from March 2020 to February 2021, while the present report (2022) looks at the second year of the pandemic from March 2021 to February 2022.
- 3.3. The latest report builds on last year's LGO and assesses:-
- ◆ the ongoing impact of Covid-19 and councils' progress towards recovery and renewal
  - ◆ how councils are positioned to address long-term priorities including climate change, inequality and public service reform
  - ◆ how effectively council leadership is managing recovery and renewal
- 3.4. This report provides a summary of the Local Government in Scotland Overview document along with a council position in relation to the recommendations within the LGO.
- 3.5. To accompany the LGO the Accounts Commission has prepared a checklist of questions for Elected Members to consider, attached at appendix 1 to this report. The questions cover much the same ground as the recommendations within the Overview.

## 4. Key messages

### 4.1. The report contains six key messages:-

- ◆ **Councils have had a very difficult year.** Alongside the ongoing response to the pandemic, councils have faced challenges in recovering services, dealing with increased demand and backlogs, and meeting community needs and expectations. This has taken place against a backdrop of long-standing pressures such as increased demand from an ageing population and rising poverty.
- ◆ **The challenging context means collaborative leadership is more important than ever.** Councils are operating in a difficult and uncertain strategic context and face longer-term financial pressures, a lack of certainty and flexibility over long-term funding, and the prospect of major service reforms. This challenging context needs local government leaders skilled in effective strategic thinking, decision-making and collaborative working, and able to learn lessons from new ways of working. Collaborative leadership is more important than ever as councils work with partners, communities, and citizens to support recovery and improve outcomes.
- ◆ **Pressure on the local government workforce continues.** Councils are continuing to experience high absence levels. Impacts on staff wellbeing and skills shortages, particularly in front-line workers, have also been noted. A resilient workforce is critical to the ongoing response to Covid-19 and the recovery of services. Workforce plans will need to be updated, considering lessons learned from new ways of working. Wellbeing support for the workforce must also continue.
- ◆ **The impact of the pandemic and service disruption have been felt most strongly by those already experiencing inequality.** Councils have worked hard and adapted to maintain service delivery but not all services are back at pre-pandemic levels so those most in need of support are still being affected. Councils must evaluate these impacts so that recovery and renewal supports those most affected and addresses inequalities. Recovery and renewal should also reflect the wider ambitions of the public service reform agenda. Service delivery and partnership working. The adaption of service provision and working with partners.
- ◆ **The early response showed what could be achieved by working closely with communities and the voluntary sector.** This momentum may be lost if communities and the voluntary sector are not involved in shaping recovery. Flexible governance and decision-making structures will be needed, as will opportunities for more local participation.
- ◆ **Improvements are needed in data availability, tools and skills to support performance monitoring, strategic decision-making and planning service improvements.** Data has been important in guiding the response to the pandemic but there are key areas where a lack of data could hamper recovery, such as unmet needs, service demands and backlogs. Data is a key tool in tackling inequality but there are gaps in equality data, particularly at a local level.

## 5. Key themes and messages

### 5.1. The report is structured around three main themes on which progress towards recovery and renewal depends:-

- ◆ Responding to the external environment
- ◆ Organising the council
- ◆ Meeting local needs

## 5.2. Responding to the external environment:-

- ◆ Councils have to respond to a large and complex programme of reform, including social care reform, and the impacts of departure from the EU.
- ◆ The impact of the pandemic sits against a backdrop of long-standing and growing demographic pressures and a growing cost of living crisis that will affect demand for council services.
- ◆ Climate change is recognised by councils as an urgent issue. They have committed to taking action to achieve net zero, but clearer plans are needed to achieve it.
- ◆ Challenges for councils include uncertainty over funding and continuing demands arising from Covid.
- ◆ This uncertain and challenging context needs effective strategic thinking, decision-making and collaborative working from local government leaders. It also needs a resilient workforce, and a culture that promotes collaboration, innovation and wellbeing.

## 5.3. Organising the Council – leading recovery and renewal:-

- ◆ Leaders in local government face a challenging context. As they plan for recovery and renewal it will be important that they collaborate with their partners and communities. This will need skilled leadership, learning lessons from the pandemic and working to make the best use of resources to improve outcomes.
- ◆ Councils prepared recovery plans in response to the pandemic, and leaders are now starting to plan and set out their vision and strategy as their councils navigate the uncertainties and challenges they face.
- ◆ There are good examples of councils showing leadership in tackling long-standing structural issues through new place-based initiatives such as community wealth building.
- ◆ Collaborative leadership skills have been important during the response phase and need to be maintained to meet the complex challenges ahead.
- ◆ Changes and turnover in senior officer and political leadership present a risk to councils' capacity to maintain momentum and drive forward recovery.
- ◆ As governance structures are re-established, better information is needed on service recovery to support scrutiny and inform decision-making.
- ◆ Councils recognise that they have an opportunity to learn lessons from the new ways of working and approaches to service delivery that have been put in place in response to the pandemic.
- ◆ Data has been important in guiding the response to the pandemic. But improvements are needed in data availability, tools and skills to support performance monitoring, strategic decision-making and planning service improvements.

## 5.4. Organising the Council – managing resources:-

- ◆ Councils' finances have been significantly affected by Covid-19. The long-term funding position remains uncertain, with significant challenges ahead as councils continue to manage and respond to the impact of the pandemic on their services, finances, and communities.
- ◆ Covid-19 significantly impacted on many aspects of councils' finances in 2020/2021.

- ◆ Funding to local government has been reduced in real terms since 2013/2014. The rest of the Scottish Government budget has seen an increase in funding over the same period.
- ◆ The ongoing absence of a multi-year financial settlement creates uncertainty for councils at a time when effective and robust financial management is crucial
- ◆ Councils now need to review longer-term financial plans as Covid-19 uncertainty diminishes. They should ensure that financial plans are clearly linked to overarching recovery strategies.
- ◆ As Covid-19 funding ends, councils will need to adapt and make difficult decisions to maintain financial sustainability.
- ◆ While COSLA and the Scottish Government continue to discuss the extent of ring-fencing in the local government budget, it is clear that spending on priority areas have increased while other areas of the local government budget have faced spending cuts.
- ◆ Covid-19 has impacted on capital projects and volatility in capital funding allocations could affect councils' recovery and investment plans.

#### 5.5. Organising the Council – managing the workforce:-

- ◆ Pressure on the local government workforce continues, with high absence levels, impacts on wellbeing, particularly for front-line workers, and skills shortages in key areas. A resilient workforce is critical to the ongoing response to Covid-19 and the recovery of services. Councils will need to update workforce plans, learn lessons from new ways of working put in place, and provide wellbeing support for their staff.
- ◆ The second year of the pandemic continues to have a negative impact on the workforce and staff wellbeing.
- ◆ Councils are facing skills shortages and recruitment difficulties in key areas, and the pandemic has made workforce planning both more difficult and more necessary.
- ◆ However, Councils have adopted new ways of working with good results.

#### 5.6. The report's **recommendations** in respect of “organising the council” are shown below, with an assessment of the council's position and any action considered necessary.

Recommendation	SLC position and action proposed if required
Councils together with their partners and communities should revise their strategic plans, including Local Outcomes Improvement Plans to realign priorities and provide a roadmap for recovery and renewal. They should also consider how this contributes to the national recovery strategy set out by the Scottish Government.	In 2021-22 the council and the CPP reviewed their strategic plans, with the council developing a new 5-year strategic Plan, Connect 2022-27, while the CPP refreshed the Community Plan (Local Outcomes Improvement Plan). Both plans are built around a shared vision to improve the lives and prospects of everyone in South Lanarkshire. Both plans align actions to a common set of key themes and outcomes, with People, Progress and Planet forming the core priorities for both Plans. This places recovery and renewal at the heart of what we do, by putting people first and working

	together towards a sustainable future in sustainable places.
Elected members and senior managers need to work together to drive change, make decisions and deliver recovery and renewal.	As well as Regular dialogue taking place between chief executive and political group leaders, and executive directors and their resource committee chairs, members awareness sessions and briefing notes are issued so that decision making on plans, strategies and policies and other decisions to deliver recovery and renewal are informed by advice and assistance from senior managers.
Councils should consider the leadership skills needed for now and in future. This includes clear succession planning arrangements and a structured programme of induction for new elected members.	Refreshed workforce plans, including leadership and succession planning are complete. Plans are going through the committee cycle post recess. Induction programme for elected members in place.
Councils' governance arrangements should ensure that their elected members have sufficient information to support the scrutiny and decision-making needed for recovery and renewal	Regular meetings are held with the Administration political group leaders, members awareness sessions are arranged and briefings are issued to all members as appropriate. Committee reports are sufficiently detailed to inform members and include employee, financial, and risk implications. PSED and Fairer Scotland duty impact assessments are carried out, as appropriate, and are available for members information. Executive Committee reports are made available to all members and members are encouraged to submit questions in advance of committees if they require further information on any item on the agenda to aid scrutiny and inform decision making.
Councils need to clearly set out how they are evaluating new service models and learning lessons from the response to Covid-19	The council has a programme of transformational reviews, including learning from required service changes through Covid.
Councils should have a clear plan for developing the use of data in their councils, this includes data skills, data standards and data tools.	SLC Digital Strategy, approved in June 2022, describes how improved use of data across the council will facilitate service improvement, efficiencies and digital inclusion. A critical aspect of this strategy is the requirement to upgrade council systems and deliver a data infrastructure which will enhance data quality, availability and security. This, in turn, will enable standard tools such as self-service, management reporting and analytics to be rolled out. The strategy also notes that, to successfully digitally

	transform, a programme of upskilling of staff will be required.
Councils must ensure that financial plans and overarching recovery strategies and actions are clearly aligned, including funding to deliver on their duty to address inequalities.	The council received a report in June on the budget position with a fuller strategy to follow. The position in relation to spend on Covid was reported to Committees throughout 2021/22.
Councils must have clear plans for management of reserves	The council's accounts provides details of the reserves held by the council and the reasons for these. Financial strategies also provide an update on the strategy for reserves.
Councils should update their workforce plans to build on lessons learned, address skills gaps and build a resilient workforce for the future. This will include monitoring the wellbeing of the workforce, and the effectiveness of health and wellbeing initiatives.	Refreshed workforce plans, including lessons learnt are complete. Plans are going through the committee cycle post recess.  Wellbeing is monitored and refreshed initiatives in place following evaluation.

#### 5.7. Meeting local needs - impact of Covid-19 on services and inequality:-

- ◆ The Covid-19 pandemic continues to affect council service delivery, but a lack of clarity on demand, unmet need, and service backlogs makes the full extent of the effect unclear.
- ◆ Councils have worked hard and adapted to maintain delivery of key services. Digital delivery has expanded but brings with it the risk – for some – of increased digital exclusion.
- ◆ The extent to which councils have assessed and can evidence the impact that Covid-19 related service changes and disruption have had on different groups and citizens in their local areas is unclear.
- ◆ The impact of the pandemic and service disruption has been felt most strongly by those communities and citizens already experiencing inequalities.
- ◆ While councils recognise the disproportionate impact the pandemic has had on different groups, they need to learn lessons from taking early action and assess the impact of service disruption to address longer-term impacts.
- ◆ Some councils are using lessons learned from the pandemic to improve how they tackle vulnerability and inequality.
- ◆ Data is a key tool in tackling inequality but there are gaps in equality data, particularly at a local level.

#### 5.8. Meeting local needs - collaboration and communities:-

- ◆ Collaboration has enabled new relationships and more effective ways of working but communities and local partners need to be more involved in recovery.
- ◆ There is limited evidence of direct community input driving recovery actions and more needs to be done.
- ◆ Voluntary sector organisations are facing pressures that could threaten their ability to deliver services to vulnerable people who rely on them.
- ◆ Councils worked well with their community planning partners in the response phase, but they need clearer plans for the future.



- 5.9. The report's **recommendations** in respect of "meeting local needs" are shown below, with an assessment of the council's position and any action considered necessary.

Recommendation	SLC position and action proposed if required
<p>While some progress has been made in improving the use of data in decision-making, councils need to have a clear sense of where increased demand and service backlogs exist so that they can identify areas of high risk and direct resources accordingly. This information also needs to be more transparent and publicly available.</p>	<p>The council produces a range of data about South Lanarkshire and the communities within it. Data can be obtained at a local level and analysis of socio-economic statistics including deprivation (SIMD) are publicly available to view via maps, tables and charts on the council's website.</p> <p>Council services utilise a wide range of service metrics and performance information to monitor demand and performance levels. Many of these are publicly available through performance reports on the Resource Plans and through the Public Performance Reporting pages on the council's website.</p>
<p>A key priority for councils' recovery and renewal is assessing the impact of the pandemic and service disruption on the most vulnerable and learning from this to inform how they support those most affected and address inequalities. This will need better local data to improve understanding.</p>	<p>The council is keeping abreast of current research to ensure our response is timely and effective. The changing labour market/employability needs and possible methods of addressing these are examples of using local data to improve understanding and supports.</p>
<p>Where councils plan to continue with the changes made to services during the pandemic, they need to conduct impact assessments and consult the community. With the expansion of digital services, councils need to assess and mitigate the impacts of digital exclusion.</p>	<p>Since prior to the pandemic, the Council has established a Digital Inclusion Sub-Group chaired by the Head of IT. The group has representatives from all Council Resources, SLLC and 3<sup>rd</sup> sector organisations providing services to citizens in South Lanarkshire. The sub-group's remit is to identify and mitigate causes of digital exclusion, including lack of access to the internet, lack of skills or financial factors. Funding has been allocated for devices for vulnerable citizens and to provide public wi-fi in neighbourhood planning areas. The sub-group also provides input to the council's digital strategy to ensure that, as new technologies are introduced, consideration is given to ensure that people are not digitally excluded.</p> <p>Equality Impact Assessments underpin key decisions and consultation takes</p>

	place regularly. Digital exclusion is being addressed in a number of ways, with devices distributed through programmes in Education and Employability
Councils need to ensure that partnership working forged in the pandemic with their communities, partners and the voluntary sector remains in place. They also need to learn what made it work and harness this to transform future engagement. The momentum and energy from communities may be lost if public bodies don't capitalise on what has been achieved.	The council has worked to maintain the networks which were developed throughout covid, supporting communities to work together and helping them access resources to do so where needed. The development of Community Partnerships is helping to accelerate this work, and our TSI is developing locality groupings of third sector organisations. A new Volunteering Strategy is in development and due for completion soon, which will help to support communities and the voluntary sector to continue to work in partnership with the public sector by identifying and removing barriers and offering assistance where needed.

## **6. Employee Implications**

- 6.1. There are no direct employee implications.

## **7. Financial Implications**

- 7.1. There are no direct financial implications.

## **8. Climate Change, Sustainability and Environmental Implications**

- 8.1 There are no Climate Change, Sustainability and Environmental implications relating to this report.

## **9. Other Implications**

- 9.1. Considering the detail of the report and identifying actions as appropriate contribute towards effective risk management.

## **10. Equality Impact Assessment and Consultation Arrangements**

- 10.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and therefore no impact assessment is required.
- 10.2. There is no requirement for consultation on the content of the report.

**Paul Manning**

**Executive Director (Finance and Corporate Resources)**

28 October 2022

## **Link(s) to Council Values/Priorities/Outcomes**

- ◆ Accountable, Effective, Efficient and Transparent

### **Previous References**

- ◆ None

### **List of Background Papers**

- ◆ Audit Scotland Report 'Local Government in Scotland: Overview 2021'

### **Contact for Further Information**

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

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# Local Government in Scotland Overview 2022

## Questions for Elected Members

6

Questions for elected members to consider	Sample answer
<b>Leadership – planning, strategy and improvement</b>	
Does my council have clear plans for recovery and renewal, that outline: <ul style="list-style-type: none"> <li>• what it needs to do in the short, medium, and longer term</li> <li>• the outcomes it will achieve</li> <li>• and the investment needed?</li> </ul>	<ul style="list-style-type: none"> <li>• Each Resource has a Response and Recovery plan that outlines short, medium and long-term plans and linked to Resource and Service plans.</li> <li>• Each plan takes full account of the continuing or emerging issues which are faced by customers, employees and our services stemming from COVID-19.</li> <li>• We continue to look at what else is happening in Scotland, the UK and further afield, to be guided by good practice, legislation and policy relevant to our activities as well as internal and external pressures that affect the Council with the aim of continuing to provide the best services and value for money. Our approach is informed by, and dependent on, guidance issued by the Scottish Government and therefore subject to continual review and change.</li> </ul>
Is my council together with our partners, reviewing and aligning strategic plans and priorities (including Local Outcome Improvement Plans) to deliver recovery and renewal? Has it consulted with communities on these priorities?	<ul style="list-style-type: none"> <li>• The council has approved a new Council Plan for the period 2022-27 which was developed in tandem with the Community Planning Partnership's (CPP) work on their refreshed Community Plan (LOIP) for the period 2022-32.</li> <li>• Both plans were developed through extensive engagement, dialogue and consultation with communities across South Lanarkshire, involving over 3,500 local residents commenting on their priorities, and aligned to existing community led plans.</li> <li>• Both plans share a common vision to improve the lives and prospects of everyone in South Lanarkshire.</li> <li>• The focus for both Plans is on 3 key areas: People, Progress and Planet. These put sustainable, people-centred recovery and renewal at the core of the strategic plans for both the Council and the CPP</li> <li>• Partners are aligning their strategic plans to the vision and key themes.</li> </ul>
Do recovery plans for my council consider key themes, including: <ul style="list-style-type: none"> <li>• New ways of working</li> <li>• Inequalities</li> <li>• Education recovery</li> <li>• Economic recovery</li> <li>• Climate emergency</li> <li>• Health and wellbeing – community and workforce</li> </ul>	<ul style="list-style-type: none"> <li>• Resources continue to deliver a wide range of services with a key focus on continued Pandemic recovery as well as tackling poverty, deprivation, inequality and measures to help mitigate the effects of rising costs are reflected in Resource and Service plans which link to the Council's Connect Plan.</li> </ul>

Has my council considered the Scottish Government National Recovery Plan and Programme for Government as part of the refresh of its strategic plans and recovery plans?	<ul style="list-style-type: none"> <li>• The Council's new Council Plan and its refreshed economic strategy take into account the Programme for Government and the National Recovery Plan within the strategic policy context.</li> <li>• Following publication of the Programme for Government in September each year, reports are presented to Executive Committee in November, detailing how the Programme for Government will be taken into account through the work of the Council, including within the annual Resource Plans and relevant strategies.</li> </ul>
Does my council have clear plans for restarting paused, closed, or reduced services and dealing with any service backlogs caused by the pandemic?	<ul style="list-style-type: none"> <li>• Yes, all Resources have the Response and Recovery plans with status update reports that highlight paused, closed or reduced services and actions being taken to address backlogs.</li> </ul>
<p>Do I know how my council is learning lessons from the pandemic response and evaluating new service models to inform improvement and drive recovery and renewal? Am I assured my council is building on innovations made during the pandemic:</p> <ul style="list-style-type: none"> <li>• Supporting vulnerable groups</li> <li>• Working in partnership</li> <li>• Faster decision-making</li> <li>• Delivering services differently – eg digital</li> <li>• Working differently – remote and hybrid</li> </ul>	<ul style="list-style-type: none"> <li>• The Response and recovery plans include continued implementation of revised service and working arrangements which have been put in place to deliver services, that have been identified as being both efficient and effective and suitable for permanent implementation.</li> <li>• These are linked to both Resource and service planning.</li> </ul>
Do I know how well my council uses data and what plans it has to develop data skills, data standards, and data tools?	<ul style="list-style-type: none"> <li>• The Council's Digital Strategy, approved in June 2022, describes how improved use of data across the council will facilitate service improvement, efficiencies and digital inclusion. A critical aspect of this strategy is the requirement to upgrade council systems and deliver a data infrastructure which will enhance data quality, availability and security. This, in turn, will enable standard tools such as self-service, management reporting and analytics to be rolled out. The strategy also notes that, to successfully digitally transform, a programme of upskilling of staff will be required.</li> </ul>
<b>Leadership – skills</b>	
Is my council clear on what leadership skills are needed to drive forward recovery and renewal, and are there arrangements in place to deliver these?	<ul style="list-style-type: none"> <li>• Refreshed workforce plans, including leadership and succession planning are complete. Plans are going through the committee cycle post recess.</li> <li>• Induction programme for elected members in place.</li> </ul>

Am I aware what succession planning arrangements and leadership development arrangements are in place for the council management team? Am I satisfied these are appropriate?	As above
Do I have access to training and learning materials that meet my needs as an elected member? Have I taken up available opportunities that will assist me in being effective in my role?	<ul style="list-style-type: none"> <li>Elected Members can access a wide range of training and learning materials, including Learn Online courses, Elected Members' briefings, and practical guides to safety, computing and IT topics. Between March 2020 and summer 2022, 78 training/awareness sessions were held with 1,157 attendances and a programme of training events is in place until March 2023 covering topics such as Climate Literacy, social media, and awareness training on use of new technology in the Council Chamber.</li> </ul>
<b>Governance</b>	
Do I have access to clear, timely, and sufficiently detailed information that allows me to carry out my governance and scrutiny role?	<p>Yes as follows:</p> <ul style="list-style-type: none"> <li>Committee Chairs have regular 1 to 1s with Resource Executive Directors</li> <li>Chairs and Deputies receive advance copies of agendas and reports and attend agenda meetings with Resource Executive Directors and senior officers at least 7 days before agendas are issued for committee meetings, at which they have the opportunity to ask questions.</li> <li>All agendas and reports issued 5 working days in advance of Committee meetings to allow members time to digest information and ask questions to inform decision making at meetings</li> <li>Executive Committee agendas and reports issued to all Council elected members, who then may submit questions on any report on the agenda for response</li> <li>Standing Order 19 gives members an opportunity to ask a chairperson about any relevant business not on the committee agenda. The question must be submitted to the Chief Executive 10 clear days before the meetings.</li> <li>Committee members may ask the chairperson a question about any matter on the agenda without giving prior notice.</li> <li>All committee meetings etc livestreamed</li> <li>Regular Members Briefings on topics of interest issued</li> <li>Programme of Members Awareness Sessions held on high profile issues to allow members to be briefed and ask questions in advance of committees at which they will be asked to make decisions e.g Budget, National Care Service</li> <li>Councillor Case Management System introduced for use by elected members to send questions to Officers, response times etc monitored</li> </ul>

<p>Do I have a clear picture of where my council is in terms of recovery and renewal:</p> <ul style="list-style-type: none"> <li>• what new service demand, unmet needs, and what backlogs exist?</li> <li>• what changes to services have taken place and what impact assessments have been carried out for changes that have continued or are proposed?</li> </ul>	<ul style="list-style-type: none"> <li>• We continually review services to ensure they meet the needs of service users which includes recovery and renewal, looking at emerging service demand as well as areas for improvement or further service changes with the aim of continuously improving how we do things.</li> <li>• Resources continue to undertake Equality Impact and Fairer Scotland Duty assessments against new or revised policies and strategies as a means of mitigating inequalities.</li> <li>• Over the course of the last 2 and half years, it has been widely recognised that the Covid-19 pandemic has had a disproportionate impact upon vulnerable and disadvantaged individuals and groups within communities. While the majority of restrictions have eased, the impact on these customer groups continues to be a particular focus going forward given the emerging cost of living crisis.</li> <li>• We have a monitoring and performance framework which is continually scrutinised at all levels which links to Resource and Service plans and is aligned to the council plan – Connect.</li> </ul>
<p>Am I satisfied that the governance arrangements in place in my council offer sufficient transparency and opportunities for public participation?</p>	<p>Yes as demonstrated by:</p> <ul style="list-style-type: none"> <li>• All Committee agendas, reports and minutes published on the Committee Information Page, Council website</li> <li>• All Committee meetings etc recorded and livestreamed</li> <li>• Public consultations held on relevant areas e.g Budget, Council and Community Plan, South Lanarkshire Local Development Plan, Neighbourhood Plans, Planning and Licensing Policies, Health and Social Care Strategic Commissioning Plan among others</li> <li>• Community Councils are statutory consultees for Planning and Licensing applications</li> <li>• Planning and licensing applications published on planning portal and council website</li> <li>• Neighbour notification for Planning and Licensing applications giving opportunities to object .</li> <li>• Opt in list to receive marches and parades notifications</li> <li>• Participatory Budgeting</li> <li>• School consultations regarding catchment areas or school siting</li> <li>• Annual accounts and governance statement published on the Council website.</li> </ul>
<p>Do I understand what my responsibilities are when serving on external bodies (eg, ALEOs) and joint boards or committees?</p>	<ul style="list-style-type: none"> <li>• Induction training provided for all members</li> <li>• Role specific training provided to ALEO members (South Lanarkshire Leisure and Culture, Integrated Joint Boards, Lanarkshire Valuation Joint Board and Seemis</li> </ul>



	<ul style="list-style-type: none"> <li>• Role specific training provided on roles and duties of charitable trustees</li> </ul>
Am I familiar with the Councillors Code of Conduct for elected members?	<ul style="list-style-type: none"> <li>• Councillors Code of Conduct, associated guidance and Standard Commission Advice Notes issued to all elected members.</li> <li>• Number of training sessions held on the Code of Conduct to which all members invited.</li> <li>• Standard Commission newsletters issued to all elected members</li> <li>• Members encouraged to contact Chief Executive or Monitoring Officer for advice on interpretation/application of the Code to particular circumstances</li> <li>• All of above also applies to Model Code of Conduct and Members of Integration Joint Board.</li> </ul>
<b>Finance</b>	
Am I clear about the financial challenges facing the council and how they are being managed?	<ul style="list-style-type: none"> <li>• Officers provide 4-weekly monitoring reports to the Council's Executive Committee detailing the current year position and highlighting any financial issues arising and how they can be managed. This keeps members informed of the current financial position.</li> <li>• The Council received a budget strategy report for 2023/2024 in June 2022, with further updates in September and November 2022. These further updates also included information on the Budget Gap for future years, which allowed members to see the scale of the financial challenges moving forward.</li> <li>• The November paper also included information on accounting for Service Concessions, and the use of the benefit arising. This advised members of how they could manage/reduce the Budget Gap in the coming years.</li> </ul>
Has my council developed longer term financial plans that clearly link to recovery plans?	<ul style="list-style-type: none"> <li>• The Council's 2022/2023 budget includes the residual impact of the pandemic, with funding carried forward to manage the costs. Any permanent repercussions are built into the longer term financial strategy including the higher than average inflation hikes in utilities and pay.</li> <li>• The Council has a programme of transformational reviews, including learning from required service changes through Covid. The financial benefit from these reviews is assisting in the longer term financial strategy.</li> </ul>
Does my council have clear and robust plans in place for the management of reserves?	<ul style="list-style-type: none"> <li>• The Council's accounts provides details of the reserves held by the Council and the reasons for holding these sums.</li> <li>• Financial strategies also provide an update on the strategy for reserves.</li> </ul>

<b>Workforce</b>	
Does my council have detailed corporate and service workforce planning in place? Have these plans been updated to reflect the impact of Covid-19? Do these include plans for managing impact of pandemic on staff wellbeing	<ul style="list-style-type: none"> <li>• Refreshed workforce plans, including leadership and succession planning are complete. Plans are going through the committee cycle post recess.</li> <li>• Induction programme for elected members in place.</li> </ul>
Does my council understand any specific areas of skills shortages that risk delivery of its objectives? Eg social care, facilities management	<ul style="list-style-type: none"> <li>• Refreshed workforce plans, including leadership and succession planning are complete. Plans are going through the committee cycle post recess.</li> <li>• Induction programme for elected members in place.</li> </ul>
<b>Meeting local needs</b>	
Does my council understand the changing demographic profile, poverty levels, and cost of living increases in our council area and how this will impact on demand for council services?	<ul style="list-style-type: none"> <li>• The council monitors a range of demographic and socio-economic indicators for South Lanarkshire, including poverty and cost-of-living indicators.</li> <li>• Fact-sheets were prepared to inform the development of the new Council Plan and the Community Plan.</li> <li>• Key facts about South Lanarkshire can be accessed through the council's website and statistical profiles for small areas (data zones, communities, wards) can be generated via an online tool.</li> <li>• These data sources are used extensively by Resources in planning and delivering services.</li> </ul>
Does my council have data and an understanding at a local level of the impact of the pandemic on different groups, in particular how inequalities have been exacerbated?	<ul style="list-style-type: none"> <li>• The Council is keeping abreast of current research to ensure our response is timely and effective. The changing labour market/employability needs and possible methods of addressing these are examples of using local data to improve understanding and supports.</li> </ul>
Does my council have plans in place to address these unequal impacts?	<ul style="list-style-type: none"> <li>• Equality Impact Assessments underpin key decisions and consultation takes place regularly.</li> <li>• Putting people first and tackling inequality is one of the priorities within the Council Plan 2022-27 and this is translated into specific actions at Resource level through the annual Resource Planning process.</li> </ul>
Does my council have plans in place to address key priorities and areas of reform, including social care and climate change?	<ul style="list-style-type: none"> <li>• The Council Plan articulates the Council's priorities (People, Progress and Planet) and what it will do to improve outcomes that matter to the people of South Lanarkshire. Key areas of reform are taken into consideration through the annual Resource Planning process, which identifies the actions Resources will take in the coming year to progress the aims of the Council Plan and respond to changes in the external environment.</li> <li>• Action on climate change is embedded within the Council Plan and fully articulated in the Council's Sustainable Development and Climate Change Strategy 2022-27.</li> </ul>

<b>Community empowerment and collaboration</b>	
How well is my council involving communities and citizens in driving recovery plans and reshaping services? What needs to improve?	<ul style="list-style-type: none"> <li>The Council is leading on the development of community led plans, and community (locality) partnerships on behalf of the community planning partnership, to support the redesign of service delivery for the Council and partners. These groups allow for greater connection with communities, accountability by partners and scrutiny of progress being made. Work is under way to identify how services can be planned and delivered at locality level. This is an area of work which is progressing at pace, but engagement across South Lanarkshire can still be strengthened and more communities encouraged to become involved in planning.</li> </ul>
How well is my council collaborating with local partners, including the third sector in planning, and delivering services?	<ul style="list-style-type: none"> <li>Through the Community Planning Partnership, the Council collaborates robustly with local partners from the public, private and third sectors on the planning and delivery of services. Work is also under way through the Community Wealth Building strategy to engage partners, in particular from the third sector, in planning and designing services that support the inclusive economy and plural ownership.</li> </ul>



# Report

7

Report to:	<b>Risk and Audit Scrutiny Committee</b>
Date of Meeting:	<b>6 December 2022</b>
Report by:	<b>Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>Performance and Review Scrutiny Forum Annual Update</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ provide, for information, a summary of the reports considered by the Performance and Review Scrutiny Forum during the period January to December 2022

## 2. Recommendation(s)

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

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

## 3. Background

- 3.1. The Terms of Reference and Powers and Responsibilities for the Performance and Review Scrutiny Forum includes consideration of the Council's response to Best Value, improvement and performance management.
- 3.2. The details within this report provide the Risk and Audit Scrutiny Committee with a summary of business reported to the Performance and Review Scrutiny Forum.

## 4. Agenda items

4.1. The table below notes the reports submitted to the Performance and Review Scrutiny Forum during 2022 under the main areas of responsibility.

Date	Report	Theme
25 January	<ul style="list-style-type: none"> <li>Connect Q2 Progress 2021/2022</li> <li>Improve red/amber results at Q2 2021/2022</li> <li>Best Value Assurance Report published by the Accounts Commission – South Ayrshire Council</li> </ul>	Performance Performance Best Value
16 August	<ul style="list-style-type: none"> <li>Annual Performance Spotlights 2021/2022</li> <li>Connect Q4 Progress 2021/2022</li> <li>Local Government Benchmarking Framework 2020/2021 results and action plan</li> <li>Update on future reporting of Local Government Benchmarking Framework</li> </ul>	Performance Performance Improvement Improvement
29 November	<ul style="list-style-type: none"> <li>Connect Q2 Progress Report 2022/2023</li> <li>Resource Plans 2022/2023 Quarter 2 Red and Amber results</li> </ul>	Performance Performance

	<ul style="list-style-type: none"> <li>• Audit Scotland Overview of Local Government 2022</li> <li>• Best Value Assurance Report published by the Accounts Commission – Angus, Falkirk, Shetland, Comhairle nan Eilean Siar Councils</li> </ul>	Best Value  Best Value
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- 4.2. A schedule of reporting will continue covering the key themes noted at paragraph 3.1 above. The Risk and Audit Scrutiny Committee will be provided with an annual report for information, advising it of the business presented to the Performance and Review Scrutiny Forum.

## **5. Employee Implications**

- 5.1. There are no employee implications relating to this report.

## **6. Financial Implications**

- 6.1. There are no financial implications relating to this report.

## **7. Climate Change, Sustainability and Environmental Implications**

- 7.1. There are no Climate Change, Sustainability and Environmental implications relating to this report.

## **8. Other Implications**

- 8.1. There are no risk implications in terms of the information contained within this report.

## **9. Equality Impact Assessment and Consultation Arrangements**

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

**Paul Manning**

**Executive Director (Finance and Corporate Resources)**

22 November 2022

## **Link(s) to Council Values/Priorities/Outcomes**

- ◆ Accountable, Effective, Efficient and Transparent

## **Previous References**

- ◆ None

## **List of Background Papers**

- ◆ Performance and Review Scrutiny Forum meetings – 25 January 2022, 16 August 2022 and 29 November 2022.

## **Contact for Further Information**

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

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Ext: 4904 (Tel: 01698 454904)

Email: tom.little@southlanarkshire.gov.uk

# Report

8

Report to:	<b>Risk and Audit Scrutiny Committee</b>
Date of Meeting:	<b>6 December 2022</b>
Report by:	<b>Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>Forward Programme for Future Meetings</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ advise members of the forward programme for the meetings of the Risk and Audit Scrutiny Committee to 27 June 2023
- ◆ invite members to suggest topics for inclusion in the Committee's forward programme

## 2. Recommendation(s)

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

- (1) that the report and the outline forward programme for the meetings of the Risk and Audit Scrutiny Committee to 27 June 2023, attached as an Appendix to the report, be noted.

## 3. Background

3.1. As part of a range of improvement measures introduced as a result of Audit Scotland's report on the Audit of Best Value and Community Planning (2009), an Action Plan was prepared. One of the actions was to include, as a standard agenda item, a list of items proposed for consideration at subsequent meetings of this Committee to provide an opportunity for members to inform future agendas. The outline forward programme to 27 June 2023 is attached, for members' information, as an Appendix to the report.

## 4. Employee Implications

4.1. There are no employee implications.

## 5. Financial Implications

5.1. There are no financial implications.

## 6. Climate Change, Sustainability and Environmental Implications

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

## 7. Other Implications

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

## **8. Equality Impact Assessment and Consultation Arrangements**

- 8.1. The report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.
- 8.2. There was no requirement to undertake any consultation in terms of the information contained in this report.

**Paul Manning**

**Executive Director (Finance and Corporate Resources)**

11 November 2022

### **Link(s) to Council Values/Priorities/Outcomes**

- ♦ 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:-

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## **APPENDIX – RASC OUTLINE FORWARD PROGRAMME TO 27 June 2023**

<b>Meeting Date</b>	<b>Item</b>	<b>Responsibility</b>
7 March 2023	Public Sector Internal Audit Standards (PSIAS) – External Assessment	Audit and Compliance Manager
	Internal Audit Activity Report	Audit and Compliance Manager
	Fraud Statistics Six Monthly Update	Audit and Compliance Manager
	Internal Audit Plan 2023/2024	Audit and Compliance Manager
	Good Governance Update	Head of Administration and Legal Services
27 June 2023	Internal Audit Assurance Report 2022/2023	Audit and Compliance Manager
	Annual Governance Statement for 2022/2023 and Significant Governance Areas Quarter 4 Progress Report	Head of Administration and Legal Services
	Unaudited Annual Accounts 2022/2023	Head of Finance (Strategy)
	Internal Audit Activity Report	Audit and Compliance Manager
	Audit Scotland – Financial Overview 2021/2022	Head of Finance (Strategy)
	Financial Resources Scrutiny Forum Activity	Head of Finance (Strategy)
	Annual Audit Plan 2022/2023	Audit Scotland

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.

