



Council Offices, Almada Street
Hamilton, ML3 0AA

Tuesday, 07 September 2021

Dear Councillor

Risk and Audit Scrutiny Committee

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

Date: Wednesday, 15 September 2021
Time: 10:00
Venue: By Microsoft Teams,

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

Yours sincerely

Cleland Sneddon
Chief Executive

Members

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

Substitutes

Janine Calikes, Margaret Cowie, Bert Thomson, Jared Wark

BUSINESS

1 Declaration of Interests

- 2 Minutes of Previous Meeting** 5 - 10
Minutes of the meeting of the Risk and Audit Scrutiny Committee held on 22 June 2021 submitted for approval as a correct record. (Copy attached)

Item(s) for Noting

- 3 Internal Audit Activity as at 27 August 2021** 11 - 16
Report dated 30 August 2021 by the Executive Director (Finance and Corporate Resources). (Copy attached)
- 4 Year End Risk Management Report (2020/2021) and Review of Council's Top Risks (2021/2022)** 17 - 32
Report dated 16 August 2021 by the Executive Director (Finance and Corporate Resources). (Copy attached)
- 5 2020/2021 Year End Insured Risks Report** 33 - 44
Report dated 16 August 2021 by the Executive Director (Finance and Corporate Resources). (Copy attached)
- 6 2020/2021 National Fraud Initiative Exercise** 45 - 54
Report dated 30 August 2021 by the Executive Director (Finance and Corporate Resources). (Copy attached)
- 7 Fraud Statistics Annual Report 2020/2021** 55 - 60
Report dated 30 August 2021 by the Executive Director (Finance and Corporate Resources). (Copy attached)
- 8 Financial Management Code** 61 - 70
Report dated 10 June 2021 by the Executive Director (Finance and Corporate Resources). (Copy attached)
- 9 Audit Scotland – Financial Overview 2019/2020** 71 - 76
Report dated 5 July 2021 by the Executive Director (Finance and Corporate Resources). (Copy attached)
- 10 Audit Scotland Report - Digital Progress in Local Government** 77 - 82
Report dated 30 August 2021 by the Executive Director (Finance and Corporate Resources). (Copy attached)
- 11 Forward Programme for Future Meetings** 83 - 86
Report dated 21 July 2021 by the Executive Director (Finance and Corporate Resources). (Copy attached)

Urgent Business

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

Clerk Name: Elizabeth-Anne McGonigle
Clerk Telephone: 01698 454521

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RISK AND AUDIT SCRUTINY COMMITTEE

Minutes of meeting held via Microsoft Teams on 22 June 2021

Chair:

Councillor Jared Wark

Councillors Present:

Councillor Mary Donnelly, Councillor Grant Ferguson, Councillor Julia Marrs, Councillor Davie McLachlan, Councillor Carol Nugent

Councillor Also Present:

Councillor John Ross

Councillors' Apologies:

Councillor Walter Brogan, Councillor Graeme Campbell, Councillor Martin Lennon

Attending:

Chief Executive's Service

C Sneddon, Chief Executive (for items 3 and 4)

Finance and Corporate Resources

P Manning, Executive Director (Finance and Corporate Resources); Y Douglas, Audit and Compliance Manager; G McCann, Head of Administration and Legal Services; E-A McGonigle, Administration Officer; J Taylor, Head of Finance (Strategy)

Also Attending:

Audit Scotland

A Kerr, External Auditor

Appointment of Chair

In terms of Standing Order No 32(b), Councillor Wark was appointed Chair for this meeting.

1 Declaration of Interests

No interests were declared.

2 Minutes of Previous Meeting

The minutes of the meeting of the Risk and Audit Scrutiny Committee held on 3 March 2021 were submitted for approval as a correct record.

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

3 Internal Audit Annual Assurance Report 2020/2021

A report dated 4 June 2021 by the Audit and Compliance Manager (Finance and Corporate Resources) was submitted providing:-

- ◆ a summary of progress and performance of Internal Audit for the financial year 2020/2021

- ◆ an opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control systems based on audit work undertaken in 2020/2021

Details were given on:-

- ◆ Internal Audit performance
- ◆ Council-wide performance in relation to the delivery of audit actions
- ◆ workload analysis
- ◆ links to the Council's objectives and top risks
- ◆ management of fraud risks
- ◆ areas of assurance
- ◆ areas of external reliance

During 2020/2021, the Council's systems and controls had been impacted by the COVID-19 pandemic and there was a requirement to amend governance arrangements and normal business operations in response to the unprecedented circumstances. Guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), which advised that audit processes could be streamlined to increase capacity, audit scopes could be narrowed to examine key risks and advisory work that supported the annual opinion could be prioritised, was adopted by the Council to ensure the annual audit opinion for the year ended 31 March 2021 could be provided.

The overall opinion expressed on the Council's control environment was that a reasonable level of assurance could be placed on the adequacy and effectiveness of the Council's framework of governance, risk management and control arrangements for the year ended 31 March 2021. The Internal Audit findings would inform the Council's 2020/2021 Governance Statement.

The Committee decided:

- (1) that the performance of Internal Audit during 2020/2021 be noted;
- (2) that the level of assurance on the Council's control environment be noted; and
- (3) that it be noted that the overall findings from Internal Audit work would inform the Council's 2020/2021 Annual Governance Statement.

[Reference: Minutes of 18 June 2020 (Paragraph 3)]

4 Annual Governance Statement for 2020/2021 and Significant Governance Areas Quarter 4 Progress Report

A report dated 26 May 2021 by the Executive Director (Finance and Corporate Resources) was submitted on the Annual Governance Statement for 2020/2021 and progress against significant governance areas identified within the 2019/2020 Annual Governance Statement at Quarter 4.

Each year, the Council undertook a review of the governance arrangements required to support its financial and operational controls. This review provided the basis for the Annual Governance Statement which was included in the Council's Annual Report and Statement of Accounts.

The Council's governance assurance framework was detailed in Appendix 1 to the report. The resulting Annual Governance Statement for 2020/2021, attached as Appendix 2 to the report, provided information on the Council's compliance during 2020/2021. The annual review of governance arrangements across the Council demonstrated sufficient evidence that the principles of delivering good governance in local government, contained in the Local Code of Corporate Governance, operated effectively and that the Council complied with its Code.

Progress on the significant governance areas highlighted within the Annual Governance Statement 2019/2020 was attached as Appendix 3 to the report.

In response to a member's question, an officer advised that cyber resilience training was available for all staff and elected members to access via Learn on Line.

The Committee decided:

- (1) that the Annual Governance Statement, attached as Appendix 2 to the report, which would be included in the 2020/2021 Annual Report and Statement of Accounts, be approved; and
- (2) that the progress on the Good Governance Statement Action Plan at Quarter 4 2019/2020, detailed in Appendix 3 to the report, be noted.

[Reference: Minutes of 18 June 2020 (Paragraph 4)]

Councillor Ross left the meeting after consideration of this item of business

5 Unaudited Annual Accounts 2020/2021

A report dated 2 June 2021 by the Executive Director (Finance and Corporate Resources) was submitted on the requirement for members to consider the Unaudited Annual Accounts of the Council and related Charitable Trusts, attached as Appendices 1 and 3 to the report, by 30 June 2021.

The Council's Unaudited Annual Accounts detailed key information on the Council's expenditure and income for the financial year ended 31 March 2021. The accounts also covered 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.

Due to the ongoing impact of COVID-19, the Scottish Government had extended the normal audit deadline to beyond 30 June, however, the Council had chosen to complete the Unaudited Accounts submission by that date. The full unaudited accounts would be circulated to members following their submission to the auditor on 30 June 2021 and would be advertised as being available for public inspection on the Council's website from that date.

Due to the ongoing impact of COVID-19, the Scottish Government had extended the normal audit deadline from 30 September to 30 November 2021 and the audited Annual Accounts would be submitted to this Committee on 17 November 2021, together with the External Auditor Members' report for formal approval and signature.

A monitoring report on the final outturn position of the Council's Revenue Budget, attached as Appendix 2 to the report, would be presented to the Executive Committee on 23 June 2021. The information contained in the unaudited Accounts took into account the position reported in the Revenue Outturn report and was, therefore, subject to the approval of the Executive Committee.

The CIPFA Code of Accounting Practice (the Code) introduced an Expenditure and Funding Analysis which must be prepared as part of the main Accounts. Appendix 2 to the report provided a reconciliation of the final breakeven position, which would be reported to the Executive Committee on 23 June 2021, to the figures included in the Council's Accounts 2021 (in the Expenditure and Funding Analysis Statement and the Comprehensive Income and Expenditure Account) in line with the Code.

Councillor Marrs made reference to other key achievements she considered should be highlighted in Appendix 1 to the report. In response, the Executive Director (Finance and Corporate Resources) confirmed that those would be included in the final version of the accounts.

In response to a question in relation to indemnity insurance for members involved with Charitable Trusts, Officers undertook to provide clarification to members on this matter.

The Committee decided: that the unaudited Annual Accounts of the Council and related Charitable Trusts, to be submitted to Audit Scotland by the deadline of 30 June 2021, be noted.

6 Internal Audit Activity as at 4 June 2021

A report dated 4 June 2021 by the Executive Director (Finance and Corporate Resources) was submitted on work completed by Internal Audit during the period 13 February to 4 June 2021.

Findings from internal audit assignments were reported to the Committee throughout the year and the last progress report was considered by this Committee on 3 March 2021. Performance indicators had not been reported to the Committee for most of 2020/2021 as traditional monitoring processes were not able to accurately capture data relating to the delivery of COVID-19 tasks alongside routine audit work. Annual performance data as at 31 March 2021 was gathered for the purpose of the annual assurance report and was summarised in Appendix 1 with explanations.

As at 31 March 2021, 88% of planned assignments were at final draft stage. During 2020/2021, 94% of draft reports were issued on time and 75% 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. In 2020/2021, 94% 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%.

The findings from assignments completed in the period 13 February to 4 June 2021 were detailed in Appendix 2 to the report.

The Committee decided: that the report be noted.

[Reference: Minutes of 3 March 2021 (Paragraph 4)]

7 Interim Management Report 2020/2021

An interim audit report dated May 2021 by Audit Scotland, the Council's external auditor, was submitted detailing the findings of Audit Scotland's interim audit of the Council for 2020/2021.

The external auditor detailed key findings in relation to the following areas of audit work:-

- ◆ payroll validation
- ◆ approval of journal entries

The management responses in relation to the external auditor's findings on each of those areas of work were detailed in the report.

The external auditor also advised of other audit work and discussions undertaken in relation to grant claim certification work.

The ongoing impact of COVID-19 was recognised and Audit Scotland concluded it was no longer viable to continue to view 2020/2021 as a transitional audit year and that the later deadline set for 2019/2020 of 30 November remained appropriate for the Annual Audit Plan this year.

The Committee decided: that the external auditor's interim audit report for 2020/2021 be noted.

8 Financial Resources Scrutiny Forum Activity

A report dated 25 May 2021 by the Executive Director (Finance and Corporate Resources) was submitted on reports considered by the Financial Resources Scrutiny Forum in the period from August 2020 to May 2021.

A report on the business considered by the Financial Resources Scrutiny Forum would continue to be submitted to the Risk and Audit Scrutiny Committee on an annual basis.

The Committee decided: that the report be noted.

9 Forward Programme for Future Meetings

A report dated 26 May 2021 by the Executive Director (Finance and Corporate Resources) was submitted on the outline forward programme for the meeting of the Risk and Audit Scrutiny Committee to 26 January 2022.

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 26 January 2022 be noted.

10 Urgent Business

There were no items of urgent business.

Report

3

Report to: **Risk and Audit Scrutiny Committee**
 Date of Meeting: **15 September 2021**
 Report by: **Executive Director (Finance and Corporate Resources)**

Subject: **Internal Audit Activity as at 27 August 2021**

1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ update the Risk and Audit Scrutiny Committee (RASC) on progress by, and performance of, the Internal Audit service in the period to 27 August 2021

2. Recommendation(s)

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

- (1) that progress and performance is noted

3. Background

3.1. Findings from internal audit assignments are reported to the Committee throughout the year. The last progress report to the Committee was in June 2021 and reported on work completed in the period 13 February to 4 June 2021. This report covers all work completed in the period 5 June to 27 August 2021. Performance information is also included.

4. Delivery of the 2020/2021 Audit Plan: Progress and Performance

- 4.1. As at 27 August 2021, 70% of assignments from Phase 1 of the 2021/2022 Audit Plan have started with 20% completed to draft report stage. Much of the focus of the first quarter of the year has been in preparing annual assurance reports for South Lanarkshire Council and the 4 external clients to which the Council provides an internal audit service, in conjunction with supporting Council Services to disburse COVID-19 grants. These tasks have exceeded the original estimated days to complete and this has impacted on progress with other assignments that were anticipated to be concluded in the first 6 months of the year. Work to complete the first phase of the 2021/2022 Audit Plan continues and a full update, together with a proposed Plan for the remainder of the year, will be presented to Members at the next meeting of the Committee.
- 4.2. Key performance indicators reflecting quality, on time and within budget for the period to 30 June 2021 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 four weeks of the issue of a draft report against a target set of 80%.

4.4. Members are asked to note performance

5. Findings

5.1. Appendix 2 lists all assignments completed in the period 5 June to 27 August 2021.

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

6. Progress against Strategy

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

6.2. Delivery of the strategy will be evidenced by completion of the 2021/2022 Plan and will be monitored through the performance indicators regularly reported to the Committee throughout the period.

7. Employee Implications

7.1. There are no employee issues.

8. Financial Implications

8.1. A breakeven position for 2021/2022 is forecast at the end of the financial year for the Internal Audit section.

9 Other Implications

9.1. The main risks to the delivery of the Audit Plan are, generally, vacancies and team up-skilling requirements, unforeseen service demands and delays with client sign-off. Normally these would be mitigated by coaching and training, regular meetings and escalation processes as well as inclusion of contingency time within the annual plan. However, given the ongoing pandemic, these risks require particular consideration and the Audit Plan for 2021/2022 will remain under review. Any required amendments will be presented to the Committee for approval.

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

10. Equality Impact Assessment and Consultation Arrangements

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

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

Paul Manning

Executive Director Finance and Corporate Resources

30 August 2021

Link(s) to Council Objectives/Improvement Themes/Values

- Achieve results through leadership, good governance and organisational effectiveness

Previous References

- ◆ 2021/2022 Internal Audit Plan – Six Months to 30 September 2021 – Risk and Audit Scrutiny Committee, 3 March 2021
- ◆ Internal Audit Activity as at 4 June 2021 – Risk and Audit Scrutiny Committee, 22 June 2021

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 June 2021

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%	
2021/2022 Audit Plan completed to draft by 31 March 2022	6/30	20%	100%	70% of assignments from Phase 1 of the 2021/2022 Audit Plan have started. Work to complete the first phase of the 2021/2022 Audit Plan continues and a full update, together with a proposed Plan for the remainder of the year, will be presented to Members at the next meeting of the RASC.
Internal Audit recommendations delivered on time	n/a	n/a	90%	No actions fell due in the quarter to 30 June 2021.
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
Previous Year				
I234101	Cash Checks	31/03/2021	22/06/2021	Financial control testing was originally intended to include a series of Cash Spot Checks in the year but this was not feasible during the ongoing pandemic. Instead, the time was used to integrate petty cash audit work into the CCM monitoring project. This work has now created a dashboard that can display how much petty cash has been spent by each unit, how often petty cash is topped up and whether VAT is being correctly recovered on purchases. This dashboard will now be used to inform visits in 2021/2022.
I216104	BACS Reconciliation	01/04/2021	22/06/2021	Work to review BACS payments tested 418,902 payments with a value of £1.367 billion over a three year period. The audit work reconciled payment data held in Oracle Payables to that of the BACs payments recorded in the external portal and were then ultimately paid. This reconciliation is now embedded within the continuous control monitoring (CCM) checks undertaken by Internal Audit on a four weekly basis. Work to review controls to

				prevent the creation and authorisation of fraudulent invoices will conclude audit work in this area and this will be included in the second, six-monthly Audit Plan in 2021/2022.
I821032	2020/21 Annual Assurance Report	03/06/2021	22/06/2021	Provision of annual statement of assurance.

External Clients				
I928187	LVJB 2020/2021 Annual Report	13/05/2021	09/06/2021	Reported to LVJB
I938180	SEEMIS 2020/2021 Annual Report	11/05/2021	17/05/2021	Reported to SEEMIS
I944160	IJB Follow Up	15/06/2021	15/06/2021	Reported to IJB
I942162	IJB Value for Money Stores Equipment	15/06/2021	15/06/2021	Reported to IJB

Report

4

Report to:	Risk and Audit Scrutiny Forum
Date of Meeting:	15 September 2021
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Year End Risk Management Report (2020/2021) and Review of Council's Top Risks (2021/2022)
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide the Risk and Audit Scrutiny Committee (RASC) with an update on progress with risk management activity undertaken during 2020/2021
- ◆ provide an update on the Council's top risk register following the review and consultation process

2. Recommendation(s)

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

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

3. Background

- 3.1. Annual reviews of the Council's top risks are undertaken, the findings of the last review reported to the RASC on 8 December 2020. This year's full review commenced in April 2021. The consultation involved views being sought from Heads of Service, Elected Members and Trade Unions on new areas of risk.
- 3.2. In 2020/2021 a mid-year year review of the Council's 'very high' scored risks was undertaken to ensure that these risks continued to be managed appropriately, given their significance. The only change of note at this time, was a reduction in the risk score on the 'Social Work Care Inspectorate Requirements' risk. Details of further amendments to this risk are noted in Appendix 3.
- 3.3. An informal benchmarking exercise was undertaken to review the Council's top risks against a neighbouring authority's risk register. This review established that the current South Lanarkshire Council top risk register is in the main reflective of the risks faced by our neighbouring authority. The intention is to expand this exercise further with additional local authorities for the 2022/2023 review.
- 3.4. The results of the work undertaken was considered and used to inform proposals for a refined set of top risks. The feedback was used to review risk descriptions, as required.

- 3.5. The content of this report provides the Committee with the findings of the review in respect of these risks.

4. Resource Compliance with the Risk Management Strategy

- 4.1. Risk Sponsors are required on an annual basis to assess their Resource's compliance with the Risk Management Strategy and provide supporting evidence. The information for 2020/2021 is summarised in the end of year compliance statement which is attached at Appendix 1.
- 4.2. Appendix 1 shows that Resources continue to demonstrate full compliance with the Strategy, having scored 45 out of 45.
- 4.3. It is important that the current level of compliance is maintained to demonstrate effective risk management which contributes to robust service planning and improved decision making.

5. Progress made in delivering actions to control the Council's top risks

- 5.1. As at 31 March 2021, the percentage of actions completed was 85 per cent against an overall target of 90 per cent. Some actions have been delayed and carried forward due to the COVID-19 pandemic.
- 5.2. Table 1 below shows the overall status as at 31 March 2021 for all actions relating to the Council's top risk register.

Table 1 – Completion of top risk control actions

Action status	Number of actions	Percentage of actions
Complete	23	85%
Carried forward to 2021/2022	4	15%
Total	27	100%

- 5.3. Actions identified during this year's review have been included within the 2021/2022 top risk control plan. This contains a total of 19 actions.

6. Results of the review of the Council's top risks

- 6.1. To assist the review process, the following broad criteria were recommended as a guide to concluding what constitutes a top risk:-
- ◆ it threatens delivery of corporate objectives
 - ◆ it impacts on other services or partnerships
 - ◆ there are financial impacts or it impacts on other key priority strategies
 - ◆ there are impacts of a social or demographic context
- 6.2. When the Council's Risk Management Strategy was updated last year, a new 5x5 risk scoring matrix was introduced. The matrix used to score the risks noted in this report is attached at Appendix 2.
- 6.3. In line with previous years, the annual review tends not to result in wholesale changes to the top risk register. Risks from last year's review, as detailed in the report to RASC on 9 December 2020 were mostly deemed to be still valid, with the majority of these risks having been impacted upon by the COVID-19 pandemic.

- 6.4. The main changes to the top risks are summarised below with further details provided in Appendix 3:-
- ◆ the residual risk score for 'COVID-19 pandemic' has reduced from 20 to 16
 - ◆ a new risk has been added to the top risk register, 'The Council is materially affected by the recommendations arising from the independent review of Adult Social Care in Scotland'
 - ◆ the residual risk score for 'EU Exit' has reduced from 20 to 12
 - ◆ the risk 'Failure to evidence progress against Social Work Care Inspectorate Requirements' is no longer considered to be a Council top risk and as such has been removed from the top risk register. This follows acknowledgement by the Care Inspectorate of improvements made in the Hamilton and Rutherglen service areas.
 - ◆ the risk card for 'Potential liability arising from claims of historic abuse' has been re-written to reflect upon recent developments and changes to legislation
 - ◆ the risk 'Failure to adequately prepare for the national expansion in early years education and child care provision' is no longer considered to be a Council top risk and as such has been removed from the top risk register
 - ◆ the risk 'Failure to maintain the required pupil/teacher ratio' is no longer considered to be Council top risk and as such has been removed from the top risk register
 - ◆ the risk description for 'Death or injury to employees, service users or members of the public affected by Council operations' has been amended to capture wider health, safety and wellbeing issues
 - ◆ risk descriptions, controls and actions have been updated as required on individual risks, following discussion with risk owners
- 6.5. The Council's top risk register is monitored on an ongoing basis and updates are reported annually to this Committee. Risk scores and rankings may be amended if new information comes to light that allows the position to be reassessed.
- 6.6. As a result of the above changes and taking into account of revision of risk scores, the top risk register for 2021 is attached at Appendix 4.
- 6.7. Within Appendix 4, categories one and two relate to very high and high level risks. To maintain focus on the higher scored risks, those risks with a medium or low residual risk score have been excluded. These risks will continue to be monitored at a Resource level to ensure that they are adequately managed.
- 7. Horizon scanning**
- 7.1. Through wider analysis, several areas that could pose potential threats and risks or are emerging issues and opportunities that could affect the Council were identified. Areas identified are listed below, with full details noted at Appendix 5:-
- ◆ Education attainment
 - ◆ Community Wealth Building
 - ◆ Qualified One-Way Cost Shifting (QOCS)
 - ◆ Independent care services sustainability
- 7.2. These areas will continue to be monitored to ensure that the Council is adequately prepared to respond where required.

8. Three lines model

8.1. A model has been developed by the Institute of Internal Auditors which aims to provide assurance of the adequacy of control measures that are in place for strategic risks. It also assists in identifying areas of potential weakness.

8.2. The intention of the model is to ensure that top risks are mitigated through 'three lines of defence', which are:-

Line 1 - Control by operational management

Line 2 - Control and compliance by functions that have an oversight role (for example Risk Management)

Line 3 - Independent assurance

8.3. It is proposed that a Strategic Risk Assurance Map is created by Internal Audit over the course of the year, and that the three lines model is introduced as part of the top risk update for 2022/2023.

9. Scope and appetite for risk

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

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

9.3. The Council's universal risk tolerance levels were updated as part of the review of the risk management strategy last year, with the ideal risk profile defined as:-

- ◆ no more than 10 per cent of residual risks at a very high level
- ◆ no more than 15 per cent of risks at a high level
- ◆ around 50 to 60 per cent of residual risks at a medium level
- ◆ no more than 30 per cent of residual risks at a low level

9.4. Table 2 below shows the top risks heat map, that is, it details the total number of risks for each individual risk score. Table 3 notes the overall risk profile for the top risks.

Table 2 – Top risks heat map

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

Table 3 –Top risks risk profile

Risk category	Risk rating	Number of risks	Percentage of risks
1	Very high	4	24%
2	High	13	76%
3	Medium	0	-
4	Low	0	-

9.5. Despite the fact that the profile noted in Table 3 is out with the ideal universal risk exposure defined by the Risk Management Strategy, this risk exposure is reasonable as these are the highest-level risks currently being faced by the Council.

9.6. The main changes to the risk profile from last year are:-

- ♦ a new very high risk has been added to the top risk register 'The Council is materially affected by the recommendations arising from the independent review of Adult Social Care in Scotland'
- ♦ one risk that was scored very high, 'EU Exit' has reduced to high.
- ♦ the very high scored risk 'Failure to evidence progress against Social Work Care Inspectorate Requirements' has been removed from the top risk register

9.7. The number of very high risks has reduced from 5 to 4 from last year, with the vast majority of risks on the top risk register remaining in the high bracket. There are currently 13 risks scored at this level, one less than last year.

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

10. Employee Implications

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

11. Financial Implications

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

12. Climate Change, Sustainability and Environmental Implications

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

13. Other Implications

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

14. Equality Impact Assessment and Consultation Arrangements

- 14.1. 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.
- 14.2. Consultation has taken place with Heads of Service, Risk Lead Officers, Elected Members, Trade Unions and Resource Risk Sponsors.

Paul Manning

Executive Director (Finance and Corporate Resources)

16 August 2021

Link(s) to Council values and objectives

- ◆ Values: Accountable, effective, efficient and transparent

Previous References

- ◆ Report to RASC – Review of Council's Top Risks/Year End Risk Management Report – 9 December 2020

List of Background Papers

- ◆ None

Contact for Further Information

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

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Appendix 1 - 2020/2021 compliance with risk management strategic requirements

Key

Score 3= Up to date and in line with requirement

Score 2= Work in progress

Score 1= Needs addressed

Requirement from Risk Management Strategy	Community and Enterprise Resources	Education Resources	Finance and Corporate Resources	Housing and Technical Resources	Social Work Resources
Risk registers are updated on an annual basis, in line with the Council's Risk Management Strategy	3	3	3	3	3
Where appropriate, Council top risks are adequately reflected in the Resource risk register	3	3	3	3	3
Delivery of Resource risk control actions and control actions for top risks lead by the Resource are progressed.	3	3	3	3	3
The risk register and risk control plan are approved annually by the Resource Management Team	3	3	3	3	3
The risk register is presented for noting; and assurance of delivery of actions is given to the Resource Committee on an annual basis.	3	3	3	3	3
Information held on Figtree reflects the latest Resource Risk Register and Risk Control Plan	3	3	3	3	3
The Council's agreed risk profile and risk tolerance level is adopted.	3	3	3	3	3
Risk evaluations are undertaken prior to the commencement of major projects, partnerships and organisational changes	3	3	3	3	3
Formal risk sharing agreements for major partnerships and contracts are in place	3	3	3	3	3
Major decisions are transparent and clearly show the following key elements: <ul style="list-style-type: none"> • Full cost over life of proposal; • Funding source; • Savings or efficiencies; • Other benefits; • Associated risks and how they will be managed. 	3	3	3	3	3
Elected members are kept informed of risks by using the "Other Implications" section of the Committee report template. This section should include: <ul style="list-style-type: none"> • The risks involved with the report's recommendations; • The potential positive and negative consequences; • How these risks are currently being managed (existing controls) or how they will be managed going forward (additional actions); • Link to risks on the Council's top risk register. 	3	3	3	3	3
Assurance is gained from contractors and sub-contractors, in line with procurement processes, of their adoption of recommended risk management practices, particularly that adequate insurance cover, safe health and safety practices, and equalities, sustainable development, business continuity and scrutiny procedures are in place.	3	3	3	3	3
Regular Resource Risk Management Group meetings (or alternative where risk management is a standing agenda item).	3	3	3	3	3
Liaison with Service Planners to ensure that risks associated with Council and Resource plans are identified and assessed; and that appropriate plans are put in place to manage these risks.	3	3	3	3	3
Management of insurance hotspots and required mitigating actions	3	3	3	3	3
Total	45	45	45	45	45
Percentage compliance	100%	100%	100%	100%	100%

Appendix 2 – Risk scoring matrix and likelihood and impact definitions

Likelihood

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

Impact

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

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

Risk matrix

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

The risk score is calculated as follows:

Likelihood score x Impact score = Risk score

Appendix 3 - Amendments to the risk register and developments with existing top risks

Pandemic Response

As reported last year, the pandemic has impacted on everything that the Council does and this remains one of only four risks scored in the very high risk category.

The risk score, however, has been reduced from 20 last year to 16 this year, which reflects the mitigations now in place and significant steps taken by the Council since the first lockdown in March 2020, in terms of reintroducing Council services, support to the local community and businesses and assistance with the Government's testing and vaccination programmes.

In the main, COVID-19 related issues are now being managed at Resource/Service level, with input from relevant services, such as resilience, Legal Services, Health, safety and Wellbeing, and Risk Management where required.

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

As part of this work Council Services will continue to assess and amend their plans for a gradual, fuller introduction of services whilst taking account of the restrictions that remain in place, as well as other factors, including competing Council priorities for resources such as transport, facilities services and property assets. All plans will be the subject of ongoing review to ensure that they reflect current circumstances and will be adapted to suit the needs of the Council and its stakeholders.

At the time of writing this report, a number of significant relaxations have recently been permitted. The Council, however, is still impacted by restrictions on its operations to ensure compliance with safe systems of work.

At a national level, factors such as the roll out of the vaccination programme and developments with COVID variants are likely to be key considerations on restrictions going forward. As such, the implications of COVID-19 and the Council's response to it remains an ever-changing situation, with the risk and controls being kept under review and updated as required.

Independent review of adult social care

On 1 September 2020, the First Minister announced that an independent review of adult social care in Scotland was to be undertaken. The review was chaired by Derek Feeley (former Director General for Health and Social Care and Chief Executive of NHS Scotland).

The primary aim of the review, which was concluded in January 2021, was to make recommendations for improvements to adult social care.

The findings of the review were published in February 2021, with a total of 53 recommendations made which included the establishment of a new national care service.

Further details are awaited from the Scottish Government on exactly what is being proposed from the review and specifics on how and when recommendations are to be implemented. It is also expected that a Bill on reforms will be brought before the Scottish Parliament later in the year.

In light of these developments, a new risk has been added to the top risk register, 'The Council is materially affected by the recommendations arising from the independent review of Adult Social Care in Scotland'

The Council will continue to monitor developments in this area and develop appropriate control measures where required, once more detailed proposals from the Scottish Government are known.

Social Work Care Inspectorate requirements

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

To address this risk and to respond to the Care Inspectorate Improvement Notice, a transformation and improvement programme was developed and is underway to address in the short term the specific requirements and to also take forward medium- and longer-term actions to remodel the entire service and improve governance arrangements.

As a result of the developments noted above and acknowledgement of improvements from the Care Inspectorate following recent inspections, this risk has been removed from the top risk register, but will remain on the Social Work Resources risk register and continue to be managed and monitored at that level.

The risk on the Social Work risk register has been amended to 'Failure to progress transformation of the Care at Home Service and maintain positive Care Inspectorate gradings'

EU Exit

When 'Brexit' was initially added to the Council top risk register in 2018, the risk was initially framed around a 'no deal' scenario, with potentially significant economic consequences to the UK, should that scenario arise.

Subsequently, when the UK did eventually leave the EU on 31 December 2020, a trade deal was agreed, and arrangements were put in place for imports and exports. There are, however, several remaining longer-term impacts which are likely to affect the Council and the wider economy. It will be difficult to fully unpick EU exit impacts from those arising from the pandemic in terms of potential job losses, investment, wage stagnation, supply of materials and trading costs.

Given that the UK has now left the EU with a trade deal in place, 'EU exit' is no longer considered a civil emergency risk, but remains a corporate risk, albeit with a lower-level risk ranking, with the residual risk score reducing from 20 last year to 12 for 2021.

Going forward, the Council will continue to engage with COSLA via regular EU exit meetings, with the majority of residual risks from 'EU exit' being managed at a Resource level.

Failure to adequately prepare for the national expansion in early years education and child care provision

As a result of an extended national deadline introduced due to the pandemic, Education Resources have continued to work on increasing the Early Years qualified workforce, expand physical assets and strengthen formal partnerships with private and third sector providers. As a result of this work, the Resource is confident that places can be offered to all eligible groups in line with the national expansion by the deadline of August 2021.

Given the above, the risk has been removed from the Council's top risk register, but will remain on the Education Resources register for the time being.

Failure to maintain the required pupil/teacher ratio

This risk relates to the Council being unable to successfully recruit teachers to maintain the pupil/teacher ratio set by the Scottish Government. Failure to meet the ratio could result in a potential fine and reputational damage to the Council. Education Resources has managed this risk for several years with strong controls in place to mitigate against any possible financial penalty imposed by the Scottish Government and any gaps in service delivery. More recently, the Resource has used additional funding provided by the Scottish Government to further strengthen these controls by increasing the number of teachers in our schools.

Given the current status of this risk, it has been removed from the top risk register, but will remain on the Education Resources risk register and continue to be managed/monitored at that level.

Fraud, theft, organised crime and cyber security

There are a number of fraud risks that have been potentially heightened as a result of the pandemic.

One of the Council's key mitigations is that relevant employees require to understand the particular fraud risks that exist and the anti-fraud controls required to mitigate these. Employee bulletins and social media have been utilised to raise awareness of the heightening fraud risk and these will continue to be used as required.

Internal data-matching exercises are being undertaken to minimise fraud and the Council is sharing and receiving data to minimise the risk Scotland-wide. Formal data-matching has been undertaken as part of the planned National Fraud Initiative (NFI) exercise and the Council will continue to participate in this by investigating returned matches.

Appendix 4: Council top risk register 2021

Risk Category	Key risk	Inherent risk score	Residual risk score	Controls (Good, adequate, poor)
Very high (15-25)	Reduction in external funding and fees/income received by the Council, as well as increased demand for services, results in savings difficulties.	25	20	Adequate
	The Council does not provide an adequate response to the effects of a global pandemic illness within communities; maintaining critical services; providing support to the community and business; deliver emergency response commitments as a Category One Responder; and protecting the wellbeing of employees and service users as far as reasonably practicable. Responding to a pandemic will impact on everything else the Council does.	25	16	Good
	The Council is materially affected by the recommendations arising from the independent review of Adult Social Care in Scotland	16	16	
	Failure to meet the Council's sustainable development and climate change objectives	20	15	Good
High (8-12)	The Council fails meet statutory and legislative duties in respect of public protection	16	12	Good
	Failure to fulfil emergency response commitments befitting the Council's status as a Category One (emergency) responder.	25	12	Adequate
	Historic Childhood Abuse	16	12	Good
	Fraud, theft, organised crime and cyber attacks	20	12	Adequate
	Information Governance not subject to adequate control	20	12	Adequate
	The Council does not fully deliver the strategic outcomes required of the IJB as outlined in their Strategic Commissioning Plan	16	12	Adequate
	The Council is significantly affected by the impact of the UK leaving the European Union	25	12	Adequate
	Procurement activity is affected by a lack of resources, non-compliance or legal challenge	25	9	Good

	IT development and functionality does not keep pace with changing service requirements	20	9	Adequate
	Lack of capacity and skills to meet increased service demands	20	9	Good
	Insufficient response to adverse weather events	16	9	Good
	Failure to ensure the health, safety and wellbeing of employees and the protection of service users and members of the public in the delivery of Council services	20	8	Good
	Failure to achieve the outcomes of the Community Plan	20	8	Adequate

Removed from top risks	Failure to maintain the required pupil/teacher ratio
	Failure to adequately prepare for the national expansion in early years education and child care provision
	Failure to evidence sufficient progress against Social Work Care Inspectorate requirements

Appendix 5 – Horizon Scanning

Education attainment

Education Resources has made significant efforts to minimise disruption to learning throughout the pandemic. The Resource, however, recognises the complexity of this issue and the need to look closely at the mid to longer term effects of recent societal disruption on the educational achievement and attainment of each child and young person in our care.

This will require an extensive range of targeted supports and interventions to be available to schools, children, young people and their families as well as close monitoring of progress. The Resource is working to align our recovery planning at all levels to national recovery frameworks and their associated additional funding streams. This area will remain under review.

Community Wealth Building (CWB)

The Council's draft Community Wealth Building Strategy was approved at the Executive Committee meeting of 10 March 2021.

Community Wealth Building is an alternative approach to traditional economic development, which seeks to develop resilient, inclusive local economies, with more local employment and a larger and more diverse business base.

The Strategy sets out high-level aspirations in relation to CWB. A detailed action plan will be developed to support the delivery of these aspirations over an appropriate time-period (three to five years).

Recognising that CWB could signal a fundamental shift in the Council's approach across a number of services, a robust risk assessment and register is being developed to accompany the detailed action plan.

The strategy and associated risk register are in the early stages of development at this point in time. As work in this area progresses, risk implications will be reviewed and controls updated as required. Once the CWB risk register has had time to mature, it is expected an overall risk will be added to the Council's top risk register.

Qualified One-Way Cost Shifting (QOCS)

QOCS was implemented in Scotland at the end of June 2021, as part of the Civil Litigation (Expenses and Group Proceedings (Scotland) Act 2018.

QOCS has been in force for personal injury claims in England and Wales since 2013 and serves to restrict the circumstances in which a claimant can be found liable for their opponent's costs.

This will make it considerably more difficult for successful defenders to recover any costs from claimants in Scottish proceedings.

This will impact on all personal injury civil litigation claims going forward after June 2021. The wider implications of QOCS are covered under an insurance fund risk on the Finance and Corporate Resources risk register, but also under the historic abuse risk on the top risk register.

Independent care services sustainability

Social Work Resources are responsible for 40 in house registered care services, ranging from care homes for older people; day care for older people; day care for adults with learning and

physical disabilities; care at home; to care homes for children and young people; fostering and adoption services.

Alongside our own registered care services we also commission services from the voluntary, private and independent sectors across the same range of registered care services. These services are regularly monitored via the Care Inspectorate data store, and Improve reports are presented on a quarterly basis to the Social Work Governance Group.

Recent monitoring activity has focussed on the sustainability of the independent care home sector.

Prior to the COVID-19 pandemic, the number of weekly vacancies of care home places (both residential and nursing care) was fairly high, often upwards of 150 places. Since the onset of the pandemic, overall demand has been further affected, with up to 300 places being available per week at present. Care homes are currently being supported through sustainability payments as part of maintaining a level of resilience and support for the sector in helping them to navigate through the problems presented by the pandemic. Sustainability payments will continue until March 2022.

Regular monitoring of care home vacancies has been in place for a number of years, together with engagement with the Care Inspectorate to ensure care standards continue to be met by these registered care services. Ongoing vacancy and financial monitoring of the sector will continue.

In the medium to longer term, work being undertaken to develop the next iteration of the South Lanarkshire Health and Social Care Strategic Commissioning Plan 2022-2025 will help to confirm future commissioning intentions and models of care required to meet the strategic outcomes detailed in the plan. The size and capacity required within the care home sector will form part of the strategic commissioning intentions in looking to the future. Furthermore, a new dedicated team for Quality Assurance and Commission is currently being recruited, this team will initially focus on supported living registered care services ensuring quality standards, and service user outcomes are achieved.

Report

5

Report to: **Risk and Audit Scrutiny Committee**
 Date of Meeting: **15 September 2021**
 Report by: **Executive Director (Finance and Corporate Resources)**

Subject: **2020/2021 Year End Insured Risks Report**

1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ highlight trends on an annual basis, for insurance claims against the Council

2. Recommendation(s)

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

- (1) that the Insured Risks Report for year ended 31 March 2021 is noted; and
- (2) that ongoing work to identify and mitigate insurance hotspots is noted.

3. Background

- 3.1. The Council has in place insurance policies for employers' liability, public liability, motor, property and other miscellaneous risks.
- 3.2. The public liability (PL) policy covers the Council's legal liability to pay claims for death, injury and disease to third parties, as well as third party property damage, where the Council is found to be responsible for such losses. The current self-insured excess for this policy is £0.250m.
- 3.3. Motor insurance provides comprehensive cover for all Council vehicles and injuries resulting from motor incidents. The current self-insured excess for this policy is £0.150m.
- 3.4. The Council's employer's liability (EL) policy covers employee injury, disease and death, where the council is deemed to be negligent. The current self-insured excess for this policy is £0.250million.
- 3.5. The property insurance policy covers damage/loss to Council buildings and assets. The current self-insured excess for this policy is £0.100m.

4. Overview and analysis of data

- 4.1. Claims which fall under the main policies are handled by the Council's Risk Management section and external claims handlers, Gallagher Bassett for EL and PL claims, and TopMark for motor claims. The number and cost of these claims form the basis of this report and includes comparisons with previous years.

- 4.2. Claims will continue to be intimated beyond the financial year end, with numbers increasing by approximately 10 per cent due to those incidents that have taken place, but claims have not yet been reported to the Council. Up to date annual comparisons for the last 5 years are included at Appendix 1. The comparison shows an overall downward trend in claims numbers, with 2020/2021 being the lowest number of claims received during the last five years. Claims costs have fluctuated over the last 5 years. On average, over that period, the self-insured cost of claims per annum is £1.947m, with 2020/2021 costs slightly above average at £2.010m.
- 4.3. In addition, to allow comparison of the position as at the year end for the last 2 years, Appendix 2 compares the claim numbers and costs for incidents reported in 2019/2020 as at 31 March 2020 against incidents reported in 2020/2021, as at 31 March 2021. In effect, this compares the equivalent position and removes the impact of late claims notification for both years.
- 5. Insurance – total losses reported as at 31 March each year**
- 5.1. Based on the comparisons in Appendix 2, the overall number of claims for all classes received to date for incidents occurring during 2020/2021 is 768. This is a reduction of 228 claims (22.9 per cent) on the numbers reported last year for 2019/2020.
- 5.2. The number of claims received for 2020/2021 is substantially below the average for the last five years (1,010). This reflects the reduction in Council operations in the early part of last year when the first lockdown came into effect as a result of the pandemic.
- 5.3. The total self-insured estimated cost of claims for 2020/2021 is £2.010m. At the same time last year estimated claims costs for 2019/2020 was £1.947m. This is an increase of £0.063m (3.2 per cent), which is a result of the estimated cost of public liability claims increasing, with the position being offset slightly by reduced estimated costs for property and motor claims.
- 5.4. Based upon Appendix 2, sections 6 to 10 details some of the key findings from the analysis of 2020/2021 claims.
- 6. Public liability claims**
- 6.1. The public liability policy covers the Council's legal liability to pay claims for death, injury and disease to third parties, as well as third party property damage, where the Council is found to be responsible for such losses. The following sections detail the current position for 2020/2021 and makes comparisons against the position reported for 2019/2020 as at 31 March 2020.
- 6.2. 373 claims have been received for 2020/2021, with an estimated value of £0.902m.
- 6.3. The number of claims received for 2019/2020 was 518, and the estimated settlement value of these claims was £0.662m. The 2020/2021 figures represent a 28 per cent decrease in claims numbers but a 36 per cent increase in claims costs.
- 6.4. The main area where a decrease in claim numbers has been seen is in Community and Enterprise Resources where 82 fewer claims have been received, and Housing and Technical Resources saw a reduction of 55 claims.
- 6.5. Whilst there has been a large reduction in claim numbers, the main area where increased claims costs have been seen is in Community and Enterprise Resources where an additional £0.262m estimated claim costs has been seen.

- 6.6. The main reason for the increase in Community and Enterprise Resources is that there has been a rise in injury claims.
- 6.7. It is anticipated that overall value of outstanding claims will reduce as further claims are repudiated and closed off.

7. Motor claims

- 7.1. The Council's motor insurance policy provides comprehensive cover for all Council vehicles and injuries resulting from motor incidents. The following sections detail the current position for 2020/2021 and makes comparisons against the position reported for 2019/2020 as at 31 March 2020.
- 7.2. 303 claims have been received for 2020/2021, with an estimated value of £0.525m.
- 7.3. At the same time last year, 381 motor claims had been received for incidents during 2019/2020, with an estimated settlement value of £0.568m. This equates to a 20 per cent reduction in numbers and an 8 per cent reduction in costs.
- 7.4. The Driver Safety Group set a target of a five per cent reduction in the number of "at fault" incidents per vehicle, when compared to the average for the three previous years. Table Two compares the number and cost of "at fault" incidents for the last five years.

Table Two – Comparison of "at fault" incidents

	Number of vehicles on fleet	Number of incidents	Cost of incidents	Number of Accidents per vehicle	Average cost per incident
2016/2017	1,644	182	£324,152	0.11	£1,781
2017/2018	1,697	183	£341,220	0.11	£1,865
2018/2019	1,556	180	£347,275	0.12	£1,929
2019/2020	1,588	145	£367,909	0.09	£2,537
2020/2021	1,808	127	£328,250	0.07	£2,585

- 7.5. The number of "at fault" incidents has improved on the previous year, with 18 fewer, when compared to the previous year. With 127 "at fault" incidents having occurred during 2020/2021, this is the lowest level reported over the last five years. This reduction is at least in part due to fewer driving operations taking place as a result of the pandemic.
- 7.6. The number of "at fault" incidents per vehicle for 2020/2021 has reduced from 0.09 to 0.07. This is a 36 per cent reduction compared to the average for the previous three years, at 0.11 incidents per vehicle. The target of a 5 per cent improvement has, therefore, been exceeded. The average value of at fault incidents has increased by £48 on the previous year.
- 7.7. Updated driving at work guidance and other measures to enhance current occupational road risk arrangements were issued last year and a Changing Driver Behaviour training programme has now been developed by Employee Development. This will be rolled out to Council drivers in due course.

8. Employer's liability claims

- 8.1. The Council's employer's liability policy covers employee injury, disease and death, where the Council is deemed to be negligent. The following sections detail the current position for 2020/2021 and makes comparisons against the position reported for 2019/2020 as at 31 March 2020.
- 8.2. 15 claims have been received for 2020/2021, with an estimated value of £0.192m.
- 8.3. At the same time last year, the same number of claims, 18, had been received for 2019/2020 with an estimated value of £0.189m. A reduction in numbers has been seen, with a slight rise in estimated costs.

9. Property claims

- 9.1. The property insurance policy covers damage/loss to council buildings and assets. The following sections detail the current position for 2020/2021 and makes comparisons against the position reported for 2019/2020 as at 31 March 2020.
- 9.2. 77 claims have been received for 2020/2021, with an estimated value of £0.391m.
- 9.3. The overall number of claims intimated for 2020/2021 has reduced by 2 from the previous year. This equates to a three per cent reduction. The value of claims intimated during 2019/2020 was £0.527m, which represents an overall 26 per cent decrease.
- 9.4. The main cause of property claims during 2020/2021 continues to be fires, with 30 claims reported.
- 9.5. Overall the number of house fires resulting in insurance claims has decreased by 5, from 35 incidents in 2019/2020 to 30 in 2020/2021.

10. Insurance hotspots

- 10.1. The Council's insurers have been approached and asked to carry out an analysis of our claims experience for the last five years for PL, EL, motor and property claims, with a view to identifying areas where a number of similar types of claim or high value claims were originating, through claims leakage reports.
- 10.2. These reviews will be completed over the course of the coming months with action plans agreed with Resources to mitigate against hotspot areas.

11. Employee Implications

- 11.1. Time and effort will continue to be required by Resource personnel to implement initiatives to mitigate insurance hotspots.

12. Financial Implications

- 12.1. Claims received to date, for incidents which occurred during 2020/2021 have an estimated self-insured cost of £2.010m. It is reasonable to expect this value to increase due to incidents that have taken place but claims have not yet been received.
- 12.2. There are currently no 2020/2021 claims that have estimated reserves which are likely to breach the Council's uninsured excess limits. Therefore, based on claims intimated to date for incidents which occurred during 2020/2021, it is forecast that the current estimated cost of claims of £2.010m will require to be met fully from the Council's self-insurance fund.

- 12.3. During 2020/2021, a total of £1.152m was paid out by the Council on all claims, irrespective of their incident date. For claims which occurred between 1 April 2020 and 31 March 2021, £0.111m was paid out by the Council. These costs include claims payments and other associated costs.
- 12.4. The total cost of loss for 2020/2021 was £3.888m. This covers claims costs, insurance premiums, and other costs for contracted insurance services. For 2019/2020 the total cost of loss was £3.494m.
- 12.5. As at 31 March 2021, the balance in the insurance fund was £2.304m with current contributions from Resources at £2.672m per annum.
- 12.6. The balance in the insurance fund is reducing year on year and will require to be closely monitored to ensure adequate funds are available to meet known liabilities.
- 12.7. The next Actuarial Review of the Council's insurance fund is due to be undertaken as at 31 March 2021. The outcome of this review will be reported to the Committee in due course.

13. Climate Change, Sustainability and Environmental Implications

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

14. Other Implications

- 14.1. The cost of insurance claims and premiums is linked to the council top risk 'Reduction in external funding and fees/income received by the council, as well as increased financial pressures/demand for services; results in savings difficulties'.
- 14.2. Failure to adequately manage insurance hotspots is likely to lead to increased claims numbers, self-insurance costs and insurance premiums. This risk is mitigated through the insurance hotspots review and associated action plans and other risk management initiatives implemented by Resources.

15. Equality Impact Assessment and Consultation Arrangements

- 15.1. There is no requirement to carry out an impact assessment in terms of the proposals contained within this report.
- 15.2. Consultation has taken place with Resource risk representatives.

Paul Manning

Executive Director (Finance and Corporate Resources)

16 August 2021

Link(s) to Council Values/Ambitions/Objectives

- ◆ Values: Accountable, Effective, Efficient and Transparent

Previous References

- ◆ Report to RASC – 2019/2020 Year End Insured Risks - 31 September 2020

List of Background Papers

- ◆ None

Contact for Further Information

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Appendix 1

Full year claims numbers and values by Resource as at 31 March 2021.

All claim types

Number of claims	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Community and Enterprise	524	768	580	627	461
Education	36	35	40	31	17
Finance and Corporate	5	4	0	2	1
Housing and Technical	479	470	404	377	213
Social Work	84	70	80	64	76
Total	1,128	1,347	1,104	1,101	768
Reported at individual year end*	1,001	1,252	1,031	996	768

Cost of claims	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Community and Enterprise	£964,123	£1,181,923	£790,695	£698,510	£1,151,144
Education	£205,389	£129,666	£127,984	£88,746	£83,529
Finance and Corporate	£445	£5,023	£0	£50	£7,750
Housing and Technical	£481,688	£629,127	£599,561	£1,020,709	£647,504
Social Work	£151,934	£159,244	£249,074	£189,444	£119,812
Total	£1,803,580	£2,104,983	£1,767,315	£1,997,459	£2,009,739
Reported at individual year end*	£1,662,027	£1,962,638	£2,113,302	£1,946,633	£2,009,739

* Reported to CMT at the respective year ends and excludes claims intimated beyond 31 March

Public Liability

Number of claims	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Community and Enterprise	260	471	311	384	249
Education	10	14	13	12	3
Finance and Corporate	0	1	0	1	1
Housing and Technical	241	245	221	204	118
Social Work	4	6	6	4	2
Total	515	737	551	605	373

Cost of claims	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Community and Enterprise	£429,665	£304,353	£158,245	£308,395	£644,083
Education	£14,469	£28,054	£19,029	£38,308	£432
Finance and Corporate	£0	£1,428	£0	£50	£7,750
Housing and Technical	£161,245	£216,756	£137,986	£193,422	£249,250
Social Work	£386	£4,085	£165	£104,847	£135
Total	£605,765	£554,676	£315,426	£645,023	£901,650

Motor

Number of claims	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Community and Enterprise	226	239	225	202	185
Education	9	5	6	6	1
Finance and Corporate	4	1	0	1	0
Housing and Technical	193	167	138	121	54
Social Work	73	56	65	54	63
Total	505	468	434	384	303

Cost of claims	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Community and Enterprise	£234,755	£382,565	£306,095	£270,993	£369,557
Education	£9,046	£2,716	£7,364	£365	£750
Finance and Corporate	£445	£0	£0	£0	£0
Housing and Technical	£142,553	£168,919	£96,745	£195,551	£80,481
Social Work	£94,952	£85,140	£208,668	£32,755	£74,704
Total	£481,752	£639,339	£618,872	£499,664	£525,492

Employer's Liability

Number of claims	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Community and Enterprise	10	15	7	9	5
Education	7	7	10	4	4
Finance and Corporate	0	2	0	0	0
Housing and Technical	4	2	3	7	2
Social Work	5	6	8	4	4
Total	26	32	28	24	15

Cost of claims	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Community and Enterprise	£286,380	£457,662	£301,607	£65,516	£54,793
Education	£128,063	£85,597	£89,213	£35,585	£43,157
Finance and Corporate	£0	£3,595	£0	£0	0
Housing and Technical	£42,027	£26,545	£0	£151,833	£53,000
Social Work	£48,282	£67,838	£37,180	£51,592	£41,093
Total	£504,752	£641,237	£428,000	£304,526	£192,043

Property

Number of claims	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Community and Enterprise	28	43	37	32	22
Education	10	9	11	9	9
Finance and Corporate	1	0	0	0	0
Housing and Technical	41	56	42	45	39
Social Work	2	2	1	2	7
Total	82	110	91	88	77

Cost of claims	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Community and Enterprise	£13,322	£37,343	£24,748	£53,605	£82,711
Education	£53,812	£13,300	£12,378	£14,488	£39,190
Finance and Corporate	£0	£0	£0	£0	£0
Housing and Technical	£135,863	£216,907	£364,830	£479,903	£264,773
Social Work	£8,314	£2,181	£3,061	£250	£3,880
Total	£211,311	£269,731	£405,017	£548,246	£390,554

Appendix 2

Comparison of claims costs and numbers for claims occurring during the last two years as at their respective year ends

All claim types

Number of claims	2019/2020 as at 31 March 2020	2020/2021 as at 31 March 2021	Difference	Difference Percentage
Community and Enterprise	562	461	-101	-18%
Education	30	17	-13	-43%
Finance and Corporate	2	1	-1	-50%
Housing and Technical	344	213	-131	-38%
Social Work	58	76	18	31%
Total	996	768	-228	-23%

Cost of claims	2019/2020 as at 31 March 2020	2020/2021 as at 31 March 2021	Difference	Difference Percentage
Community and Enterprise	£807,528	£1,151,144	£343,616	43%
Education	£98,264	£83,529	£14,735	-15%
Finance and Corporate	£50	£7,750	£7,700	15400%
Housing and Technical	£955,160	£647,504	£307,656	-32%
Social Work	£85,641	£119,812	£34,171	40%
Total	£1,946,643.00	£2,009,739.31	£63,096.31	3%

Public liability

Number of claims	2019/2020 as at 31 March 2020	2020/2021 as at 31 March 2021	Difference	Difference Percentage
Community and Enterprise	331	249	-82	-25%
Education	12	3	-9	-75%
Finance and Corporate	1	1	0	0%
Housing and Technical	173	118	-55	-32%
Social Work	1	2	1	100%
Total	518	373	-145	-28%

Cost of claims	2019/2020 as at 31 March 2020	2020/2021 as at 31 March 2021	Difference	Difference Percentage
Community and Enterprise	£382,170	£644,083	£261,913	69%
Education	£50,375	£432	£49,943	-99%
Finance and Corporate	£50	£7,750	£7,700	15400%
Housing and Technical	£229,517	£249,250	£19,733	9%
Social Work	£0	£135	£135	135%
Total	£662,112	£901,650	£239,538	36%

Employer's liability

Number of claims	2019/2020 as at 31 March 2020	2020/2021 as at 31 March 2021	Difference	Difference Percentage
Community and Enterprise	6	5	-1	-17%
Education	3	4	1	33%
Finance and Corporate	0	0	0	0%
Housing and Technical	6	2	-4	-67%
Social Work	3	4	1	33%
Total	18	15	-3	-17%

Cost of claims	2019/2020 as at 31 March 2020	2020/2021 as at 31 March 2021	Difference	Difference Percentage
Community and Enterprise	£58,225	£54,793	-£3,432	-6%
Education	£28,455	£43,157	£14,702	52%
Finance and Corporate	£0	£0	£0	0%
Housing and Technical	£75,116	£53,000	-£22,116	-29%
Social Work	£27,094	£41,093	£13,999	52%
Total	£188,890	£192,043	£3,153	2%

Motor

Number of claims	2019/2020 as at 31 March 2020	2020/2021 as at 31 March 2021	Difference	Difference Percentage
Community and Enterprise	200	185	-15	-8%
Education	6	1	-5	-83%
Finance and Corporate	1	0	-1	-100%
Housing and Technical	121	54	-67	-55%
Social Work	53	63	10	19%
Total	381	303	-78	-20%

Cost of claims	2019/2020 as at 31 March 2020	2020/2021 as at 31 March 2021	Difference	Difference Percentage
Community and Enterprise	£319,570	£369,557	£49,987	16%
Education	£4,895	£750	-£4,145	-85%
Finance and Corporate	£0	£0	£0	0%
Housing and Technical	£185,443	£80,481	-£104,962	-57%
Social Work	£58,547	£74,704	£16,157	28%
Total	£568,455	£525,492	-£42,963	-8%

Property

Number of claims	2019/2020 as at 31 March 2020	2020/2021 as at 31 March 2021	Difference	Difference Percentage
Community and Enterprise	25	22	-3	-12%
Education	9	9	0	0%
Finance and Corporate	0	0	0	0%
Housing and Technical	44	39	-5	-11%
Social Work	1	7	6	600%
Total	79	77	-2	-3%

Cost of claims	2019/2020 as at 31 March 2020	2020/2021 as at 31 March 2021	Difference	Difference Percentage
Community and Enterprise	£47,563	£82,711	£35,148	74%
Education	£14,539	£39,190	£24,651	170%
Finance and Corporate	£0	£0	£0	0%
Housing and Technical	£465,084	£264,773	-£200,311	-43%
Social Work	£0	£3,880	£3,880	0%
Total	£527,186	£390,554	-£136,632	-26%

Report

Report to:	Risk and Audit Scrutiny Committee
Date of Meeting:	15 September 2021
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	2020/2021 National Fraud Initiative Exercise
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ advise the Committee of matches resulting from the 2020/2021 National Fraud Initiative exercise and of the proposed target number of investigations to be undertaken in 2021/2022

2. Recommendation(s)

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

- (1) that the results of the matching exercise and target number of investigations are noted.

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. Councils are then informed of the resulting indicative matches. It is the responsibility of councils to investigate the data matches that are identified for their organisation. The Cabinet Office has responsibility for the NFI throughout the UK, however, Audit Scotland co-ordinates the exercise within Scotland.

3.2. South Lanarkshire Council has taken part in NFIs since 2004/2005. The full exercise, that takes place every second year, involves Council wide comparisons including benefits, payroll, creditors, council tax, licences and blue badge holders. This data is matched to other benefits and payroll data as well as Department of Work and Pensions (DWP) deceased persons' records and the Electoral Register. Data extracts from Council systems were submitted by due dates in 2020/2021.

3.3. Within South Lanarkshire Council, Internal Audit co-ordinates the NFI exercise and uploads the relevant data sets. Resources are assigned responsibility for investigating matches relevant to them. Internal Audit prepared a project plan at the start of this exercise and will report progress against this to the Council's external auditors on a periodic basis throughout the year.

4. 2020/2021 Matching Results

4.1. There are 10 separate match areas covered in the 2020/2021 exercise. These are listed in Appendix 1.

- 4.2. South Lanarkshire Council has been provided with a list of the majority of matches from the 2020/2021 NFI exercise that now require investigation. Datasets continue to be refreshed and, therefore, the number of matches may change marginally going forward.
- 4.3. The totals recorded in Appendix 2 reflect South Lanarkshire Council matches as at 4 June 2021. As at that date, there are a total of 17,113 matches resulting from the 2020/2021 exercise. A comparison of matches across the 2018/2019 and 2020/2021 exercises is detailed at Appendix 2. There were 2 categories from 2018 not included in the 2020 exercise. For the 10 matches, 4 categories had a decrease in match numbers, 5 categories had an increase in matches, and one new category was introduced in relation to COVID-19 grant funding.
- 4.4. The greatest percentage decrease is in the number of matches relating to Housing Benefit. This decrease is likely to be attributable to the ongoing move to Universal Credit which is now managed by the DWP.
- 4.5. The greatest percentage increase in the 2020 NFI exercise is in the number of blue badges matched to DWP deceased persons records. This may reflect a timing issue from the date the information was provided to NFI and the date matches were carried out. Work is underway to assess the underlying reasons for movements as well as updating records and investigating specific cases highlighted by the NFI exercise.
- 4.6. The Benefits and Revenue Section will continue to place reliance on ongoing internal and external reviews for the investigation of Single Person Discount (SPD) matches. Work to investigate these matches within the NFI exercise will reflect this to avoid any duplication and ensure investigation resources are used effectively.
- 4.7. A target number of investigations is determined on a risk basis and passed to Service personnel best placed to examine the match. Internal Audit facilitate and report on the exercise. There is no obligation to investigate every match but the decision to restrict investigations must be risk based. The number chosen initially is based on those denoted as high risk by NFI. A total of 9,954 'high risk' matches (excluding SPD) have been identified by NFI. Further analysis is provided in Appendix 3. The total number of investigations will be refined as the year progresses to reflect the outcomes of the reviews that have been undertaken and ensure that resources are directed to areas that are likely to produce the most significant outcomes.
- 4.8. Due to resources required to respond to the ongoing pandemic, the deadline for investigations has been extended to 31 March 2022. It is anticipated that the majority of investigations will have been completed ahead of this date and further updates on progress will be reported to the Committee during 2021/2022.
- 4.9. As the Housing Benefit Fraud Section transferred to the DWP Fraud and Error Service (FES), housing benefit fraud is no longer investigated by the Council. Initial NFI investigations still require to be undertaken by the Council and, if this indicates a potential fraud, the case passed to FES for further investigation. The Council requires to wait until the conclusion of the FES investigation and the fraud is confirmed before an outcome can be recorded through the NFI website. This may result in a delay in closing some investigations.

5. Employee Implications

- 5.1. Internal Audit is responsible for co-ordinating the South Lanarkshire Council exercise which includes facilitating the issue and receipt of information requests from other public bodies in relation to NFI cases, undertaking a limited number of investigations

and reporting on employee benefit fraud cases if required. A total of 25 days has been allocated in the first 6 month 2021/2022 Internal Audit Plan for the 2020/2021 NFI exercise. If required, further time will be allocated in the second half of 2021/2022 to complete investigations.

- 5.2. In addition to the time allocated by Internal Audit, Resources are also required to allocate time to the investigations. Based on previous years' exercises, it is anticipated that the time spent by Resources on investigations will not exceed a total of 50 days.

6. Financial Implications

- 6.1. Other than employee time, there is no cost associated with NFI.

7. Climate Change, Sustainability and Environmental Implications

- 7.1 There are no climate change, sustainability or environmental implications associated with this report.

8. Other Implications

- 8.1. Fraud Risk is recognised as one of the top risks facing South Lanarkshire Council. This risk is significant as it can adversely affect the delivery of Council objectives and erode valuable resources. It is, therefore, important that the risk of fraud is soundly managed.
- 8.2. The NFI exercise is a valuable counter fraud exercise which has continued to identify fraud and error within the Council.
- 8.3. When a fraud or overpayment occurs, steps will usually be taken to recover the loss. Services are expected to examine why the loss occurred and demonstrate a change in their processes and procedures accordingly. Internal Audit will routinely check if these intended improvements have been implemented.

9. Equality Impact Assessment and Consultation Arrangements

- 9.1. As the risks associated with the NFI are carried by the Cabinet Office and the Council is bound by statute to participate, there is no need to undertake a separate equality impact assessment.
- 9.2. Employees and South Lanarkshire Council residents are informed of the commencement of the NFI exercise through a variety of sources. There is no requirement to undertake any further consultation in terms of the content of this report.

Paul Manning

Executive Director Finance and Corporate Resources

30 August 2021

Link(s) to Council Objective

- ◆ Achieve results through leadership, good governance and organisational effectiveness

Previous References

- ◆ 2018 National Fraud Initiative Exercise, 21 September 2020
- ◆ The National Fraud Initiative 2018/2019, 21 September 2020

List of Background Papers

- ◆ None

Contact for Further Information

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

Yvonne Douglas, Audit and Compliance Manager
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E-mail: yvonne.douglas@southlanarkshire.gov.uk

Match area	Match between	Purpose of Match/Fraud risk
Housing Benefits (HB)	HB to Student Loans	To identify individuals claiming benefits, whose student loan eligibility results in them being ineligible for those benefits.
	HB to HB (within SLC and between other authorities)	To identify an individual that is claiming housing benefit from more than one local authority at the same time.
	HB to Rents(within SLC and between other authorities)	To identify possible tenancy fraud and/or housing benefit fraud where an individual appears to be resident at two different addresses.
	HB to taxi drivers (within SLC and between bodies)	To identify where housing benefit claimants have failed to declare income that may remove entitlement to benefit or reduce benefit payable.
	HB to CTRS	To identify anyone claiming housing benefit and council tax reduction from one or more local authority at the same time.
	HB to DWP Deceased	To identify where a claimant has passed away and who was in receipt of DWP benefits which would not have stopped
	HB to Waiting List	To identify where an individual appears to be resident at two different addresses as the address on the waiting list application is different to the address on the benefit system
Council Tax Reduction Scheme (CTRS)	CTRS to Payroll (within SLC and between other bodies)	To identify where CTRS claimants have failed to declare income that may remove entitlement to benefit or reduce benefit payable.
	CTR to Right to Buy	To identify individuals in receipt of council tax reduction that are in the process of or have completed the purchase of a property under the Right to Buy (RTB) scheme, which may remove the entitled to the reduction or reduce the reduction amount
	CTRS to pensions	To identify where CTRS claimants have failed to declare pension income that might remove entitlement to benefit or reduce benefit payable.
	CTRS to CTRS (within SLC and between other authorities)	To identify an individual claiming CTRS from one or more local authority.
	CTRS to HB (within SLC and between other authorities)	To identify where an individual is in receipt of council tax reduction and housing benefit from one or more local authority simultaneously that may remove or reduce entitlement to the reduction.

	CTRS to Housing Tenants (within SLC and between other authorities)	To identify possible cases of tenancy fraud and/or CTRS fraud where an individual appears to be resident at two different addresses.
	CTRS to taxi drivers(within SLC and between bodies)	To identify where CTRS claimants have failed to declare income that may remove entitlement to benefit or reduce benefit payable.
	CTR Scheme to DWP deceased	To identify where a person has passed away but may be in receipt of CTR after the date of death
Payroll	Payroll to payroll (within SLC and between bodies)	To identify individuals who may be committing employment fraud by failing to work their contracted hours because they are employed elsewhere or are taking long-term sickness absence from one employer and working for another employer at the same time.
	Payroll to Creditors	To identify employees who are also creditors where there may be a conflict of interests or corruption.
	Payroll to Pensions	To identify employees who have gone back into employment after drawing a pension that could result in an abatement of pension.
Housing Tenants (HT)	HT (within SLC and between bodies)	To identify where an individual appears to be resident at two different addresses suggesting possible cases of subletting or dual tenancies.
	HT to Right to Buy	To identify possible causes of subletting or individuals not entitled to a tenancy.
	HT to HB	To identify possible cases of tenancy fraud and/or housing benefit fraud, where an individual appears to be resident at two different addresses.
	HT to CTR Scheme	To identify possible causes of tenancy fraud and/or incorrect claims for CTR where an individual appears to be resident at two different addresses.
	HT to State Benefits	To identify possible cases of tenancy fraud against the organisation i.e. where an individual appears to be resident at two different addresses.
	HT to DWP Deceased	To Identify where the tenant has died, but the DWP has not been informed.
	Housing Tenants to Waiting Lists	To identify where an individual appears to be resident at two different addresses as the address on the waiting list application is different to the address on the rents system
Waiting Lists	Housing Waiting Lists to Housing Tenants (within SLC and between bodies)	To identify where an individual appears to have registered on the waiting list using a different address to the one on the housing rents system suggesting possible undisclosed changes in circumstances or that false information has been provided.

	Housing Waiting List to Housing Waiting List (within SLC and between bodies)	To identify where an individual appears to have registered on the waiting list using two different addresses.
	Housing Waiting Lists to Housing Benefit Claimants (within SLC and between bodies)	To identify where an individual appears to have registered on the waiting list using a different address to the one on the housing benefit system.
	Waiting List to DWP deceased	To identify an applicant who has died but is still shown on the waiting list
Blue Badges	Blue badge to blue badge	To identify individuals who hold more than one Blue Badge
	Blue badge to DWP deceased person	To identify cases where a permit holder has died, but the local authority may not have been notified.
Procurement	Procurement – payroll to Companies House (Director)	To identify potential undeclared interests that have given a pecuniary advantage.
Creditors	Duplicate creditors by Duplicate creditor payments and details	To identify instances where the same supplier has been recorded against more than one reference number on the system thus increasing the potential for creditors to obscure fraudulent activity. To identify possible duplicate payments.
	VAT overpaid Council Tax to Electoral register	This test identifies instances where VAT may have been overpaid. To identify where Single Persons Discount is being claimed and there is more than one person aged 18 or over registered within the property on the Electoral Register.
Council Tax Single Person Discount	Single Person discount award to other government bodies	To identify individuals who have declared they are living alone but have not declared they are living with a partner or non- dependant in the household.
SBGF and RHLG	SBGF duplicates (within SLC and between bodies)	To identify those claiming multiple Small Business Grant Fund grants, those fraudulently in receipt of SBRR, within and between authorities
	RHLG duplicates (within authorities)	To identify those claiming multiple Retail, Hospitality and Leisure Grants within authorities
	SBGF and RHLG duplicates (within SLC and between bodies)	To identify those claiming both Small Business Grant Funding and Retail, Hospitality and Leisure Grants which are mutually exclusive within and between authorities
	SBGF duplication of 75% or 100%	To identify those claiming Small Business Grant Funding from multiple Councils for the full £10,000 or £25,000 grants rather than 100% for first premises and 75% for others
	RHLG where total property rateable value >£500,000	To identify those claiming for grants whilst having a cumulative total property rateable value over the limit

	2020/2021	2018/2019	Increase/ (Decrease)
Area	Total	Total	
Total Housing Benefits Matches	172	1,113	(941)
Total Council Tax Reduction Scheme Matches	2,005	1,781	224
Total Payroll Matches	134	202	(68)
Total Tenant Matches	685	501	184
Total Waiting List Matches	1,229	1,502	(273)
Total Blue badge Matches	1,114	441	673
Total Creditor Matches	4,981	4,788	193
Total Procurement Matches	259	161	98
Total Single Persons Discount Matches	6,496	11,649	(5,153)
Total SBGF and RHLG matches	38	0	38
Data not included/requested in current exercise	0	739	(739)
Overall matches	17,113	22,877	(5,764)

Area	Total	Target No.	Anticipated Target Date
Total Housing Benefits Matches	172	142	31/03/2022
Total CTRS Matches	2,005	1,715	31/03/2022
Total Payroll Matches	134	115	31/03/2022
Total Tenant Matches	685	646	31/03/2022
Total Waiting List Matches	1,229	1,117	31/03/2022
Total Blue badge Matches	860	859	31/03/2022
Total Residents Parking Permit Matches	254	254	31/03/2022
Total Private Resident in Care Home matches	n/a	n/a	31/03/2022
Total Personal Budget Matches	n/a	n/a	31/03/2022
Total Creditor Matches	4,981	4,981	31/03/2022
Total Procurement Matches	259	87	31/03/2022
Total Single Persons Discount Matches	6,496	0	31/03/2022
Total SBGF and RHLG matches	38	38	31/03/2022
Total	17,113	9,954	

Report

7

Report to: **Risk and Audit Scrutiny Committee**
 Date of Meeting: **15 September 2021**
 Report by: **Executive Director (Finance and Corporate Resources)**

Subject: **Fraud Statistics Annual Report 2020/2021**

1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide a summary of the fraud statistics for the year to 31 March 2021 and a comparison to the same period in 2020

2. Recommendation(s)

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

- (1) that the contents of this report are noted.

3. Background

- 3.1. Collating and reporting fraud statistics and setting targets for improvement are considered best practice by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Association of Local Authority Risk Managers (ALARM).
- 3.2. This report provides information on the number, types and outcomes of fraud investigations within South Lanarkshire Council for the year to 31 March 2021 together with a comparison to the statistics for the same period in 2020. It includes all frauds reported to Internal Audit, benefit frauds during this period investigated by the Department for Work and Pensions (DWP) and insurance losses resulting from a failure in internal controls or which have been investigated by Internal Audit.
- 3.3. Although the responsibility for housing benefit fraud investigations has transferred to the DWP Fraud and Error Service (FES), South Lanarkshire Council retains responsibility for the recovery of fraud overpayments from their own Housing Benefit claimants. Housing benefit fraud data will, therefore, continue to be included within the fraud statistics reported as information is provided by FES.
- 3.4. Revenues and Benefits continue to deliver an annual programme of rolling reviews on housing benefit claimants based on risk-profiling to establish the most likely areas of benefit fraud or overpayment. Information is also obtained from HMRC through Real Time Information (RTI) and DWP through the Housing Benefit Matching Service (HBMS). Where fraud is suspected, the case will be passed to FES for investigation and, if proven, the case returned to South Lanarkshire Council to pursue recovery. Irrespective of whether a fraud is proven or not, the Council takes steps immediately to recover any overpayment.

- 3.5. Progress with all types of fraud investigations during 2020/2021 was significantly impacted by the pandemic. Both levels of reporting and progress with investigations have been affected as Services have been re-deployed to respond to the pandemic. Despite these delays, the processes for conducting investigations have not been altered and all suspected fraud cases will be investigated albeit time-scales for concluding work will require to be extended.

4. Results

- 4.1. All concerns reported to Internal Audit are risk assessed with high risk areas investigated by Internal Audit, medium risks investigated by Resources and low risks registered for monitoring of trends. Internal Audit may also undertake joint investigations with Resources and the Fact-Finding team within Personnel Services depending on the nature of the fraud and the operational knowledge required.
- 4.2. Areas within the Council that have an inherently higher risk of fraud are considered for inclusion in the annual Audit Plan. There have been no specific patterns or trends identified in 2020/2021 in addition to those already known.
- 4.3. An analysis of the fraud caseload for the year to 31 March 2021 and the comparative period in 2020 is detailed in Table 1.

Table 1 - Fraud Caseload

Status	Year to 31/03/21		Year to 31/03/20	
	Nos.	£000	Nos.	£000
Cases open as at 1 April	145	139	78	69
Concerns reported to 31 March	26	45	137	132
Caseload at 31 March	171	184	215	201
Cases closed in period (see Table Two)	(38)	(34)	(70)	(62)
Work in progress at 31 March	133	150	145	139

- 4.4. Cases reported in the year were broadly equal across each of the three categories; benefit fraud; internal fraud; theft and break-ins. The majority of concerns reported in the same period in 2020 related to benefit fraud. This disparity reflects the disruption that the pandemic brought to investigative processes.
- 4.5. An analysis of closed cases in the year is detailed in Table 2.

Table 2 - Analysis of Closed Cases

Source of fraud	Year to 31/03/21		Year to 31/03/20	
	Nos.	£000	Nos.	£000
Founded allegation (see Table Three)	24	27	46	56
Insufficient information	5	3	9	0
Unfounded allegations	9	4	15	6
Total	38	34	70	62

- 4.6. 63% of all cases, that were investigated, were founded. Only one of these cases involved a South Lanarkshire Council employee.
- 4.7. An analysis of founded allegations is detailed in Table 3.

Table 3 – Analysis of Founded Allegations

Source of fraud	Year to 31/03/21		Year to 31/3/20	
	Nos.	£000	Nos.	£000
External	23	27	24	19
Internal	1	0	1	0
Benefits	0	0	21	37
Total	24	27	46	56

- 4.8. Almost all of the founded cases relate to Benefit Fraud cases or fraud committed by a third party.
- 4.9. Minimal costs have been incurred by Internal Audit in the year to 31 March 2021 aligning to the limited progress that has been made with completing investigations. Time to conclude these investigations has been carried over to 2021/2022.
- 4.10. Time budgets and target completion timescales for investigations are set at the start of each audit and will vary depending on the nature of the investigation. Performance measures for investigations undertaken by Internal Audit are monitored through local Performance Indicators.

5. Improvements

- 5.1. On conclusion of all internal investigations, an assessment is made on whether any improvement actions are necessary. If required, an improvement plan will be issued containing recommended actions. These improvement plans are agreed with the relevant Heads of Service and the actions followed up by Internal Audit to ensure implemented and that gaps in controls have been addressed. Outcomes for concluded investigations are reported to the Committee as part of Internal Audit's annual assurance report.
- 5.2. There was one improvement plan issued by Internal Audit during the period under review with 7 separate actions agreed. Follow up of all high priority actions resulting from fraud investigations will be included in future Audit Plans.

6. Employee Implications

- 6.1. South Lanarkshire Council has a zero tolerance approach to fraud. All employees have a role to play in reducing fraud within the Council and should understand the risk of fraud faced by the Council, that fraud is serious and that it diverts resources from the delivery of the Council's primary objectives. A Learn on Line Fraud Awareness course is available to all employees with People Connect access.

7. Financial Implications

- 7.1. The investigation of fraud, participation in NFI exercises and the collection and reporting of fraud statistics will be carried out within existing resources.
- 7.2. A total of 32 days was allocated within the 2020/2021 Internal Audit Plan for fraud risk work. 67 contingency days was also available to undertake fraud investigations where required and 40 days was allocated to administer the 2020/2021 NFI exercise for which data was uploaded during the year. Not all of this time was required and was reallocated to allow delivery of a number of re-deployed COVID-19 tasks.

8. Climate Change, Sustainability and Environmental Implications

- 8.1. There are no climate change, sustainability or environmental implications associated with this report.

9. Other Implications

- 9.1. Fraud risk is recognised as one of the top risks facing South Lanarkshire Council. This risk is significant as it can adversely affect the delivery of Council objectives and erode valuable resources. It is, therefore, important that the risk of fraud is soundly managed. Fraud Risk Registers are in place within all Resources and are reviewed and updated annually in line with standard Risk Management procedures.
- 9.2. In order to ensure the Council is fully aware of and prepared for emerging fraud risks, Internal Audit periodically carry out self-assessment exercises against good practice guidance in fraud management. This exercise in 2020/2021 has contributed to the review of fraud policies. Work to promote the revised fraud policy will be undertaken by Internal Audit in 2021/2022.
- 9.3. In addition to this, the 2020/2021 Audit Plan included an assignment to review emerging fraud risks that considered the specific changes to processes required in response to the challenges and pressures of the pandemic. Testing of changes to existing and new processes is planned to be undertaken in 2021/2022.
- 9.4. To further support this review of emerging risks, an action plan has been drawn up by the Council's Serious and Organised Crime (SOC) working group to address the impact of COVID-19 on SOC and the challenges that this will bring to the Council in the short, medium and long term.
- 9.5. The Group will progress delivery of the various actions, revising if any new or emerging threats are identified through the pan Lanarkshire Multi Agency SOC Group. Further updates on progress with the delivery of these actions will be included in reports to the Committee as appropriate.
- 9.6. The collection and reporting of fraud statistics should assist in the management of fraud by identifying patterns and trends of fraud and areas of high risk where preventative controls should be concentrated. However, in order to do this effectively, fraud statistics must be complete. This remains an area where practice could be improved and it is, therefore, important that all instances of potential and actual fraud are reported to Internal Audit.

10. Equality Impact Assessment and Consultation Arrangements

- 10.1. There is no requirement to undertake an equality impact assessment.
- 10.2. Consultation was not necessary for this report.

Paul Manning

Executive Director Finance and Corporate Resources

30 August 2021

Link(s) to Council Values/Objectives

- ◆ Objective – Governance and Accountability

Previous References

- ◆ Fraud Statistics Annual Report 2020 21 September 2020
- ◆ Fraud Statistics Six Monthly Update, 3 March 2021

List of Background Papers

None

Contact for Further Information

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

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Report

8

Report to:	Risk and Audit Scrutiny Committee
Date of Meeting:	15 September 2021
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Financial Management Code
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ provide Members with an introduction to the Financial Management (FM) Code and an update on the Council's self-assessment exercise

2. Recommendation(s)

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

- (1) that the requirements of the FM Code, detailed in section 4, be noted; and
- (2) that the Council's position in relation to the shadow year self-assessment, detailed at section 5.4, be noted.

3. Background

- 3.1. The Chartered Institute of Finance and Public Accountancy (CIPFA) has introduced a Financial Management Code (the FM Code). The FM Code provides "guidance for good and sustainable financial management in local authorities. By complying with the principles and standards within the code, authorities will be able to demonstrate their financial sustainability". A key goal of the FM Code is to improve the financial resilience of organisations by embedding enhanced standards of financial management.
- 3.2. 2020/2021 is the shadow year of implementing the FM Code and CIPFA suggests that by 31 March 2021, local authorities should be able to demonstrate that they are working towards full implementation. The first full year of compliance with the FM Code will, therefore, be 2021/2022.
- 3.3. To meet the requirements of the shadow year, and to inform the 2020/2021 Annual Governance Statement, a review of the FM Code was undertaken along with consideration of the Council's position in relation to the FM Code. This review helps evidence our efforts in ensuring financial sustainability. This report will provide a summary of the principles of the FM Code (section 4) and the Council's position at the end of the shadow year (section 5).

4. The FM Code – a Principle-based approach

4.1. The underlying principles that inform the FM Code have been developed in consultation with senior practitioners from local authorities and associated stakeholders. The principles have been designed to focus on an approach that will assist in determining whether, in applying standards of financial management, a local authority is financially sustainable. The principles of the FM Code are detailed below:-

- ◆ Organisational leadership – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
- ◆ Accountability – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
- ◆ Financial management is undertaken with transparency at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
- ◆ Adherence to professional standards is promoted by the leadership team and is evidenced.
- ◆ Sources of assurance are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
- ◆ The long-term sustainability of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

5. Self-Assessment

- 5.1. Appendix 1 looks at the principles inherent in the FM Code (from section 4) and the Council's position in relation to each of these.
- 5.2. It is split into 7 sections with Sections 1 and 2 covering important contextual factors which need to be addressed if sound financial management is to be possible. The remaining Sections 3 to 7 address the requirements of the financial management cycle noting that the development of a high-quality long-term financial strategy will not itself promote financial sustainability. To make well informed decisions all elements of the cycle need to be fit for purpose.
- 5.3. Appendix 1 details the Council's position against each of the principles, providing evidence of adherence wherever possible.
- 5.4. **Conclusion:** Appendix 1 details the Council's response to the FM Code. The self-assessment identifies that of the 17 criteria, the Council has fully embedded 14 as part of its normal business by the end of the shadow implementation year (2020/2021). This highlights that the council already has a strong approach to financial management and financial resilience including demonstrating value for money, strong governance and controls and adherence to professional guidance, and our approach to financial management and reporting (including budget setting and medium to long term planning).

- 5.5. The FM Code notes that where there are outstanding matters or areas for improvement, these should be noted as actions. For those 3 criteria that are not fully embedded, actions have been noted in Appendix 1 which will allow us to further embed and develop our existing financial management controls and measures to provide continued comfort on financial resilience. These actions will be complete by end March 2022, to ensure full compliance at the end of the first full year of implementation.
- 5.6. There are clear links between the FM Code and the Council's Governance Framework, particularly with its focus on achieving sustainable outcomes. For this reason, the Annual Governance Statement for 2020/2021 (presented to this Committee in June 2021) includes the overall conclusion of the organisation's compliance with the principles of the FM Code.
- 6. Employee Implications**
- 6.1. None.
- 7. Finance Implications**
- 7.1. None.
- 8. Climate Change, Sustainability and Environmental Implications**
- 8.1. There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.
- 9. Other Implications**
- 9.1. There is a risk that if the FM Code is not implemented, then the financial integrity of the organisation is called into question. This is mitigated by the completion of the self-assessment, the action plan and the involvement of the Council's leadership group.
- 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 also no requirement to undertake any consultation in terms of the information contained in this report.

Paul Manning
Executive Director (Finance and Corporate Resources)

10 June 2021

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ None

List of Background Papers

- ◆ None

Contact for Further Information

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

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FM Code - Checklist

Principle	Council Position
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Section 1: The responsibilities of the chief finance officer and leadership team

A The leadership team is able to demonstrate that the services provided by the authority provide value for money.

Audit Scotland's Best Value Audit assessment of South Lanarkshire Council (2018) is that it 'demonstrates strong leadership, has a good approach to the way it manages its finances and has delivered improvements to many services. Now the Council needs to ensure that service redesign is driven by engagement with local communities.

The review also noted that the Council continues to demonstrate all of these elements and is making significant progress in fulfilling its duty of Best Value and improving outcomes for its communities.

Ongoing reviews of services ensures that we continue to provide best value by streamlining tasks including through introducing technological solutions.

B The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.

The authority complies with the Chartered Institute of Public Finance and Accountancy Statement on the Role of the Chief Financial Officer (CFO).

Some key points to note: the CFO is a key member of the Council's Leadership Team and takes the lead on the Council's financial strategy. The CFO is actively involved in all substantive decision making that has a financial consequence. The CFO is professionally qualified, suitably experienced, and leads a fit-for-purpose Finance Team. The CFO leads on Risk Management and the Governance Statement for the Council.

Section 2: Governance and financial management style

C The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.

Each year, the Council prepares an Annual Governance Statement (AGS). The AGS is based on a self-assessment exercise in compliance with a Local Code of Corporate Governance, and which culminates in a position statement Leader of the Council and the Chief Executive. The AGS focuses on the priorities of economy, efficiency and effectiveness and is to ensure that the

Council has proper arrangements in place for discharging its activities, and where appropriate, the management of risk.

The Corporate Management Team and the Risk and Audit Scrutiny Committee (RASC) receive regular management reports from Internal Audit. These include updates on governance and internal control as appropriate. The Chief Auditor's Year End report provides a summary of the audits that have taken place during the year, as well as their opinion on assurance. The Corporate Management Team and the RASC approve these reports.

All reports to Members and the Corporate Management Team include sections on financial impact, employee impact and sustainability as standard, evidencing their acknowledgement of their governance responsibilities.

D The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).

The Council applies this Code with the output culminating in the Annual Governance Statement (AGS) at the end of each financial year. The AGS is presented to the CMT and Committee for approval, before being included in the Annual Report and Accounts (see response to criteria C for further details).

E The financial management style of the authority supports financial sustainability.

4-weekly reports on the Council's in-year financial position, including a full year projection for the current year (and beyond where appropriate) are provided to the Executive Committee.

This has been particularly important during the year of the pandemic and allows management decisions to be taken in the context of financial sustainability.

In addition, Resource Committees see their own Resource position in detail every 8 weeks, and the Financial Resources Scrutiny Forum see a greater level of detail every 4 weeks to allow analysis and challenge.

Section 3: Long to medium-term financial management

F The authority has carried out a credible and transparent financial resilience assessment.

There are many ways that financial resilience is evidenced in the Council. This includes preparing medium and long term strategies for both revenue and capital plan.

The Council also prepares a newly agreed set of Key Performance Indicators agreed by the Directors of Finance, which are designed to highlight financial sustainability. To supplement our approach, we will look at the benefits of the CIPFA financial resilience toolkit (which provides English authorities with a toolkit and benchmarks on financial resilience)

ACTION: Review the financial resilience toolkit to supplement the Council's assessment of financial resilience .

G The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to Members.

The Council prepared a Medium-Term Financial Strategy in 2018 with each relevant year updated annually as required. This included high-level financial scenarios.

In June 2020, Members were presented with the output from the Loans Fund Review and its impact on this Medium-Term Financial Strategy, providing a way to minimise the impact of savings over the next 5 years.

This presentation of the savings requirement across the coming years has been re-presented to Members on at least two occasions since and will continue to feature in any budget paperwork moving forward. This ensures that Members fully understand the financial position in the coming years.

H The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.

The Council complies with the Prudential Code and provides Members with regular Committee reports giving an update on the Prudential Indicators – including at budget setting and at financial year-end.

I The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.

Members approved the Council's medium-term strategy stretching to 2026/2027. The coming financial year is refreshed in advance of the budget being set, and the impact on any future years is also addressed at that point.

Section 4: The annual budget

J The authority complies with its statutory

The Council sets its budget by 11 March.

obligations in respect of the budget setting process.

Recognising the integral part that Council Tax plays in budget setting process, this is a joint budget and Council Tax setting report.

K The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.

The budget report explains each of the budget assumptions in detail and includes any risk areas identified by the Council's Chief Finance Officer (Executive Director of Finance and Corporate Resources).

Budget reports include the medium-term financial strategy which clearly details the strategy for the use of reserves and how this allows us to manage the savings required across years.

A statement re adequacy of reserves was included in the 2022/2023 budget strategy paper (June 2021).

Section 5: Stakeholder engagement and business plans

L The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.

The Council undertakes a budget consultation exercise each year to seek views on the proposed savings. For 2020/2021, this was expanded to also seek views on the budget strategy itself which covers a medium and longer term outlook. The consultees include the public as well as partner organisations of the council including health, the police and the third sector.

ACTION: As part of the annual budget consultation, we will look to embed the 2020/2021 approach going forwards.

M The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.

The Council has a guide on Options Appraisal which is made available to all Resources through the Council's intranet. This helps support decision making across the council. It concentrates on large scale capital investment projects, however, can be adapted for use in other decision-making situations.

ACTION: we will continue to embed options appraisal across the Council.

Section 6: Monitoring financial performance

N The leadership team takes action using reports enabling it to identify and correct

All reports to the Council's Committees and the CMT include a financial implications

emerging risks to its budget strategy and financial sustainability.

section as well as a risk and sustainability section.

These highlight the financial consequences of the proposals contained in the reports and ensure that this is taken into account when making decisions.

The Financial Resources Scrutiny Forum see a low level of detail every 4 weeks. This allows analysis and challenge of the revenue monitoring position across Resources and of the various capital programmes, with a view to identifying any areas of financial and operational risk.

O The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.

The Council balance sheet is reported as part of the Council's accounts, The data within the balance sheet and our analysis of this, including assets, debt, debtors and creditors and working capital, all contribute towards ensuring that we are managing any risks to the Council financial position.

Section 7: External financial reporting

P The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.

The chief finance officer understands and complies with his personal and statutory duty to ensure the Accounts comply with all relevant guidance, and he signs the Annual Accounts on that basis.

Q The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.

The final outturn reports to the Executive Committee and the Corporate Management Team provide the reader with detailed information on the outturn and the variance to the probable outturn position provided earlier in the financial year. This presentation allows the Council's leadership to make strategic financial decisions based on proposals by the chief finance officer, and in line with the Council's Financial Strategy.

Report

9

Report to:	Risk and Audit Scrutiny Committee
Date of Meeting:	15 September 2021
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Audit Scotland – Financial Overview 2019/2020
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1. Purpose of Report

1.1. The purpose of the report is to: -

- ◆ provide the Risk and Audit Scrutiny Committee with a summary of the information contained within the Audit Scotland Report 'Financial Overview 2019/2020' published in January 2021

2. Recommendation(s)

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

- (1) that the key messages and recommendations of the Audit Scotland Overview Report 2019/2020, as detailed in sections 4 to 7, be noted; and
- (2) that the Council's position in relation to these messages/recommendations, as detailed in section 8, be noted.

3. Background

3.1. In January 2021, Audit Scotland published the Financial Overview 2019/2020 report on behalf of the Accounts Commission. Audit Scotland publish two overview reports each year, this one focuses on financial matters, and the other report, on councils' performance and outcomes, was published in May 2021. A copy of the [Audit Scotland - Financial Overview 2019/2020](#) report can be found on the Audit Scotland website.

3.2. The report recognises the impact that COVID-19 is likely to have on the 2020/2021 and that future reports will re-focus to take cognisance of this.

3.3. The Audit Scotland report is divided into 4 parts:-

- ◆ Part 1: Councils' Income in 2019/2020
- ◆ Part 2: Councils' Financial Position
- ◆ Part 3: Councils' Financial Outlook
- ◆ Part 4: Integration Joint Boards' Overview 2019/2020

3.4. The key messages from each of the 4 parts are outlined in sections 4 to 7 of this report, with comments on South Lanarkshire Council's position specifically noted in section 8.

4. Part 1 – Councils’ Income in 2019/2020

4.1. A number of key messages are presented by Audit Scotland in their report, in relation to councils’ funding and income in 2019/2020:-

- ◆ Revenue funding and income received by councils grew by £0.8 billion (8%) in cash terms. The funding to councils from the Scottish Government increased in 2019/2020 by 5.4% in cash terms (3.4% in real terms).
- ◆ Specific grant funding accounted for 45% of the cash increase in revenue funding from 2018/2019 to 2019/2020, with almost half of this being to fund the expansion in Early Learning and Childcare.
- ◆ Over the last six years (2013/2014 to 2019/2020), funding from the Scottish Government to local government decreased by 4.7% in real terms. The increased funding in 2019/2020 improved the position that existed in 2018/2019, when the total reduction was 7.6%. Funding to other areas decreased by 0.8% over the same period, demonstrating that local government funding has undergone a larger reduction than the rest of the Scottish Government budget over this period.
- ◆ Council tax changes raised an additional £100 million in 2019/2020. The increase was due to all councils choosing to increase Council Tax, with 12 councils increasing the council tax rate by the maximum 4.8%.

5. Part 2 – 2019/2020 Councils’ Financial Position

5.1. A number of key messages are presented by Audit Scotland in their report in relation to the 2019/2020 Financial Performance of councils:-

- ◆ In 2019/2020, councils identified an initial funding gap of £0.5 billion (3%), similar to the £0.4 billion identified in 2018/2019.
- ◆ Councils planned to manage this mainly through savings, although the degree to which savings were achieved varied significantly across councils.
- ◆ The effect of COVID-19 was not material in 2019/2020, with the financial effect (excluding social care) estimated at £20 million - £25 million. Two thirds of this related to lost income and unachievable savings, and with additional Scottish Government funding not being received until 2020/2021, councils were able to manage this within existing budgets.
- ◆ In 2019/2020 councils’ auditors reported wider financial consequences of COVID-19 in their annual reports including: the impact on the requirement for additional borrowing, impact on savings achievement, medium term planning, impact on capital programmes, delays in bad debt collection and going concern of subsidiaries and joint ventures.
- ◆ 22 councils increased their usable revenue reserves in 2019/2020, with the overall total net increase across all councils being £65 million (3%). Of this, Glasgow City Council experienced an £85 million (80%) increase mainly due to their equal pay strategy.
- ◆ 17 councils have decreased their General Fund reserves over the last 3 years. No Council is in a position where this rate of depletion would eliminate the total General Fund within 3 years. However, two councils, Fife and Aberdeenshire are at risk of running down their general fund balance within 4 to 5 years if the current trend of using these continues.
- ◆ Councils recorded the highest level of capital expenditure over the last 5 years.
- ◆ Capital expenditure increased by £0.8 billion (29%) in 2018/2019 to £3.6 billion. Glasgow City Council’s sale and leaseback transactions, as part of their equal pay funding strategy, make up £0.5 billion of the increase. Excluding this, capital expenditure is still the highest level recorded by councils over the last 5 years.

- ◆ Most councils' auditors reported a material valuation uncertainty in Council property valuations related to the potential impact of COVID-19.
- ◆ Most councils increased their net debt by 4% or more in 2019/2020. Total net debt across councils increased by £1.4 billion (9%) to £17 billion.
- ◆ Pension fund investment returns were negative in 2019/2020, ranging from - 1.9% to - 8.3%, as a result of COVID-19, but the overall investment returns still tended to outperform their benchmarks.

6. Part 3 – Councils' Financial Outlook

6.1. A number of key messages are presented by Audit Scotland in their report in relation to the Financial Outlook for councils, namely:-

- ◆ Councils' 2020/2021 initial budgets identified savings targets as the main way to close an initial budget gap of £0.5 billion (3%), with more councils setting multi-year indicative budgets.
- ◆ Before the impact of COVID-19, Scottish Government revenue funding to local government in 2020/2021 increased by 3.4% in cash terms (1.4% in real terms), with the majority of the increase being specific grant to fund the expansion in Early Learning and Childcare.
- ◆ The financial cost of COVID-19 on councils in 2020/2021 is estimated to be £767 million (excluding health and social care), with just over half due to lost income.
- ◆ In March 2020, the Scottish Government announced grants were being made available to eligible businesses, with councils receiving an initial £950 million of this in 2020/2021, with the remaining amount up to a maximum of £1.2 billion to be distributed as required. By September 2020 over £1 billion had been awarded to eligible businesses.
- ◆ By November 2020, further funding of £936 million (£873 million Revenue and £63 million Capital) of Scottish Government COVID-19 support for councils had been either announced or allocated.
- ◆ Audit Scotland estimated that by November 2020, funding announced by the Scottish Government meets 60% to 70% of the cost pressures identified by councils through COSLA's cost-gathering exercise, although total costs and funding are still uncertain. However, some of the £936 million is ring fenced for specific purposes such as Food Fund and Free School Meals. Councils may have cost pressures in other areas that cannot be met from this funding.
- ◆ The report stated that councils have been given additional areas of financial flexibility to respond to the COVID-19 crisis, including enabling the use of capital receipts to meet one-off revenue funding pressures, extension of debt repayment periods and allowing councils to take a repayment holiday to defer internal loan fund repayments. We are still awaiting final agreement on these.
- ◆ There is also flexibility around the guidance for Pupil Equity Funding, Challenge Authority and Schools Programme funding, Regional Improvement Collaboratives and Early Learning and Childcare funding to deliver critical provision. Extent of use is currently unclear, and judgments will be required by each council based on current commitments.
- ◆ Due to the uncertainty around COVID-19, medium term financial plans will need to be revised to take into account additional pressures, updated funding arrangements, financial assumptions and updated savings requirements.

- ◆ Scottish Government capital funding in 2020/2021 is decreasing by 30% in real terms. Capital funding had previously increased by 33% between 2017/2018 to 2019/2020 and, therefore, has now returned to levels more similar to those in 2017/2018, which could have a significant impact on councils' future investment plans.

7. Part 4 – Integrated Joint Boards' (IJBs) Overview 2019/2020

7.1. A number of key messages are presented by Audit Scotland in their report in relation to IJBs, namely:-

- ◆ In 2019/2020, funding increased by £0.5 billion (6%) to £9.1 billion, with the majority of the increase coming from health board contributions.
- ◆ 16 of the 30 IJBs reported a total deficit of £32 million in 2019/2020 (8 reported a deficit of £11 million in 2018/2019), while 13 reported a total surplus of £17 million. One reported a breakeven position.
- ◆ Six of the IJBs that reported a surplus or breakeven position would not have achieved this without additional funding from partners.
- ◆ A total of 13 IJBs had extra financial support from partners of £50 million. Without this support, 22 IJBs would have reported a total deficit of £77 million (19 IJBs with a deficit of £58 million in 2018/2019).
- ◆ There was significant variation in how IJBs performed against 2019/2020 planned savings targets with savings achieved ranging from 37% to 100%.
- ◆ IJB reserves have decreased in 2019/2020 by £15 million (9%) to £143 million. The position in 2018/2019 was a £34 million (1.8%) increase, part of which was unspent funding from the NHS for specific purposes, which is now been utilised. The movement in reserves varies across IJBs, from an increase of 4% to a decrease of 7%.
- ◆ 11 IJB's had not agreed their budgets by the start of 2019/2020, reducing to 6 for the 2020/2021 budget,
- ◆ Prior to COVID-19 costs, the identified budget gap reduced from £208 million (2.5% of total income) in 2019/2020 to £185 million (2% of total income) in 2020/2021, with 62% to be met from identified savings and 25% from unidentified saving plans.
- ◆ As at October 2020, estimated total COVID-19 mobilisation costs for Health and Social Care Partnerships for 2020/2021 were £422 million and it was not yet clear if the Scottish Government will provide financial support to IJBs for the full impact of the pandemic.
- ◆ At September 2020, the Scottish Government confirmed that £2.6 billion received in consequential would be passed on for health and social care and should be sufficient to cover the projected COVID-19 related revenue costs of £1.62 billion. In late September 2020, they then announced additional funding of £1.1 billion.
- ◆ The impact of COVID-19 could be significant on health and social care and IJB's will need to revise their medium term plans to reflect this impact.

8. South Lanarkshire Council – Financial Overview 2019/2020

8.1. The Audit Scotland report contains a number of tables that set out information for all councils, however, there are only 2 tables of data which show the performance of individual councils, being the Movement in the General Fund (including HRA) over the last 3 years and the Percentage Movement in Net Debt between 2018/2019 and 2019/2020.

8.2. South Lanarkshire Council's results were in the main grouping of councils. For the Movement in General Fund over the last 3 years, 15 of the 32 councils saw an increase in their level of reserves, with South Lanarkshire being at number 10 of the 15 in terms of the level of increase. Glasgow and East Renfrewshire were both in the top 3, whilst North Lanarkshire experienced a reduction.

8.3. In terms of Percentage Movement in Net Debt, the movement ranged from an increase in 29% to a decrease of 8%. Of the 32 councils, 23 councils experienced an increase, 8 showed a decrease and one council has net investments. Most councils increased their debt by 4% or more. In terms of movement, South Lanarkshire is ranked 24 in terms of the percentage movement between the 2 years, with Renfrewshire and East Renfrewshire being at numbers 1 and 2, North Lanarkshire at 14 and Glasgow at 25. In terms of the 23 councils who experienced an increase, South Lanarkshire is sitting at 20 out of the 23.

9. South Lanarkshire Integration Joint Board – Financial Overview 2019/2020

9.1. There was one area where South Lanarkshire IJB's result was outwith the main grouping. This was the Movement in IJB General Fund Reserves between 2018/2019 and 2019/2020.

9.2. The movement across all IJB's ranged from an increase of £4 million to a decrease of £7 million. South Lanarkshire IJB is the third highest in terms of its movement between these years, with a reduction in its General Fund Reserve of £4.850 million, from £11.023 million at 31 March 2019 to £6.173 million at 31 March 2020. This is due to the £4.850 million deficit on the provision of services for the year ended 31 March 2020.

9.3. In comparison to surrounding councils, both Glasgow and East Renfrewshire IJB's experienced reductions, whilst Renfrewshire and North Lanarkshire saw increases in the level of their General Fund.

10. Employee Implications

10.1. None.

11. Financial Implications

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

12. Climate Change, Sustainability and Environmental Implications

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

13. Other Implications

13.1. None.

14. Equality Impact Assessment and Consultation Arrangements

14.1. 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.

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

Paul Manning
Executive Director (Finance and Corporate Resources)

5 July 2021

Link(s) to Council Values/Ambitions/Objectives

- ♦ Accountable, Effective, Efficient and Transparent

Previous References

- ♦ None

List of Background Papers

- ♦ Local Government in Scotland – Financial Overview 2019/2020 - Audit Scotland, January 2020

Contact for Further Information

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

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Report

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Report to:	Risk and Audit Scrutiny Committee
Date of Meeting:	15 September 2021
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Audit Scotland Report - Digital Progress in Local Government
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ provide the Risk and Audit Scrutiny Committee with a summary of the information contained within the Audit Scotland Report 'Digital Progress in Local Government' published in January 2021

2. Recommendation(s)

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

- (1) that the key messages and recommendations are noted.

3. Background

- 3.1. The use of digital technologies is becoming increasingly commonplace in all aspects of our lives, including personal, social and in the workplace.
- 3.2. Digitally enabled business processes can enable organisations to deliver both improved services and efficiencies. One example is using online Council webforms to access information, make a request, or book or pay for a service. This can be more convenient for citizens (website is available 24x7) and is cheaper than other methods of delivering the service, such as phone or face-to-face.
- 3.3. Over the past year digital technologies have enabled councils to continue to deliver services during the COVID-19 pandemic. For example, accelerated rollout of laptops and Office 365/Microsoft Teams has enabled thousands of staff to work effectively from home, virtual committee meetings have allowed democratic processes to continue, and citizen interaction in many cases has transferred to channels such as email, on-line forms, phone, and videoconferencing.
- 3.4. The pandemic has also highlighted the disadvantages that many citizens experience through digital exclusion, where they cannot access, or benefit from, on-line services. Reasons for exclusion include poor internet availability, affordability, lack of skills, or concern around on-line security. South Lanarkshire Council (SLC) Digital Inclusion Strategy has a programme of work to address these challenges in SLC.

- 3.5. SLC has a digital strategy which sets out how the Council will utilise technology to deliver service and cost benefits. This strategy is currently being refreshed and will be submitted to committee for approval. This will align closely with the Council Plan Connect, and also with the new Scottish Government national digital strategy published in spring 2021.
- 3.6. Audit Scotland published a report in January 2021 – “Digital Progress in Local Government” which looked at how well councils are progressing with putting in the building blocks required for digital transformation. To assess this progress and provide examples of best practice Audit Scotland interviewed representatives from several councils (not including SLC), COSLA, the Local Government Digital Office, Scotland Excel and SEEMIS

4. Key messages

Key Message 1: Impact of COVID-19

- 4.1. Councils are at different stages in digital transformation, with those furthest along better able to minimise the impact of COVID-19 on delivery of Council services. Adoption of digital solutions has been accelerated by necessity and councils should maintain momentum to continue to transform services to benefit their citizens.

Key Message 2: Becoming a Digital Council

- 4.2. Clear vision and leadership, with workforce and community engagement, are essential to realise the benefits of digital transformation. Delivering change needs a culture of collaboration and innovation to succeed.

Key Message 3: Citizens at the Heart

- 4.3. There has been a lack of citizen involvement in digital service design, and inadequate monitoring of outcomes, by local government

Key Message 4: Workforce and Skills

- 4.4. Insufficient staff capacity and lack of digital skills are the most significant barriers to progress in digital transformation.

Key Message 5: Data and Technology

- 4.5. Councils are making some progress in exploiting data to improve decision making (for example data-matching to award grants), however, more work is required to both develop data standards and to eliminate legacy systems.

Key Message 6: National Leadership and Collaboration

- 4.6. There needs to be greater leadership and clarity of roles at a national level. Refresh of the national digital strategy provides an opportunity to set a shared vision and agree shared priorities.
- 4.7. The report contains several **recommendations** which are listed below, together with an assessment of the position in South Lanarkshire Council:-

Audit Scotland recommendation	SLC position and action required, if any.
<p>Key Message 1: Impact of COVID-19 To maintain momentum (post -COVID), councils should assess their progress, learn lessons, and identify and address barriers and inequalities</p>	<ul style="list-style-type: none"> • As part of post-COVID recovery SLC are modernising business processes, for example in regard to agile working. • SLC Digital Inclusion Strategy, which was approved in 2020, is currently being implemented to address barriers and inequalities. • Action: Lessons learned from pandemic to be incorporated into new SLC Digital Strategy, which is currently under development.
<p>Key Message 2: Becoming a Digital Council</p> <ul style="list-style-type: none"> • Councils should have a clear digital vision and strategy that sets out how digital transformation will deliver better outcomes for people. The strategy should be supported by plans detailing actions, timescales and the required investment in technology, people and skills. • Councils should have a structured approach to collaboration and innovation, with staff given space and time to learn, test new ideas and put them into practice. Councils should actively collaborate through the Digital Office and other regional partnerships. 	<ul style="list-style-type: none"> • SLC are currently refreshing its Digital Strategy, this will include all the elements described in Audit Scotland recommendation (action plans, etc) • Action: Complete development of new SLC Digital Strategy, actively engaging with external partners to ensure that best practices in strategy development and implementation are followed
<p>Key Message 3: Citizens at the Heart</p> <ul style="list-style-type: none"> • To better understand the needs of citizens, councils should have a citizen and community engagement plan and ensure they have sufficient staff with the skills to carry out service design. • Councils need to improve how they monitor outcomes. This could include adopting a benefits realisation approach. 	<ul style="list-style-type: none"> • SLC has a range of processes in place to engage with citizens, these can be leveraged to gather inputs for digital programmes which impact council services • Action: Ensure that citizens are consulted as part of the development of new SLC Digital Strategy • Action: Consider formally adopting the “Scottish approach to Service Design” which is being promoted across the public sector by the Scottish Government. This would provide staff with a formal process to redesign services and deliver digital transformation. Training is available via the Local Government Digital Office • Action: Include details of how the outcomes of digital programmes will be monitored in new SLC Digital Strategy

<p>Key Message 4: Workforce and Skills</p> <ul style="list-style-type: none"> • Councils should conduct a staff skills survey to better understand what digital and data skills they need. Councils should have detailed workforce and skills development plans, including for leadership teams and elected members, that align with digital transformation plans. 	<ul style="list-style-type: none"> • SLC have conducted staff surveys during pandemic to assess immediate needs. This work can be built upon to identify future digital skills requirements. • Action: SLC should perform a survey to assess current digital skills and training requirements to deliver the new SLC Digital Strategy and achieve the required outcomes
<p>Key Message 5: Data and Technology</p> <ul style="list-style-type: none"> • Councils should understand their technology infrastructure and have a clear plan to address legacy systems to create better coordinated solutions. This could include common platforms and shared procurement. • Councils should work with the Digital Office and Scottish Government in developing common data standards and a data ethics approach. 	<ul style="list-style-type: none"> • As part of the Council's Asset Management Planning, SLC IT have an ongoing programme of systems upgrades and refreshes to provide better IT capabilities and services across to the Council and to citizens. However, there are several legacy systems which will require to be replaced to enable future progress in digital transformation • Action: Include plan for legacy system replacement in new SLC Digital Strategy • SLC currently work very closely in many areas with both the Digital Office and Scottish Government, including on data standardisation / data ethics. No specific further action required here
<p>Key Message 6: National Leadership and Collaboration</p> <ul style="list-style-type: none"> • The refresh of the digital strategy for Scotland provides an opportunity for all organisations which support the delivery of digital transformation in local government to set the vision and agree shared priorities. These organisations, including the Digital Office, the Improvement Service and councils, should: <ul style="list-style-type: none"> • agree on and clearly articulate their roles and responsibilities • identify where a shared approach would add value to developing and delivering common systems and platforms, and specialist skills • review the funding and delivery model for the Digital Office, to ensure it has the capacity and support to deliver on the agreed priorities • streamline a work programme for the Digital Office, with each part of the programme having senior-level sponsorship. 	<ul style="list-style-type: none"> • SLC is fully engaged with Digital Office, including via SOLACE and SOCITM (Society of IT Managers). • Action: Continue to participate in national bodies to set the vision and agree shared priorities as described in the recommendation

5. Employee Implications

- 5.1. There are no direct employee implications.

6. Financial Implications

- 6.1. There are no direct financial implications.

7. Climate Change, Sustainability and Environmental Implications

- 7.1. There are no direct climate change, sustainability, or environmental implications.

8. Other Implications

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

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

Paul Manning

Executive Director (Finance and Corporate Resources)

30 August 2021

Link(s) to Council Objective

- All Council objectives

Previous References

- None

List of Background Papers

- Link to SLC Digital ICT Strategy 2017-2020
[Delivering a digital council Plans and policies - South Lanarkshire Council](#)
- Link to SLC Digital Inclusion Strategy 2020-2023
[Digital Inclusion Strategy 2020 - 2023 Plans and policies - South Lanarkshire Council](#)
- Link to Audit Scotland report on “Digital Progress in Local Government”
[Digital progress in local government | Audit Scotland \(audit-scotland.gov.uk\)](#)

Contact for Further Information

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

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Report

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Report to:	Risk and Audit Scrutiny Committee
Date of Meeting:	15 September 2021
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Forward Programme for Future Meetings
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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 January 2022
- ◆ 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 January 2022, 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 January 2022 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)

21 July 2021

Link(s) to Council Values/Objectives/Ambitions

Value – Accountable, Effective, Efficient and Transparent

Previous References

Executive Committee 8 July 2009

List of Background Papers

Audit Scotland Audit of Best Value and Community Planning

Contact for Further Information

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

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APPENDIX – RASC OUTLINE FORWARD PROGRAMME TO JANUARY 2022

Meeting Date	Item	Responsibility
17 November 2021	1. Audited Annual Accounts 2020/2021	Head of Finance (Strategy)
	2. External Auditor's Annual Report to South Lanarkshire Council	External Audit
	3. Internal Audit Activity Report	Audit and Compliance Manager
	4. 2021/2022 Internal Audit Plan – 6 months to 31 March 2022	Audit and Compliance Manager
	5. Good Governance Q2 Report 2021/2022/Local Code of Corporate Governance Review 2021/2022	Head of Administration and Legal Services
26 January 2022	1. Internal Audit Activity Report	Audit and Compliance Manager
	2. Internal Six Monthly Fraud Statistics 2021/2022 report	Audit and Compliance Manager
	3. Actuarial Review of Insurance Fund	Head of Finance (Transactions)
	4. Performance and Review Scrutiny Forum Annual Update	Head of Corporate Communications

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.

