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Renfrewshire Council

Notice of Meeting and Agenda
Audit, Risk and Scrutiny Board

Date	Time	Venue
Monday, 05 November 2018	10:00	Corporate Meeting Room 1, Council Headquarters, Renfrewshire House, Cotton Street, Paisley, PA1 1AN

KENNETH GRAHAM
Head of Corporate Governance

Membership

Councillor Tom Begg: Councillor Stephen Burns: Councillor Michelle Campbell: Councillor Alison Jean Dowling: Councillor Neill Graham: Councillor Jim Harte: Councillor Emma Rodden: Councillor Bill Binks (Convener): Councillor Jim Sharkey (Depute Convener):

Members of the Press and Public

Members of the press and public wishing to attend the meeting should report to the customer service centre where they will be met and directed to the meeting.

Chair

In Attendance

Sederunt

Further Information

This is a meeting which is open to members of the public.

A copy of the agenda and reports for this meeting will be available for inspection prior to the meeting at the Customer Service Centre, Renfrewshire House, Cotton Street, Paisley and online at http://renfrewshire.cmis.uk.com/renfrewshire/CouncilandBoards.aspx
For further information, please either email
democratic-services@renfrewshire.gov.uk or telephone 0141 618 7112.

29/10/2018

Items of business

Apologies

Apologies from members.

Declarations of Interest

Members are asked to declare an interest in any item(s) on the agenda and to provide a brief explanation of the nature of the interest.

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AUDIT

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ANNUAL PROGRAMME

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RISK MANAGEMENT

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MONITORING & REVIEWING SERVICE DELIVERY PERFORMANCE, POLICIES & PRACTICES

8   **Review of the Newly-introduced Speed Limit in Brookfield**   **205 - 210**

(Lead Officer - David Wilson)

Report by Lead Officer.

Renfrewshire
Council

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To: **Audit, Risk and Scrutiny Board**

On: **05 November 2018**

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Report by: **Chief Auditor**

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Heading: **Training for Audit, Risk and Scrutiny Board Members**

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1.   **Summary**

1.1   In line with national guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the implementation of Audit Committee Principles in Scottish Local Authorities, training on audit and risk related matters is being provided to members of the Audit, Risk and Scrutiny Board.

1.2   At the Audit, Scrutiny and Petitions Board meeting on 28 August 2017, it was agreed that a programme of training briefings for members would be provided and would continue to form part of the main agenda at every alternate meeting.

1.3   The Board requested that an additional briefing on the accounting and scrutiny issues at Northamptonshire Council. Attached at Appendix 1 is the amended programme of briefings, and at Appendix 2 the briefing on "Holding to Account (LASAAC guidance document aimed at those charged with governance in scrutinising financial accounts)". Appendix 3 is a further additional briefing agreed for inclusion by the Board on "The National Fraud Initiative".

1.4   The current programme of briefings is due to be completed by 18 March, members have an opportunity to shape the content of the future programme of briefings.

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2.   **Recommendations**

2.1   Members are asked to approve the amended programme of briefings.

2.2   Members are asked to note the content of the current training briefings.

2.3   Members are asked to consider further topics for the future programme of briefing sessions.

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Implications of the Report

1.   **Financial** - None

2.   **HR & Organisational Development** - None

3.   **Community Planning –**
          Safer and Stronger – an effective audit committee is an important element of good corporate governance.

4.   **Legal** - None

5.   **Property/Assets** - None

6.   **Information Technology** - None

7.   **Equality & Human Rights** - None

8.   **Health & Safety** – None

9.   **Procurement** - None

10.   **Risk -** training for elected members on audit and risk-related matters reflects audit committee principles

11.   **Privacy Impact** – None

12.   **COSLA Implications** - None

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Author: Andrea McMahon – 01416187017

Date	Topic
28 August 2017	The Role of the Audit Committee
6 November 2017	Cyber Security Risk and Control
19 March 2018	The Role of External Audit
27 August 2018	Understanding Financial Statements
5 November 2018	Holding to Account Guidance and National Fraud Initiative
18 March 2018	The Role of Internal Audit

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Holding to Account

Lisa Dickie – Finance Manager

What we will cover

- **Issue re Northhamptonshire County Council**
- **Holding to account**
- **What can we do to prevent this**

Issue re Northamptonshire County Council

- Lack of key financial controls
- Lack of transparency to Elected Members and Senior Management
- Lack of leadership and effective robust governance arrangements
- Failure to take urgent action to deal with financial issues as advised by CIPFA
- Achievement of savings????

Holding to Account : Using Local Authority Financial Statements

- Issued by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC)

Purpose:
"...to help elected members to scrutinise and understand their local authority's financial statements."

Using Financial Statements in Governance

Stewardship of Public Resources
- Management of Physical and Financial Resources
- Policies for Control, Use and Protection of Resources
- Review Appropriateness of Past Decisions

Risks to which Public Resources are exposed
- Physical Risks
- Misappropriation Risks
- Legislative or Compliance Risks
- Market Risks

Using Financial Statements in Governance (continued)

Financial Sustainability

- Key Funding Sources
- Commitments
- Assumptions and judgements

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Sample Questions

Stewardship of Public Resources

- Charging Policies
- Collection outstanding debts
- Efficient use of resources

Risks to which Public Resources are exposed

- Investment Policies
- Exposure to Variable Interest Rates
- Maintenance of Risk Registers

Sample Questions (continued)

Financial Sustainability of Public Service Delivery

- Revenue Consequences of Capital Investments
- Potential Impact of Service Redesign and Joint Working
- Limitations of the Use of Reserves

What are we doing?

- Provision of robust financial and budget monitoring to each board cycle advising members of the current year to date position and the projected outturn at the year end.

- Highlighting strategic savings for the next financial year to the Budget Strategy Group and how these 'fit' into the medium term financial strategy.

- Robust financial controls and budget monitoring procedures through out the financial year.

- Annual reports detailing our treasury management strategy, capital plan and revenue estimates including HRA.

- Audit Scotland have cited in the annual audit and best value reports that our financial management is effective with a budget process focussed on the Council's strategic priorities.

Questions?

- **Lisa Dickie**
- **lisa.dickie-fi@renfrewshire.gov.uk**
- **Ext 7384**

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Local Authority (Scotland) Accounts Advisory Committee [LASAAC]

\ holding to account:
using local authority financial statements

The Local Authority (Scotland) Accounts Advisory Committee (LASAAC) is constituted of volunteer members representing CIPFA, ACCA, ICAS, Audit Scotland and the Scottish Government. LASAAC is primarily concerned with the development and promotion of proper accounting practices for Scottish local authorities. A key task in achieving this is LASAAC's contribution to the development of the 'Code of Practice on Local Authority Accounting in the United Kingdom' ('the Code').

Further information about LASAAC can be obtained at
http://www.cipfascotland.org.uk/technical/lasaac.cfm

CIPFA provide secretariat support for LASAAC. Please direct any correspondence to lasaac@cipfa.org.uk or contact:

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Local Authority (Scotland) Accounts Advisory Committee
[LASAAC]

Holding to Account:
Using Local Authority Financial Statements

CONTENTS

Foreword

Never has it been more important to have access to consistent and high quality information about the financial position of local authorities. Audited financial statements contain a wealth of information about the stewardship of public resources and the financial health of local authorities. However, they are also complex and often lengthy documents.

One of the objectives of LASAAC is to improve the quality and relevance of local authority financial statements. We are conscious that audited accounts are complex documents, and that there is a risk they becoming technical statements, not valued by the people they are designed to assist. For that reason, we have produced this reference guide to help elected members to scrutinise and understand their local authority's financial statements.

From 2010/11, Scottish local authorities will be expected to account using international financial standards. This will improve the comparability of local authority accounts with the rest of the public sector and, in due course the private sector. But the financial statements will still be challenging to interpret, particularly for non-accountants.

Nevertheless, the audited accounts are a crucial mechanism for reporting to the public how local authority resources have been applied. They can give assurance about financial health and they can highlight areas of concern. This guide aims to help elected members understand and use the financial statements effectively.

We have designed the guide to be used as a reference document. We envisaged readers dipping into the guide as they scrutinise a set of financial statements. It may also be a useful source document for training or induction purposes.

Example questions for those interested in governance are provided. We are not suggesting that these questions always need to be asked, nor that they are the only questions which should be asked. They are provided as examples of the scrutiny and challenge that can arise from a review of the financial statements. In doing so they illustrate that sometimes the most simple and obvious questions are the ones that should be asked.

We hope that you find the guide useful and would like to express our gratitude to everyone who has contributed to its production.

LASAAC
May 2011

A. Introduction

Local Authority Control of Resources

1. Local authorities are democratically elected bodies responsible for the delivery of local services. It is the responsibility of each local authority to allocate the total financial resources available to it on the basis of local needs and priorities, having first fulfilled its statutory obligations and the jointly agreed set of national and local priorities. Services are largely delivered directly but some may be secured through a contract with another organisation. How an organisation has used its physical and financial resources to deliver local services is reflected in its financial statements.

2. The term 'local authority' means all of those bodies that are obliged to prepare financial statements based on the "Code of Practice on Local Authority Accounting". These comprise councils, joint boards, regional transport partnerships and some other related bodies.

Nature of Local Authority Financial Statements

3. A local authority is required by statute to publish annual financial statements. The financial statements are a formal record and report of the financial activities of the authority. The statements are intended to be used by a potentially wide variety of readers, such as service users, councillors, tax payers, employees, institutions which have lent money to the authority, and suppliers to which the authority owes money.

4. Consequently financial statements are general purpose in nature, rather than being designed for a specific use or reader group. As such, they cannot answer every specific question that a reader may have. Instead, the financial statements can be regarded as an initial primary source of financial information about the authority.

5. Information in the financial statements is expected to show certain characteristics, usually required by accounting standards[1], such as being understandable, relevant, material, reliable and comparable. An item is material to the financial statements if its omission or misstatement would influence the decisions or assessments of users of the statements. Materiality can depend on either, or both of, the size and nature of the item. In practice, judgement is often required to achieve an appropriate balance of the desired characteristics.

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[1] Accounting standards are methodologies and disclosure requirements for the preparation and presentation of financial statements used in disclosing the financial position and transactions of an organisation. They are generally set by recognised accountancy bodies and adherence to them is normally required by professional associations and/or legislation.

6. In general, information that should be disclosed in the financial statements is specified by accounting standards, although legislation can also require some information to be provided, and can affect the application of the accounting standards.

7. It is important to recognise that financial statements are not statements of service performance. Authorities may include the financial statements within an annual report which also provides service performance details, but there is no obligation to do so.

Communication

8. The core purpose of local authority financial statements is communication. Financial statements are an opportunity for the authority to communicate with stakeholders. The statements should provide information which allows readers to assess the stewardship of the authority's resources on behalf of the public, and for the governing body and other users to make economic decisions.

9. To achieve this, financial statements should identify and highlight the key factors or issues affecting the finances of the authority, and which also affect the physical resources that the authority can control to provide services. Examples include providing details of significant contractual commitments and decisions relating to the control and physical delivery of services.

10. Where appropriate, financial statements can refer the reader to formal council procedures, policy statements and other documents. These include treasury, asset management and risk management policies. The intention is not normally to replicate such material within the financial statements, but to summarise it where necessary and to allow an interested reader to investigate further.

11. Clear communication is best achieved through the use of plain English and clear presentation. While some technical financial terms may be unavoidable, their use should be limited, with an explanation of the terminology provided, either in the main text or as a glossary.

Group Financial Information

12. Group information in local authority financial statements reflects the ability of the 'parent' authority to direct or influence the use of resources. This is the case whether these resources are held directly by the council or are under the management of other entities. In some cases, such as the joint board arrangements for fire and police services, the decision to set up a separate entity for service delivery is a central government one. Authorities may also voluntarily establish, and retain some control of, entities such as trusts and partnerships to deliver specific public services.

13. The group can include bodies falling within one of the following categories:

    a. Subsidiary: An entity which is effectively fully controlled by the parent authority.

    b. Associate: An entity over which the parent authority has significant influence, although not full control.

    c. Joint Venture: An entity in which the parent authority cooperates with other parties in determining the operating and financial policies of the joint venture.

14. The use of separate entities to deliver public services can significantly transform the manner in which the authority controls the physical resources used in service delivery. This can affect the risks that those resources are exposed to or shielded from, and the financial sustainability of services. This can therefore influence economic decisions, and the assessment of the stewardship of public resources, made by a user of the financial statements. For this reason group account information is included, where appropriate, in local authority financial statements to provide a wider view of the parent authority's use of public resources.

B. The Role of Financial Statements in Corporate Governance

Using Financial Statements in Governance

15.   The Good Governance Standard for Public Services[2] states that :

"The function of governance is to ensure that an organisation or partnership fulfils its overall purpose, achieves its intended outcomes for citizens and service users, and operates in an effective, efficient and ethical manner."

16.   Used appropriately, the financial statements are a key element in any authority's governance arrangements. Published financial statements constitute an important source of objective, reliable and verified information relating to the corporate resources of the authority. This information forms an important corporate tool for holding decision makers accountable for past decisions and allowing constructive challenge of, and improvement to, the assumptions used for future decisions.

17.   Knowledge of the resources available to the authority to support future service delivery, in addition to informed and reasonable assumptions about future resource requirements are two key inputs to the budget setting process. These two inputs must be considered alongside other variables such as strategic service plans, expected service demand, local priorities and other factors in determining the authority's future budget.

18.   The preparation of the financial statements helps to support good corporate governance and control. This is evidenced by the internal discipline required to identify assets and liabilities; account for the use of resources; and ensure management accountability for authority assets and liabilities. This internal discipline is supported by the scrutiny of the external audit process. The information and reassurance provided clearly assists the authority in making realistic and informed decisions regarding future service delivery.

19.   While financial statements are an important source of information for corporate governance they are not the only source. Reference can also be made to a variety of other sources including Statutory Performance

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[2] "The Good Governance Standard for Public Services", The Independent Commission on Good Governance in Public Services, copyright OPM and CIPFA 2004, ISBN: 1 898531 86 2

Download: http://www.cipfa.org.uk/pt/download/governance_standard.pdf

Indicators[3] (SPIs), audit reports and locally determined financial and performance management information.

Using Financial Statements to Support Accountability

20. The 'Good Governance Standard for Public Services' guidance emphasises the importance of scrutiny and challenge of an authority's actions and decisions. Members of the public, service users and other stakeholders may use financial and other information to hold elected members responsible for policy decisions. Equally, elected members can use the financial statements, when produced and throughout the year, to hold the authority's management accountable at a corporate level for the use of public resources.

21. To support such scrutiny it is best practice to establish an audit committee[4] and include within its remit the active scrutiny and challenge of the financial statements, not simply acceptance of a published document. In this use, financial statements provide a reference point for questions relating to the use or investment of public resources in delivering public services.

22. Securing 'Best Value'[5] through the efficient, effective, economic and equal opportunities based use of resources is one important aspect of good governance and a legislative duty for Scottish local authorities. Question

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[3] Statutory Performance Indicators (SPIs) must be prepared by authorities and are subjected to external audit. They provide service, resource usage and cost information on a comparable basis across all Scottish local authorities. The SPIs are publicly available from Audit Scotland's website.

For details refer to: http://www.audit-scotland.gov.uk/performance/

[4] The establishment of an Audit Committee is generally regarded as an essential part of good corporate governance. Relevant publications which give an indication of the role of Audit Committees include:

The Role Of The Chief Financial Officer In Public Service Organisations (CIPFA) http://www.cipfa.org.uk/panels/finance_director/download/role_cfo.pdf

Audit Committee Principles In Local Authorities In Scotland (CIPFA Scotland Directors of Finance Section) http://www.cipfa.org.uk/scotland/download/audit_committee_principles.pdf

[5] Local Government in Scotland Act 2003, Part 1 Section 1. Sub-sections 1-7 provide more detail on Best Value including the statement that "Best value is continuous improvement in the performance of the authority's functions"; a requirement between cost, user charges and quality; and reference to economy, efficiency, effectiveness and equal opportunity requirements. For the act refer to: http://www.legislation.gov.uk/asp/2003/1/contents

and challenge, at a corporate level, to ensure that public resources are appropriately used in the delivery of service outcomes, is therefore a legal obligation inherent in the role of elected members.

23. It is important to recognise that financial statements are concerned with resources at a 'corporate' level. Therefore the main focus is on the total, or aggregate, resources that the authority has within its control. This means they will not usually be able to provide detailed information in relation to all possible questions or areas of interest in relation to service delivery. Rather they allow an objective overview of the authority's resource situation as a whole, and should therefore reflect corporate policies and decisions on service delivery as well as how corporate financial and physical resources are managed.

24. This is recognised within IFRS financial statements by the requirement to provide a reconciliation between the corporate figures presented and the authority's own internal management reporting information. This reconciliation therefore provides an indication of which items service managers are regarded as being responsible for and which items are treated as 'corporately managed'.

25. The scrutiny of the financial statements should therefore complement scrutiny undertaken by service committees and be focused on the overall corporate governance arrangements of the authority. Consequently scrutiny of the financial statements may inform discussion, in an appropriate forum such as full council or service committee, of the authority's future policies.

26. The following three key areas of corporate governance interest are suggested as meriting particular focus when examining the financial statements :

- stewardship of public resources

- risks to which the public resources are exposed

- financial sustainability of public service delivery

27. These key issues can often be inter-related and inter-dependent. Considering each aspect in turn however can help to ensure a comprehensive examination of the financial statements.

Examining the Stewardship of Public Resources

28. The term 'stewardship' refers to the care and concern a person or organisation should have for another person's resources entrusted to their responsibility. Those responsible for governance may therefore reasonably be anticipated to exercise their stewardship responsibilities by using the financial statements to question and challenge decisions and actions relating to the physical and financial resources in the care of the authority.

29. The scrutiny of stewardship will normally involve, for each type of resource, consideration of the way in which that type of resource is managed. In challenging or questioning an item in the financial statements a starting point is often the identification of who is responsible for the item and how the item is controlled across the authority. Financial statements generally present the aggregate, or total, of a type of resource at a corporate level. This total however will often be controlled and affected by a variety of individuals. For example the balance sheet figure for creditors will be the cumulative figure for these liabilities incurred by a wide variety of service managers.

30. Questions and challenge in relation to stewardship will therefore include queries on the policies and processes in place for the control, use and protection of resources. The appropriateness of, or basis for, past decisions may also be reviewed.

31. Example questions on this aspect that might arise from a review of the financial statements are provided in Section C.

Examining the Risk to Public Resources

32. Risk is an inherent aspect of life, and local authorities are subject to events that can affect the demand for, and delivery of, local public services. From a governance and management perspective the challenge lies in understanding the risks and opportunities that can arise and in managing, mitigating and controlling these appropriately. Risk elimination is almost certainly not achievable, and would, in any event not necessarily represent the best use of an authority's resources. Financial statements can provide an initial basis for considering risks, or opportunities, to which the authority's resources are subject.

33. The wide variety of risks and opportunities to which Local Authority resources are exposed includes:

   a. physical risks: such as flood, fire and damage

   b. misappropriation risks: such as theft, fraud and embezzlement

   c. legislative or compliance risks: such as health and safety or data security requirements

   d. market risks: such as changes in interest rates or changes in the number of users of services.

34. Questions in relation to risk will include those relevant to the potential impact of events on the delivery of public services. Aspects that may be specifically queried or challenged could include how risks are identified, the extent of exposure to those risks, the capacity to respond to specific scenarios and any risk-related management decisions.

35. Example questions that might arise from a review of the financial statements are provided in Section C.

36. One common definition of sustainability is "development that meets the needs of the present without compromising the ability of future generations to meet their own."[6] While this is often related to sustainability in environmental terms, it also encompasses the rate at which resources are used to provide public services. This is echoed in a definition of fiscal sustainability as "the ability of public sector entities to meet financial commitments both now and in the future"[7].

37. Not only do financial statements show how current service provision is supported by available financial resources, they also give an indication of the authority's ability to fulfil its future service provision requirements.

38. An important aspect in considering the impact on future generations is the extent to which future resources are already committed. Commitment of future resources can arise in a variety of ways including investment in fixed assets, long term contractual arrangements, borrowing and service design decisions. These kinds of commitments are of course a natural consequence of service provision, but can reduce the flexibility that future generations have in redirecting resources to future service priorities.

39. In understanding the extent of committed resources the time-frame which is being considered is important. Typically some costs, such as the use of a building owned by the authority, may be referred to as 'fixed', because the cost incurred will not change regardless of demand levels or service changes. In the long term however, all costs are variable. For example when a building reaches the end of its useful life the authority will make a decision on whether to replace the building, possibly with more or less capacity, or use a different approach to service delivery. It is therefore important that when a cost is referred to as 'fixed' the time-frame that this relates to is understood. Relevant guidance is available in the form of the Long Term Financial Planning checklist, developed by the Scottish CIPFA Directors of Finance Section[8].

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[6] World Commission on Environment and Development (WCED) (1987) *Our Common Future*. Oxford University Press: Oxford, ISBN 0 19 282080 X

Report available at: http://www.un-documents.net/wced-ocf.htm

[7] International Public Sector Accounting Board, Project: Reporting on the Long-Term Sustainability of Public Finances

Project website: http://www.ifac.org/PublicSector/ProjectHistory.php?ProjID=0076

[8] "Long-term Financial Planning – Good Practice Checklist", CIPFA Directors of Finance Section [Scottish Local Authority Directors of Finance], 2010

Download available from: http://www.cipfa.org.uk/scotland/LTFinancialPlanning.cfm

40. In making borrowing decisions a local authority has a duty to demonstrate appropriate judgement in its capital investment decisions by following the Prudential Code[9]. This requires each authority to produce prudential indicators which act as a basis for informed decision making in committing future resources. Management are required to report these prudential indicators to members. This includes some indicators such as external debt, financing costs and capital expenditure, which are based on information in the financial statements. Notably the Capital Financing Requirement is specifically calculated by combining a variety of figures in the financial statements. This reflects the underlying historic cost of capital expenditure that has not yet been funded by a charge against the authority's usable reserves[10]. The Capital Financing Requirement therefore reflects the extent to which future resources have been committed by investment in capital assets or other items permitted by Scottish Ministers.

41. Questions in relation to financial sustainability are likely to include a focus on the current financial position with reference to potential future scenarios. Typically areas to be queried or scrutinised could include reliance on key funding sources; the impact of critical cost changes and the extent to which future service plans are coordinated with anticipated financial resources. Assumptions, judgements and uncertainties involved in the development of financial plans may also be reviewed.

42. Example questions on financial sustainability that might arise from a review of the financial statements are provided in Section C.

Group Considerations

43. As the 'parent' of related entities, such as subsidiaries, associates and joint ventures, the authority retains responsibility for the stewardship of public resources allocated to such entities and the public services they provide. This view is clearly laid out in the 'Code of Guidance on Funding

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[9] The Prudential Code for Capital Finance in Local Authorities (CIPFA) (second edition 2009). ISBN 978 1 84508 207 9

Available for purchase from: http://secure.cipfa.org.uk/cgi-bin/CIPFA.storefront/EN/product/PUBCF022

[10] "Usable reserves" are explained later in this document – see paragraph 116

External Bodies and Following the Public Pound'[11] This states that the principles of "openness, integrity and accountability" should apply to "funds or other resources which are transferred by councils to arms-length bodies such as companies, trusts and voluntary bodies." This principle is reflected in the financial statements by the inclusion of group information.

44.   The 'Following the Public Pound' code also requires that the reasons for transferring funds to an external body should be clearly established and in accordance with council strategy or policy. The basis for such arrangements should not be "the avoidance of controls or legal restrictions which are designed to secure probity and regularity in the use of public funds." Therefore, in voluntarily establishing group entities the parent authority will normally have clear expectations regarding the benefits of the arrangement.

45.   The criteria for the inclusion of entities within the group boundary are related to the extent of the authority's control. The role of members or officers as authority representatives in third party governance arrangements however is critical. It should be noted that such appointments can mean the assumption of personal responsibilities, such as those contained within the Companies Act or applying to charity trustees. It is therefore possible that conflicts of interest could arise. Appointees will require appropriate advice and should declare any conflicts of interest when required.

46.   The presentation of group information in the financial statements is an opportunity for the members of the authority to scrutinise the actions of the appointees in respect of the use and care of public resources.

47.   The level of control that the authority has over the entity will affect its treatment in the financial statements. Where the authority has effective control of the entity, the entity is regarded as a subsidiary. A subsidiary's assets and liabilities are recognised in full in the statements, with separate recognition of any minority interests involved. For associates and joint ventures, where the authority does not have majority control, only the authority's proportionate share of the net assets and liabilities are included.

48.   Inclusion of a subsidiary or other entity may not be required where the additional information would not be considered useful to the readers of the financial statements. This will normally be disclosed in the financial

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[11] "Code of Guidance on Funding External Bodies and Following the Public Pound", Accounts Commission and COSLA, 1996

Copy available as Appendix 1 within: http://www.audit-scotland.gov.uk/docs/local/2003/nr_040311_following_public_pound.pdf

statements, but should not prohibit members of the parent authority from interest in, or constructive challenge of, the use of public resources in the arrangement.

49. In considering the care and use of public resources the same principles outlined above in relation to the role of the financial statements apply equally to the group situation. Aspects that may be considered in respect of group accounts include:

   a. How the parent authority ensures that value for money in the use of public resources to deliver public services is achieved by the group entities.

   b. The risks to which the parent authority is exposed. The creation of a subsidiary to undertake service delivery is unlikely to eliminate all risk to public resources, since the value of the public money invested in the subsidiary, or provided as operating revenue, will be dependent on the performance of the group entity. A key aspect in this respect is that the statutory situation which determines the risk profile of the parent, may not be applicable to the group entity. This can therefore mean that the value of the public investment is open to more volatile market risks than the parent authority. Alternatively however the use of a group entity in some situations may reduce the risks to which public resources are exposed.

   c. The extent of control that the parent authority retains over the provision of the public service concerned. The ability of the parent to specify detailed service provision, including pricing policies where relevant, is likely to be of relevance.

   d. The amount to which the future resources of the parent authority are committed to group entity service arrangements will also affect the financial flexibility of the parent authority. This may impact on the ability of the parent authority to adjust its use of physical resources in delivering the whole width of public services for which it is responsible. Use of separate entities to provide public services may also however offer opportunities for public benefit, including increasing the services which can be provided and minimising costs, for example from tax concessions. Consideration of the impact on the parent of the cessation of a group entity arrangement will also be important.

Providing Evidence of Governance Control

50. Financial statements not only have a role in supporting good governance but also in demonstrating that good governance is being achieved. In the latter role the financial statements are required to include a statement relating to the internal controls of the authority.

51. As a minimum this must explain the financial control framework for the authority and, where applicable, the group as a whole. The statement

should detail how financial control is managed and reviewed, reference to internal audit arrangements, and indicate how well the controls operate and the level of assurance they provide.

52. Good practice however is for authorities to provide a wider 'Corporate Governance Statement'[12] which also considers the wider control mechanisms by which the authority achieves its overall purpose. Publishing this wider statement allows an authority to provide more assurance that the organisation as a whole is aware of the need for effective governance mechanisms and to identify the key elements of the governance framework. The resultant external audit scrutiny of the Corporate Governance Statement also allows readers to place some reliance on the reported governance framework.

Authorisation of the Financial Statements

53. The processes surrounding the authorisation and publication of the financial statements are affected by legislative requirements, although the authority has freedom to determine how it meets those requirements.

54. Currently in Scotland the 'proper officer' [13] normally the Director of Finance or equivalent, is responsible for the proper administration of the authority's financial arrangements. This is regarded as including the preparation of the financial statements in line with proper accounting practice. The proper officer is legally responsible for ensuring the financial statements are submitted to both the authority and to the Controller of Audit by 30 June each year. Responding objectively and appropriately to question and challenge can also be regarded as part of the proper officer's role. This is indicated by CIPFA's statement that the Chief Financial Officer's role in assurance and scrutiny includes "supporting and advising the Audit Committee and relevant scrutiny groups"[14].

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[12] See section 4 of 'Delivering Good Governance In Local Government Framework' CIPFA/SOLACE, 2007 ISBN 978 1 84508 116 4
Available for purchase from: http://secure.cipfa.org.uk/cgi-bin/CIPFA.storefront/EN/product/BU012a

[13] As required to be appointed by the authority per Section 95 of the Local Government (Scotland) Act 1973The act can be viewed at: http://www.statutelaw.gov.uk/

[14] The Role of the Chief Financial Officer in Local Government, CIPFA, 2010, (see Principle 3)

Available for download:
http://www.cipfa.org.uk/pt/download/role_of_CFO_in_LG_2010_WR.pdf

55. Following formal submission of the financial statements a public inspection process of the statements is required. During this 15 day period public access to the statements, invoices and other supporting documents of the authority is permitted. A member of the public can notify the external auditor of any objections they may have.

56. Within two months of the completion of the audit process (see next section) the certified financial statements and accompanying auditor's report must be presented to a meeting of the authority. The financial statements and the auditor's report should be made available for public inspection.

57. The extent to which members are actively involved in the above processes is a matter for each authority to determine. It is considered a matter of good practice, and a demonstration of good governance, that the initial unaudited financial statements, the final audited statements and the external auditor's report, should be the subject of debate and constructive challenge at a meeting of the authority.

The Role of External Audit

58. A key role of the external auditor is the verification, to an acceptable level of materiality[15], of an authority's financial statements. In order to maintain the independence necessary for this function external auditors are normally appointed by Audit Scotland on behalf of the Accounts Commission, on fixed term contracts typically lasting five years.

59. It should be recognised that the financial statements' audit process is intended to identify errors, frauds or misstatements that would materially affect or distort the information provided. It is not intended to identify all errors, fraud or misstatements. Assurance will often be gained by sampling techniques, system testing and examination of internal audit work. The external auditor will form an opinion on the reliability of the financial statements, using their judgement, based on the evidence obtained.

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[15] For an explanation of materiality see paragraph 5 of this publication

60.   The external auditor of public sector bodies typically however has a wider role and remit when compared to requirements in the private sector[16]. Consequently the external auditor can also be expected to comment on governance and performance, including the achievement of Best Value.

61.   Furthermore the Accounts Commission, which is legally responsible for the audit of Scottish local authorities, has significant powers. They can instruct auditors to carry out further investigations of matters raised in their reports. They can hold public hearings and can make recommendations to Scottish ministers.

62.   External audit is a key part of governance and there is an important external dimension to their work: audit opinions are addressed to the members of the authority and the accounts commission; annual audit reports are addressed to members of the authority and the controller of audit. This means that local authorities are held to account publicly.

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[16] See "Code of Audit Practice". Audit Scotland, 2007; also "The Principles of Public Audit", the Public Audit Forum, 1998

For Code of Audit Practice see : http://www.audit-commission.gov.uk/localgov/audit/auditmethodology/Pages/codelocalgov.aspx

For Principles of Public Audit see: http://www.public-audit-forum.gov.uk/popa.htm

C. EXAMPLE QUESTIONS SUPPORTING CORPORATE GOVERNANCE

Example Questions Re Stewardship of Public Resources

Comprehensive Income & Expenditure Statement

63.   Query: Why did the net cost of social work services increase by 6.5% when general inflation was 2.5%?

64.   Clearly there could be multitude of reasons such as : increased service demand, price inflation specific to social work services (eg in the price of private care home places); the impact of new employment terms and conditions such as single status; increased support service costs; lower income from falling service demand or increases in people exempt from paying charges; and a variety of other reasons. An important aspect of a response is in the ability of the relevant manager(s) to identify and evidence the key causes. Reference may appropriately be made to reports submitted to service committees. It should however be noted that the service descriptions used in the financial statements may not correspond with the internal management structure of the authority. A response may also appropriately reference performance management information as well as other relevant data and statistics.

65.   Query: In relation to 'Gross Income' for what services does the authority charge users? Is there a council policy on the level of charges?

66.   The authority may have control over the level of user charges for some services. A charging policy can reflect the authority's policies and priorities, and affect the level of taxpayer resources used in the delivery of some public services.

67.   Query: How does the authority make sure that it maximises the profit (gain) from the disposal of long term assets?

68.   A response to this question could be expected to refer to council policy on long term asset disposals, including an indication of how disposals are authorised, the extent of any delegated powers (eg in what situations an officer can sell an asset without specifically seeking committee approval) and the disposal process (eg how asset sales are advertised). In addition an indication of what evidence is available to show that the policy is being followed may be appropriate.

Balance Sheet

69. Query: The authority has Land and Buildings valued at £650m. How are these managed to ensure that they remain suitable for use in service provision and that the authority gets the most efficient use of them?

70. Larger local authorities may have specific departments (eg 'Estates' or 'Asset Management') responsible for land and buildings. Other authorities may specify that service managers, such as head teachers, are responsible for the general maintenance and condition of such assets. The authority will normally have a policy or 'Asset Management Plan' regarding asset inspection, repairs & maintenance, service design planning (which will affect future asset requirements) and an assessment of whether the full capacity of the asset is being used. This should normally be linked to, and impact on, both revenue and capital budget plans.

71. Query: The authority has a gross figure of £80m for debtors (being organisations and individuals owing money to the authority) with impairment (expected uncollectable debtors) of £25m. What steps are being made to collect the full amount outstanding?

72. Local authorities can generally be expected to have policy and procedures in place to ensure that debts are appropriately collected. In many cases arrangements for repayment may be allowed (eg through phased repayment of a set amount per month etc) and actual write-off of debt will require some level of managerial authorisation. It is important from a corporate viewpoint that the processes are appropriate and suitable in order to properly safeguard public resources. Evidence of compliance with the processes, and of their success in collecting outstanding debts, would appropriately support good governance. Some indication or evidence of trends in debt collection may also be relevant.

Trust Funds

73. Query: There is a separate statement relating to 'Trust Funds', which have reserves of £4m. Can the authority use these reserves, that is trust resources, to deliver its public services?

74. The authority is responsible for administering the trust according to the trust's purposes and/or deeds. Therefore elected members involved with trust governance are responsible for considering the aims, objectives, terms and conditions of the original bequest when making decisions about the use of trust resources. Where these coincide with the authority's own objectives then both the trust and the authority will achieve their aims. Where however the trust has clearly separate objectives these will need to be adhered to. The ability of the authority to use trust fund resources to deliver public services is therefore limited by the trust objectives. It should be noted that, as with the authority 'single entity' statements, some reserves, such as the Revaluation Reserve, are 'unusable' reserves (i.e. not available for use in service provision). Notably where group accounts

are prepared, such trust funds may be included within the 'group' to represent the totality of the resources over which the authority has some control or influence.

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Example Questions Re Risks To Public Resources

Balance Sheet

75.   Query: The authority holds a significant value of resources in the form of Land & Buildings for the provision of its services. To what risks are these assets exposed and how are the risks managed?

76.   A response may normally refer to the maintenance of a 'risk register' highlighting the main risks facing public service delivery. A risk register can be regarded as a vital corporate tool to ensure that risks are identified, assessed and assigned to an appropriate manager. Risks related to land and buildings can be expected to include: fire, flood, vandalism, obsolescence, subsidence, and health & safety conditions. How each type of risk is managed may differ including preventative measures (eg capital spend projects), insurance cover, self-insurance and risk acceptance. Some authorities operate self-insurance which requires that resources are set aside in an 'Insurance Fund'. The risk register should normally be reviewed on a regular basis.

77.   Query: 'Infrastructure assets' includes much of the local road network which is vital to the community and the local economy. What risks to these assets could disrupt service provision and how are they controlled?

78.   The road network is subject to specific risks, such as deterioration in the road service, flooding, accident damage, winter weather damage, landslides and erosion. The risk register should reflect these risks and they should normally be managed appropriately. Identification of priorities, for instance in the event of wide-scale flooding, may be required.

79.   Query: The authority has over £1 billion invested in operational fixed assets. What is the risk of obsolescence and how often is the asset base reviewed to ensure that obsolete or under-used assets are either sold or used more efficiently?

80.   An authority will typically have a policy or an Asset Management Plan in relation to this. Where a policy exists, evidence of compliance and progress, such as what value of fixed assets has already been reviewed, could be appropriately provided.

81. Query: The authority has combined short term investments, bank balances and cash of £30m. What has been done to control the risk of loss to the council?

82. Authorities will normally have a Treasury Management Policy, often required by legislation. The policy is likely to have been approved by Council, or an appropriate committee, and management should report back on the operation of the policy. Key actions will normally include credit assessment of the other parties involved, diversification of investments and consideration of the risks and rewards of any investment. Security of cash held in authority establishments will normally be subject to the financial regulations of the authority, with internal or external audit inspections to verify compliance.

83. Query: The council has short-term liabilities for creditors and short-term borrowing of £98m. What is the risk that the council will be unable to pay these liabilities? What exposure does the council have to changes in interest rates?

84. The management of cash flow is a vital part of the financial management of the authority. Failure to pay staff, suppliers, contractors or lenders can stop public service delivery. In the short term the authority will normally seek to predict significant known cash inflows and outflows (eg monthly payroll runs, direct debit income for Council Tax) with a margin allowed for variability. A response could be expected to refer to the policy and processes adopted. In the longer term (more than 12 months) borrowing maturity dates and any new borrowing will normally be managed to ensure that any loan repayments due can be met in cash terms. The Treasury Management Policy will normally refer to these issues and to the management of interest rate risk. It would be appropriate for management to provide evidence demonstrating compliance with the approved policies.

85. Query: The balance sheet shows 'Fund Balances and Reserves' of £10m. What level of resources does the council have available to deal with unexpected events, such as severe flooding affecting local communities, and when were these last reviewed?

86. Typically 'Fund Balances and Reserves' includes various reserves. Some of the balances reported are already earmarked or set aside for known, or anticipated, expenditure commitments. This includes the planned use of resources in the next financial year, any Insurance Reserve and any Repairs & Renewals Fund. Normally an authority will have a set policy on the level of 'contingency reserves' it aims to retain in order to deal with unexpected events. This policy objective will be taken into account during the budget setting process. The chief financial officer may refer to external

guidance in this respect, such as that issued by CIPFA[17]. Recurring use of a contingency balance to deal with a specific situation, such as service overspends or the consequences of flooding, could be regarded as indicative of a need to include such items within the normal budgetary process, leading to questions regarding the financial sustainability of current service delivery choices.

87. Query: The authority has an Insurance Fund of £1.6m which is regarded as a 'Usable Reserve'. Does this mean that these funds can be used to support service provision?

88. The Insurance Fund is regarded as a 'usable reserve' because the authority can make decisions on its use. It is important to recognise that the primary purpose of the Insurance Fund is normally to achieve savings by not paying insurance premiums for risks which the authority considers that it can 'self-insure'. This normally means that a specific contingency reserve, the Insurance Fund, is held in case any losses arising from these risks occur. The level of such contingency required is a matter for professional judgement by a suitably skilled person. As such Insurance Fund reserves will not normally be regarded as being available to fund service provision. It could be noted however that, over time, the difference between the external premiums which would have been payable and the contingency set aside represents savings which have been applied to support service provision or General Fund balances.

Group Accounts

89. Query: Some years ago the authority created a trust to manage its leisure centre services and many staff transferred to become employees of the trust rather than of the council. What responsibilities does the council have for the pension liabilities for these staff, if the trust ceases to function?

90. The arrangements for staff transfer and the creation of the trust will normally have specified responsibilities at that time for any existing pension obligations for transferring staff and for future pension obligations following the creation of the trust. In most cases the new trust will have been treated as an 'admitted body' to the pension scheme and staff will still be members of the scheme, although contribution rates may now differ. The exact details of any admission agreement for entry into the pension scheme may vary for each specific trust established and the authority's management should normally be able to explain these. In some

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[17] CIPFA Local Authority Accounting Panel (LAAP) BULLETIN 77, November 2008, Local Authority Reserves And Balances

Available as a download from:
http://www.cipfa.org.uk/pt/pt_details_l.cfm?news_id=59273

cases some form of 'pensions guarantee' may have been agreed by the authority and the exposure of the authority in this respect should be established. Pension accounting arrangements are likely to be different for the trust.

91. Query: In the authority's 'single entity' information there are disclosures regarding contingent liabilities related to legal actions affecting the authority, as well details of financial guarantees given by the authority. Are there similar items affecting any entities in the group financial statements?

92. Where such items affect group entities they should normally, where material, be disclosed in any accompanying notes within the financial statements, in accordance with presenting a 'true and fair view' of the financial position and performance of the group. The materiality of the item will normally depend on both its size and nature and, for these items, the possibility of the obligation occurring.

93. Query: The financial statements clearly present the 'usable reserves' of the authority itself as being £17.8m. What is the level of usable reserves, those that the authority has some control over, in the group entities?

94. The manner, or mechanism, by which an authority directs the resources of a subsidiary, associate or joint venture in order to provide public services is normally a matter for the authority itself to determine. To fulfil this function the authority should be aware of the level of usable reserves that it can influence within each entity. Although this information may not be explicitly provided on the face of the primary financial statements, disclosure in an accompanying note is appropriate.

Example Questions Re Financial Sustainability

95. Query: The financial statements indicate that the Education service received £6m of income towards current service provision. How much of this is 'one-off' non-recurring funding and what action will be taken when such grants/contributions cease?

96. Grants and contributions to service provision may often be linked to specific services or initiatives. Typically when the initiative finishes or funding ceases an authority will be faced with a choice as to whether to reduce service delivery, achieve savings elsewhere in the authority or use local taxation to support continued service provision. A prudent authority may have assessed the likelihood of funding withdrawal, and possible options as a result of this, prior to undertaking an expansion of service delivery.

97. Query: There was significant capital expenditure on assets to provide future social work services last year. How have the revenue consequences of this, both savings from increased efficiency and the impact of operating costs, been addressed?

98. Prior to authorisation for approval in the authority's capital spending programme each project will normally be subject to a 'business case' review. This would normally be expected to consider the long-term revenue implications of the project, with inclusion of any increase or decrease in revenue costs in the forward budget plan. A 'Whole Life Costing' approach may be adopted in assessing the project, which for some authorities may be embedded in a corporate Asset Management Plan.

99. Query: There is a reference in the financial statements to joint working with the NHS to provide care services for the elderly. What is the anticipated impact on future resources of this service redesign?

100. Service redesign will impact in many ways on the authority, with a clear focus being placed on how service users are affected. Financially key aspects will include the impact on future resources and the additional or reduced risks to which the authority is exposed. An authority might generally be anticipated to know the extent to which, in both amount and time, costs are 'fixed' for future years.

101.	Query: In the financial statements there is a contingent liability of £15m for the cost of agreeing and implementing new contract terms and conditions with employees. Has this been reflected in the current year's budget and how sustainable is any proposed new pay agreement going forwards?

102.	A contingent liability is not recognised as a liability on the balance sheet because it is uncertain whether settlement will be required or the amount of the obligation cannot be reliably estimated. As such the nature of the contingent liability will largely determine how an authority elects to deal with the element of uncertainty involved, including whether to specifically budget for the item, increase the level of 'contingency' reserves held or take some other action. In agreeing any new pay award the financial impact, and therefore funding requirements, will normally be modelled.

103.	Query: The authority is having difficulty achieving its savings targets this year. Can the surplus reserve balance on the Housing Revenue Account from last year, as shown in the financial statements, be used to support the authority's general services, rather than just for Housing Revenue Account services?

104.	The operation of the Housing Revenue Account (HRA) is determined by legislation, with the original act being the Housing (Scotland) Act 1987. Effectively the legislation provides the Scottish Ministers with control over what can be charged against or credited to the HRA balance. Schedule 15[18] of the act allows any surplus on the HRA to be used to support the general services of the authority. This however is accompanied by a requirement for the authority to make good any deficit on the HRA from its general reserves. This ensures that the HRA is never allowed to be in deficit. The legislation also allows the Scottish Ministers to limit the budgeted General Fund contribution of revenue resources to the Housing Revenue Account. Prudence would therefore be required to ensure that the HRA was not placed in a deficit situation. Consideration would also need to

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[18] Relevant sections of the Housing (Scotland) Act 1987 include paragraph 204 and Schedule 15 paragraphs 6-9

The can be viewed at : http://www.statutelaw.gov.uk/

be given as to whether the use of HRA balances to support the continuance of non-HRA services would be financially sustainable.

105. Query: The authority's balance sheet shows that its liabilities exceed its assets by £100 million, with pension liabilities shown as £160 million. Does this mean that the authority is no longer a going concern due to the extent of the pension liabilities?

- The management of pension liabilities is an important task for authorities. At present legislation specifies that the General Fund is charged only with the amounts that are currently payable to the pension fund or to pensioners. Since the actual payments are normally expected to fall due over an extended period of years in the future, potentially 80 years or more, a relatively large pension liability does not automatically mean that there is a short-term 'going concern' problem. Naturally an important question is whether the current arrangements are financially sustainable in the longer term. In considering the situation with respect to pension liabilities the following points may be relevant:

- The inclusion of pension liabilities on the authority's balance sheet is correct and appropriate in that the authority has specific responsibilities to fund the pensions of current employees and current pensioners.

- The figure of £160 million represents the current best estimate of the future pension benefits that employees and pensioners have earned to date that will be paid in the future, normally over a significant number of years. Where the pension operated is a 'defined benefit' scheme the estimate can be subject to a significant degree of uncertainty. This arises from necessary assumptions relating to a variety of factors such as: mortality rates of pensioners and employees, future stock market and other asset returns (Local Government Pension Scheme only), future pay awards, inflation and the discount factor that is used to express the liability in current value terms.

- As a result of the uncertainties noted above the total value of the pension liability for a 'defined benefit' scheme can, when circumstances require that the assumptions are altered, vary quite significantly from one financial year to another. Consequently many organisations with defined benefit schemes witness a certain amount of volatility in relation to their pension liabilities.

- For defined benefit schemes there is normally a requirement for the employer, and in some cases for the employee, contribution rates to be reviewed and if necessary updated on a regular basis, for example every three years. Such reviews will normally consider the long-term prospects of the pension scheme in detail and, where a shortfall is envisaged in the longer term, increases in contribution rates are likely to occur. If the employer's contribution rate rises the increased cost of

employing staff will naturally need to be included in the financial planning process.

106. More information on Scottish public sector pensions is available in the Audit Scotland report "The Cost of Public Sector Pensions in Scotland"[19].

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[19] February 2011- see http://www.audit-scotland.gov.uk/docs/central/2010/nr_110210_public_sector_pensions.pdf

D. COMMON KEY ELEMENTS IN THE FINANCIAL STATEMENTS

107. The Code of Practice on Local Authority Accounting ('the Code') is primarily based on International Financial Reporting Standards[20], in line with central government accounting practices. The Code is the UK wide publication which sets the principal accounting requirements for local Authorities. Every local authority can normally be expected to publish the following key elements in its financial statements:

Explanatory statements

These help readers to interpret the financial statements and to understand how the authority meets its financial responsibilities. They comprise:

- Explanatory Foreword
- Statement of Responsibilities
- Accounting Policies
- Statement on Internal Financial Controls
- Remuneration Report

Numerical statements

The numerical statements present the resources used and generated in providing services, as well as the financial position of the authority. They comprise:

- Movement in Reserves Statement
- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Cash Flow Statement
- Notes to the Financial Statements

The Explanatory Statements

Explanatory Foreword

108. The explanatory foreword applies to both the single entity and the group, where relevant. It is intended to provide a commentary and overview explanation of the authority's financial position and to assist in the

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[20] International Financial Reporting Standards (IFRS) are developed and issued by the International Accounting Standards Board (IASB). In addition specific international standards for the public sector are issued as 'International Public Sector Accounting Standards' (IPSAS) by the International Public Sector Accounting Standards Board (IPSASB) which is overseen by the International Federation of Accountants (IFAC).

IASB / IFRS website: http://www.ifrs.org/Home.htm

IPSASB / IPSAS website: http://www.ifac.org/PublicSector/

interpretation of the statements. An informative and helpful explanatory foreword is therefore a significant factor in ensuring that the financial statements support and demonstrate corporate governance. The foreword can be expected to highlight key facts, note major changes in the year and provide contextual information. The foreword is normally prepared by the responsible financial officer and is not intended to provide commentary on the authority's policy choices.

Statement of Responsibilities

109. The statement of responsibilities seeks to provide readers of the statements with clarity on the respective roles of the authority as a corporate body (e.g. full council, governing board) and the statutory responsibilities of the relevant finance officer.

Accounting Policies

110. The accounting requirements of the Code of Practice must be coupled with the application of judgement in order to present a 'true and fair' view in the financial statements. The application of these judgements, being the adoption of accounting policies appropriate for the authority, should be explained in the financial statements.

111. Where an authority chooses to change its accounting policies, and the change is material in nature, the previous year's figures shown in the financial statements will normally be restated to ensure comparability. Restatement of previous year figures will normally also be required where a material error was made in previous financial statements.

Statement on Internal Financial Controls

112. The statement on internal financial controls is required to provide readers with an understanding of how the authority controls its resources. The statement will explain the authority's responsibility for controlling its finances, the main features of how the authority has done this during the year, the role of internal audit, any reviews undertaken and any significant weaknesses identified in the control processes. The statement applies to the group as a whole, where relevant. As an example of good practice many authorities provide a wider 'Annual Governance Statement' including the key elements required above.

Remuneration Report

113. The publication of a Remuneration Report is a legislative requirement introduced by the Scottish Government reflecting similar practices in other public sector organisations. The report includes an explanation of the authority's remuneration policy for senior councillors and senior employees. Information provided includes the remuneration and pension benefits of named senior employees or councillors and an indication of the number of employees within each pay band (above a minimum limit). Where the authority controls a subsidiary organisation similar information

on senior employees and councillors is required in respect of the subsidiary.

The Numerical Statements

Movement in Reserves Statement

114. The Movement in Reserves statement presents the financial resources available to the authority. This will normally be a key focus for readers since the extent of these resources will affect the ability of the authority to support future service delivery and cope with unexpected events. It will impact on decisions regarding levels of future local taxes, rents and charges.

Usable and Unusable Reserves

115. The statement differentiates between 'usable' and 'unusable' reserves.

116. A usable reserve represents resources which the authority can control in making service delivery decisions. Each usable reserve may have different restrictions upon its potential use, dependent upon both legislation and decisions by the authority. For example resources held in the Capital Receipts Reserve may normally only be used to fund expenditure on assets providing long-term benefits or the repayment of borrowing.

117. Usable reserves include the following:

- General Fund (excluding Housing Revenue Account balance)
- Housing Revenue Account balance
- Insurance Fund
- Renewal & Repair Fund
- Capital Fund
- Capital Receipts Reserve
- Capital Grants Unapplied Account

118. Unusable reserves do not represent funding that is available to support service delivery. These reserves generally arise from statutory adjustments and the treatment of 'unrealised' changes in the value of assets or liabilities. Unusable reserves include the following:

- Capital Adjustment Account
- Pensions Reserve
- Financial Instruments Adjustment Account
- Available for Sale Financial Instruments Reserve
- Revaluation Reserve
- Employee Statutory Adjustment Account

119. A brief explanation of common usable and unusable reserves is provided in Appendix A.

Movement in the Year

120. For each reserve, or group of reserves, the statement shows the following movements in the year separately:

- Resource Changes per the Comprehensive Income & Expenditure Statement

- Statutory Adjustments

- Transfers to/from Earmarked or Statutory Reserves

Resource Changes per the Comprehensive Income & Expenditure Statement

121. The net figure in the comprehensive income and expenditure statement shows the change in the total resources of the authority based on accounting standards, which are intended to reflect the economic substance of transactions.

122. A distinction is drawn between the change in resources arising from the provision of services and other income and expenditure, generally representing 'unrealised' gains or losses. These are normally disclosed as 'Other Comprehensive Income and Expenditure' and are not regarded as affecting the resources available to fund services. As such these movements are reflected in the unusable reserves. Examples of items included in this category are detailed in the explanation of the Comprehensive Income and Expenditure Statement.

Statutory Adjustments

123. The majority of local authority income is from taxpayers in the form of Scottish Government grant, redistributed non-domestic rates and council tax. Statutory adjustments arise where the Scottish Government determines, for policy reasons, that certain costs which require to be recognised when applying an accounting standard should not be taken into consideration when setting budgets and council tax. The statutory adjustment will identify what costs should be taken into consideration.

124. Statutory intervention may take different forms, such as changing the timing of the impact of an accounting standard or permanently offsetting the impact on an ongoing basis.

125. Statutory adjustments are represented in the statement as a transfer between the usable reserves and the unusable reserves. Important examples of the statutory adjustments currently required are:

  o The replacement of depreciation (an accounting charge to reflect the consumption of the benefits of long-term assets) with a 'statutory provision for the repayment of debt' (e.g. the repayment of borrowing incurred to create the asset).

- o The replacement of the accounting-based estimated cost to the authority of retirement benefits earned by employees during the year with the employer's contributions payable to the Pension Fund for the year.

- o An adjustment to eliminate costs relating to leave entitlement which has been earned by employees but which remains untaken as at the balance sheet date

Transfers to/from Earmarked or Statutory Reserves

126. Where the authority transfers resources from one usable reserve to another following a decision on the funding of planned future expenditure, this is reflected in the statement. For example an authority may decide to set aside resources to support future capital expenditure by transferring funds from the General Fund to a Capital Fund.

Comprehensive Income and Expenditure Statement

127. The Comprehensive Income and Expenditure Statement provides information on the resources used, and gained, by the authority during the year as a result of corporate and service delivery decisions. In doing so accounting standards and practice are applied in order to represent the economic reality or substance of transactions.

128. The Comprehensive Income & Expenditure Statement will typically consist of the following sections:

Surplus or Deficit on Provision of Services

- Cost of Services

- Other Operating income and Expenditure

- Financing and Investment Income and Expenditure

- Taxation and Non-Specific Grant Income

Other Comprehensive Income and Expenditure

- Revaluation of fixed assets

- Actuarial Gains or Losses on Pension Assets and Liabilities

Surplus or Deficit on Provision of Services

Cost of Services

129. This section provides users with service cost information. For consistency and comparability between authorities the services shown must be based on the Service Expenditure Analysis definitions provided in the 'Service Reporting Code of Practice'. Due to this the 'Education' heading, for example, in the financial statements may not exactly correspond to an authority's definition of 'Education' within its management structure.

130. Expenditure will typically include employee costs, premises costs, transport costs, supplies & services, payments to third parties and administration costs. It should be noted that the intention is to reflect the total resources used in service delivery and therefore these costs will include an appropriate proportion of central administration costs (e.g. the Finance and Human Resources services). Also included will be depreciation, which represents the consumption of long term assets (e.g. buildings, vehicles, plant) used in the delivery of services.

131. Income will typically include grants or contributions towards service expenditure (e.g. grants which can be claimed only by providing the specified public service); sales income (e.g. café sales, vending machines); fees & charges income (e.g. for the use of facilities, services provided); rental income and other miscellaneous income sources.

Other Operating Income and Expenditure

132. This relates to various items that are appropriately reported at a corporate level. These will normally include any gain or loss on the disposal of long term assets. It should be noted that this gain or loss does not impact on the General Fund balance, being reversed out in the Movement in Reserves Statement[21].

Financing and Investment Income and Expenditure

133. Financing costs and interest income are reported as corporate items. This section includes interest payable on any borrowing, interest charges relating to PFI schemes and finance leases, the attributable interest cost associated with pension liabilities, the attributable expected return on pension scheme assets, interest and investment income and the gain or loss in the year from changes in the value of investment properties.

Taxation and Non-Specific Grant Income

134. Taxation and non-specific funding is a key element in the financing of local authority services, supporting the procurement of resources to deliver services. Where such funding is not dependent upon the provision of a specified service by the authority, the authority will have autonomy over the use of such funding. As such it is appropriate to show these funding sources as supporting the totality of corporate net expenditure. Typically these funding sources will include local taxation, income assigned by central government (eg non-domestic rate income), and central government grants not linked to specific services (e.g. Revenue Support Grant, capital grants).

Other Comprehensive Income and Expenditure

135. Generally 'Other Comprehensive Income and Expenditure' includes unrealised gains or losses. These occur when there is a change in the balance sheet value of an asset or liability to reflect the current market or economic situation but the gain or loss is not regarded as having been 'realised'.

136. Two principal examples included within this section are :

   o Revaluations of non-current assets, such as buildings and land. Where an authority is holding such assets for service provision, without the expectation of disposing of the asset, any change in value is regarded as notional.

   o Actuarial gains or losses on pension assets and liabilities. Generally these will arise where the actuarial assumptions previously used in the valuation process change. Assumptions which might change could relate to the expected return on

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[21] The Movement in Reserves Statement is explained in paragraph 114 onwards.

stock-market investments (eg due to changing economic conditions) and the estimated average life-span of pension scheme members.

Balance Sheet

137. The balance sheet represents the authority's financial situation as at the balance sheet date. The balance sheet is composed of two main parts:

    a. Net Assets

    b. Total Reserves

Net Assets

138. The Net Assets section is the net total of the 'top part' of the balance sheet. This shows the assets that the authority would have control of after settling its liabilities i.e. the recorded liabilities are regarded as having 'first claim' against the assets under the authority's control.

139. The assets and liabilities that the authority has are presented in defined categories to provide an indication of the nature of the resources and obligations of the authority, and to allow comparison with other authorities.

140. Assets represent resources within the control of the authority. Assets are generally split between long term assets, which are expected to provide benefits to the authority beyond the next 12 months, and current assets, which are expected to be consumed within the next 12 months. Typically long-term assets will include buildings, vehicles, plant, equipment, Information Technology and council dwellings. Current assets will normally include stocks, debtors owing the authority money and cash (or cash equivalents).

141. Where it is determined that an asset's value or its potential to provide services is reduced an allowance for this impairment will normally be made. The value of a debtor, for instance, may decrease if it is deemed that there is a possibility that the debt may not be collected. Similarly loss of the service potential that an asset is expected to provide may occur if an asset is damaged, for instance if a school suffers fire damage.

142. Liabilities represent commitments which the authority will have to settle using the resources within its control. Liabilities are normally split between current liabilities and long-term liabilities. Current liabilities would typically include creditors (e.g. staff wages due but not paid, supplier invoices not yet paid) and borrowing repayable within 12 months. Long term liabilities will normally include borrowing repayable in more than 12 months, a portion of PFI or leasing commitments and pension liabilities.

143. Where the liabilities exceed the total assets, a 'net liability' position will be presented. Where the pensions liability is a major factor in presenting a net liability position the statutory funding arrangements for the pensions liability, which typically allows the liability to be met from future revenue sources, will normally ensure that the authority is able to continue public service provision and to meet its liabilities as they become payable.

144. In order to understand and interpret the balance sheet the way in which assets and liabilities are measured, and the accuracy of the measurement, is of significant importance. Appendix B provides a brief overview of the normal valuation or measurement bases used. International financial reporting standards often specify that a 'fair value' basis is used to value assets. This normally means the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. For local authority accounting the Code of Practice provides a specific individual definition of 'fair value' for different asset types, and this is reflected in Appendix B.

Total Reserves

145. Having established the authority's 'Net Assets' which are not committed to meeting liabilities the balance is then shown as being attributable to various reserves. For local authorities there is a clear distinction between 'Usable Reserves' and 'Unusable Reserves'. Usable reserves are those which the authority can use for future service provision. Unusable reserves cannot be used to provide funding. More detail on this is provided in the section on the 'Movement in Reserves Statement'.

Cash Flow Statement

146. The Cash Flow Statement represents the cash flows which have occurred during the year. 'Cash flows' relates to cash and cash equivalents, which include short-term investments that are readily convertible to cash and which are subject to only insignificant risk of changes in value.

147. Cash flow is of vital importance to authorities since it determines the ability of an authority to settle its liabilities in the short-term and to cope with unexpected future payment requirements. Authorities will normally actively manage their cash position with reference to an agreed Treasury Management policy. This allows the authority to specify an appropriate balance between the security of invested cash and the achievement of satisfactory returns.

148. The cash flow statement shows the net cash flows relating to :

- Operating activities

- Investing activities

- Financing activities

- Cash and cash equivalents

Operating Activities

149. Cash outflows will include payments for employees, supplies, services, interest on borrowings, housing benefits and grants to third parties. Cash inflows will include local taxation, government grants (specific and non-specific), fees and charges for services, sales of inventories or services and interest received on cash equivalents.

Investing Activities

150. In this context 'investing' does not only refer to treasury investment decisions and interests in external authorities, but also includes investment in assets for future service delivery. As such cash outflows will include the purchase of property, plant, equipment, investment property, intangible assets, investments not classified as 'cash equivalents' and interests in external authorities (e.g. subsidiaries and associates etc). Cash inflows will include sale proceeds, dividends and interest relating to any of the above.

Financing Activities

151. Financing activities relate to the cash received from, or paid to, the external providers of finance. It should be noted that this relates to actual cash flows with external authorities, not the statutory provision for the repayment of debt that is charged against the General Fund. Cash outflows will therefore include cash repayment of borrowing and payments to reduce PFI and finance lease liabilities. Cash inflows will normally primarily represent cash received through borrowing.

Cash and Cash Equivalents

152. The combination of the activities above represents the total net cash flow that the authority has experienced in the year. This should reconcile to the change in the figure for 'cash and cash equivalents' from the previous year to the current year balance sheet.

153. The principal statements provide readers with an overview of the financial situation and performance of the authority. For readers seeking a more comprehensive understanding of the authority's finances more detailed information is required. This is achieved through the use of disclosure notes.

154. The objective of the disclosure notes is the same as for the overall financial statements, to allow users to assess the stewardship of the authority's resources and to make economic decisions. As such the notes may be expected to assist users in understanding the resources an authority has, how it has managed them during the year and how it has used public funds in providing services. For some items the qualitative aspects of the information can be as important as, or more important than, the quantitative data provided.

155. Where appropriate this could include information relating to any significant risks facing those resources and how those risks are managed. An explanation of the authority's plans on how it intends to settle significant liabilities may also be relevant for readers.

156. The majority of the disclosure notes are required by accounting standards or legislation. Generally while the content of the disclosure notes is mandatory the presentation, layout and nature of any explanatory text are at the discretion of the authority. Disclosure notes are not normally required where the information would not affect a reader's understanding of the financial position and performance of the authority.

157. A comprehensive list of the notes required is not appropriate in this document, however an overview of some of the disclosure notes required is provided in Appendix C.

E. AUTHORITY SPECIFIC ELEMENTS IN THE FINANCIAL STATEMENTS

158.   The Code of Practice on Local Authority Accounting ('the Code') requires additional elements to be included where these are appropriate for the authority concerned. These include the following:

- Housing Revenue Account
- Council Tax Income Account
- Non-Domestic Rate Account
- Common Good and Trust Funds
- Pension Scheme Statements

Housing Revenue Account

159.   The Housing Revenue Account (HRA) statements reflect a statutory obligation, introduced under the Housing (Scotland) Act 1987, to maintain a separate account for specified local authority housing provision. Legislation specifies and gives guidance as to what items should be charged or credited to the Housing Revenue Account. Not all authorities will have a Housing Revenue Account since some have transferred their housing stock to other bodies and no longer have control over the provision of social housing in their area.

160.   The HRA statements constitute:

- HRA Income & Expenditure Statement – reflecting, based on accounting standards, resources used and gained in the provision of Housing Revenue Account services

- Movement on the Housing Revenue Account Statement – reflecting the impact of legislative requirements on the HRA balance and therefore on rent levels. This acts as a reconciliation between the accounting statement and the legislative position (i.e. the Housing Revenue Account balance).

- Specific Disclosure Notes

HRA Income and Expenditure Statement

161.   Expenditure charged to the account will normally include the revenue costs associated with repairs and maintenance of the relevant housing properties. Significant items will normally include:

- Repairs and maintenance costs. These will be costs incurred in maintaining, rather than improving, the properties. Examples might include the cost of planned repairs (e.g repainting), responsive repairs (e.g. plumbing repairs, fixing a broken window), void repairs (repairs to empty dwellings prior to re-letting) and special services (eg running costs of communal heating, lighting, lifts etc.).

- Supervision and management costs. These will include policy and management costs (e.g. registers of houses and tenants, management of maintenance and improvement works, tenant

consultation), managing tenancies (e.g. providing advice, eligibility assessment, waiting list management) and rent collection activities.

- Depreciation and impairment of non-current assets. This represents the consumption, or use, of long-term assets (eg dwelling houses) in the provision of Housing Revenue Account services. It should be noted that this accounting requirement, to fairly allocate the cost of long-term assets over their useful life, does not affect the rent levels set. This is because legislation specifies that it is the repayment of debt that should be recognised when rent levels are set, not depreciation and impairment. More information is provided in the Movement on the Housing Revenue Account Statement section below.

162. In general terms the majority of income will normally be from rents for relevant housing properties. Other income sources should also be disclosed.

163. The full authority Comprehensive Income & Expenditure statement provides an analysis based on set service categories. Some of these categories, such as Corporate & Democratic Core and Non-Distributed Costs can be regarded as being corporate in nature and relevant to all individual services. In order to recognise that such items also relate to the provision of HRA services an appropriate share is normally included in the HRA statements. Note that this does not refer to central support costs, which are more appropriately included in expenditure (see above).

164. The full authority Comprehensive Income & Expenditure statement also includes costs and income which are regarded as 'corporate' and are not normally identified to individual services. As above, in order to fairly represent all the resources involved in the provision of HRA services a share or allocation of such corporate items is presented.

Movement on the HRA Statement

165. This statement reflects the movement in the year in the HRA Balance, anlaysed between:

- The surplus or deficit as shown in the HRA Income & Expenditure Account

- Adjustments to reflect the statutory position. These will normally include, as for the authority Movement in Reserves statement:

    o replacement of depreciation and impairment with debt repayment and revenue funding used to support capital expenditure

    o replacement of estimated pension benefits earned with actual pension payments made

    o Elimination of any gains or losses on the disposal of long term (non-current) assets

- Any other movements between reserves affecting the HRA Balance

Council Tax Income Account

166. The Council Tax Income Account shows the gross income raised from council taxes levied and deductions made under statute. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement of the authority.

167. The statement should reflect the amount of council tax levied; the cost of Council Tax Benefits (net of any related government grant received); the cost of discounts given for prompt payment; the cost of any other discounts and reductions or exemptions; bad debts written off and any impairment allowed for; and any adjustment to previous years' council tax income.

168. The account should be accompanied by details of how the council tax for the year was calculated, normally showing the assumptions used in estimating the number of chargeable dwellings per Council Tax band.

Non-Domestic Rate Account

169. Scottish councils collect Non-Domestic Rates on behalf of the Scottish Government. The Scottish Government has discretion over the use of this income and re-allocates the funds back to local authorities, as a form of grant assistance.

170. In collecting Non-Domestic Rates a council is therefore acting as an agent for the Scottish Government. The Non-Domestic Rate Account statement reflects this arrangement. The statement shows the gross income from the rates and deductions made under statute. The net income is paid to the Scottish Government as a contribution to the national non-domestic rate pool.

171. The statement should reflect the gross rates levied, any reliefs and deductions given, payment of interest, bad debts written off and any impairment allowed for; any adjustment to previous years' non-domestic rate income; and the amount receivable from the national pool of Non-Domestic Rate income.

172. The statement should be accompanied by an analysis of the rateable values of properties as at the start of the year being reported.

Common Good and Trust Funds

173. Scottish local authorities are often responsible for managing funds for a specific purpose. This can arise where funds or property have historically been left for the 'common good'[22] of an area, or where a trust fund was

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[22] The concept of the Common Good originated in legislation in the Common Good Act 1491. Various legislative amendments have occurred since that date. Currently Common Good funds may be applied for any lawful purpose for the benefit of the inhabitants of the specified area. The use of the funds should be within the scope of municipal

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established to be administered by an authority to achieve a specific purpose.

174.   In such a situation a committee of the authority's elected members normally constitutes the 'board' of the common good or trust fund. If the fund has been registered as a charity with the Office of the Scottish Charity Regulator (OSCR) then OSCR's financial reporting requirements apply to the charity. Where the fund is not a registered charity the Code applies and the authority's financial statements should include statements, where material, on these funds.

175.   It should be noted however that the legislative framework that surrounds Scottish local authorities does not always affect these funds. As a result a change in the requirements of accounting standards can directly impact on the level of usable funds. In particular the statutory treatment of capital expenditure and income does not apply to common good or trust funds. One impact of this is that the depreciation and impairment of buildings are direct charges against the usable reserves of such funds.

176.   The information included in the authority's financial statements will normally include an Income & Expenditure Account and a balance sheet. Due to the number of individual funds it is common for the funds to be consolidated into one set of statements. Separate consolidated statements are normally prepared for Common Good funds and Other Trust Funds.

177.   The statements should reflect the resources used and gained during the year, and the financial position at the end of the year as managed by the authority in the interests of the funds. An analysis of the statements or year end fund balances relating to the larger funds is normally provided.

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administration. More information is available in LASAAC's document "Accounting For The Common Good Fund" available at:
http://www.cipfa.org/scotland/download/Accounting_For_The_Common_Good_Final_Version.pdf

Local Authority Pension Scheme Statements

178. Each Scottish local authority with pension liabilities is required to include those liabilities in its financial statements as the pension benefits are earned by employees.

179. Scottish local authority employees can opt to participate in different pension schemes dependent on the nature of their employment or post. The main schemes involved are outlined below:

Scheme	Administered By	Scheme Assets
Teachers Pension Scheme	Scottish Government	None. All pension liabilities in year met from current revenue.
Police Pension Schemes	Employing Joint Board or Authority	None. All pension liabilities in year met from current revenue.
Firefighters' Pensions Schemes	Employing Joint Board or Authority	None. All pension liabilities in year met from current revenue.
Local Government Pension Scheme (LGPS)	Specified local authority	Scheme assets held. Level of scheme assets and expected future returns on assets (assessed every 3 years) affect the level of employer's contribution payable and may affect employee contribution rates

180. Since the Teachers Pension Scheme is administered by the Scottish Government there is no requirement for Scottish local authority to provide a financial statement for the scheme.

181. For police and fire pension schemes each employing body administers a scheme for its own employees, with funding supplied by the Scottish Government. Each employing body is required to provide a pension fund account statement showing the pensions payable for the year, the contributions received from current employees and the contribution from, or to, the Scottish Government.

182. Local government pension schemes however are generally more complex and will often consist of the employees of a variety of different authorities and other bodies. One council is normally the legally responsible administering authority. In such a situation the administering authority is

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required by legislation[23] to produce separate pension fund financial statements which provide clear information on the pension scheme as a whole. The statements will include:

- Fund Account – showing the resources used or gained during the year

- Net Assets Statement – showing the assets of the scheme less liabilities (excluding pensions)

- Actuarial valuation of pension liabilities

183. The Fund Account will normally show the following:

- Income: including employers' contributions; employees' contributions; transfers from other pension funds (when an employee transfers money in on joining the scheme); other income

- Expenditure: benefits paid (e.g. pensions, commuted payments where a pensioner elects to receive a lump sum rather than receive higher annual payments, annuities, lump sum death benefits); payments to those leaving the scheme (e.g. transferring out); administrative expenses; investment income (normally analysed by type); gains or losses on investments; non-recoverable taxation

184. The Net Assets Statement will normally show investment assets (normally analysed by type); investment liabilities; borrowings; current assets; current liabilities. Note that the liabilities exclude future pension benefits liabilities.

185. The actuarial valuation of pension liabilities will normally be shown separately from the above statements due to the fact that a full formal valuation is only undertaken every three years and may therefore not be directly comparable to the 'net assets' figure.

186. Detailed disclosures are also required including information on the scheme; the funding policy adopted (which can affect the employers' annual contributions); the actuarial assumptions made; and the bases of asset and liability valuations.

187. The Local Government Pension Scheme financial statements are audited are included within a Pension Fund Annual Report[24] and receive a separate audit certificate. Administering authorities are not required to include the statements within their own financial statements but must refer to their availability.

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[23] Scottish Government: Local Government Finance Circular 1/2011

[24] As required by the Local Government Pension Scheme Amendment (Scotland) Regulations 2010 (SSI 2010/234)

SCOTTISH LOCAL AUTHORITY RESERVES

The following is a description of the reserves that may commonly be shown for a Scottish local authority.

USABLE RESERVES

Usable reserves are those that are available to fund local service provision.

Reserve	Explanation
General Fund	The main fund of a local authority. An authority may 'earmark' a portion of the General Fund as being set aside for specific future expenditure. Authorities will also normally regard part of the General Fund balance as being held for 'contingencies', generally having a specific financial strategy regarding the level of contingency funding that should be held. Authorities which raise local taxes will normally consider the General Fund (excluding the HRA balance) when setting tax levels.
Housing Revenue Account Balance	The Housing Revenue Account (HRA) balance is legally part of the General Fund balance. Due to the legislation surrounding the HRA however the HRA balance is normally shown separately. The HRA balance is normally considered when setting housing rent levels.
Insurance Fund	Authorities may decide to 'self-insure' against some risks rather than pay premiums to an external insurer. Where this is undertaken it is necessary to set funds aside from the General Fund to meet the potential costs arising.
Renewal & Repair Fund	Authorities may specifically set funds aside from the General Fund to renew or repair a particular asset or group of assets.
Capital Fund	Authorities may set aside funds, including capital receipts, in a Capital Fund. The Capital Fund may only be used to repay borrowing (advances made by the Loans Fund) or support capital expenditure.
Capital Receipts Reserve	This is the default reserve for holding capital receipts. Receipts may be used to support capital expenditure or may be transferred to the Capital Fund.
Capital Grants Unapplied Account	The authority may have received capital grants where the terms and conditions of the grant have been met sufficiently for the authority to have entitlement to the funds. Where this occurs such grants are held in this reserve until they are applied to support relevant capital expenditure.

UNUSABLE RESERVES

Unusable reserves are not available to fund service provision. They generally represent either the impact of statutory adjustments made in determining the General Fund balance or unrealised gains and losses on assets and liabilities.

Reserve	Explanation
Capital Adjustment Account	A statutory adjustment account reflecting the replacement of depreciation (an accounting requirement to reflect the consumption of long term assets) with the repayment of borrowing (advances from the Loans Fund). This account therefore affects the timing of charges to the General Fund for the use of long term assets in service provision.
Pensions Reserve	A combined statutory adjustment account and accounting reserve which reflects the replacement of the estimated cost of pension benefits earned by employees, and any actuarial gains or losses on the estimated liability, with the actual contributions made by the employer. This affects the timing of charges to the General Fund for pension benefit obligations.
Financial Instruments Adjustment Account	A statutory adjustment account affecting the timing of charges to the General Fund for some financial instruments. In particular statute allows the cost of some premiums related to the early redemption of borrowing to be spread over a number of years, whereas accounting requirements can require the full cost to be recognised in the Comprehensive Income & Expenditure Statement immediately.
Available for Sale Financial Instruments Reserve	An accounting reserve which represents unrealised gains and losses arising from the revaluation (change in value) of financial instruments (financial contracts) which are classified as being 'available for sale'.
Revaluation Reserve	An accounting reserve which represents unrealised gains and losses arising from the revaluation of long term assets.
Employee Statutory Adjustment Account	A statutory adjustment account affecting the timing of charges against the General Fund in relation to employee benefits, such as annual leave entitlement and injury benefit schemes.

VALUATION OF ASSETS AND LIABILITIES

Item	Valuation Basis
Property, Plant & Equipment	Infrastructure (e.g. roads, bridges, harbours) and community assets (e.g. parks): depreciated historical cost. This represents the remaining economic benefits of the original cost of the asset that are still to be used up. This basis is used since there is normally not expected to be any alternative use for such assets.
	All other categories are normally shown at the amount that would be paid for the asset in its existing condition and use. This reflects the economic benefits, expressed at current prices, which will be consumed in service provision. A professional valuer will normally provide the valuation based on market knowledge, although in some cases a 'Depreciated Replacement Cost' will be used to estimate the value.
	Impairment[25] may apply.
Investment Property	Market value: since the asset is not held for service provision the current market value indicates the resources that would be available if the asset was sold.
Intangible Assets	Historical Cost: if there is no active market for the asset. Impairment may apply.
	Market Value: if the asset could be sold (this will be uncommon for local authorities)
Long-term Investments	Valuation will depend on the nature and purpose of the investment, generally:
	• Loans made to other organisations will normally be valued by a calculation based on the predicted cash flows. An impairment allowance for non-recovery may be made.
	• Investments that are regarded as 'available for sale' or as 'held for trading' are shown at market value. Generally this will be rare in local authorities.
Investments in Associates and Joint Ventures	Investments in subsidiaries, associates or joint ventures will be shown at historical cost or at market value. Impairment may apply.
Long-term debtors	Valuation will depend on the nature and purpose of the debtor, generally however:

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[25] For an explanation of impairment see paragraph 141

- long-term debtors owing money will normally be valued by a calculation based on the predicted cash flows. An impairment allowance for non-recovery may be made.
- prepayments made for future services or assets will normally be shown at historical cost

Short-term Investments	Valuation will depend on the nature and purpose of the holding, generally however • Loans made to other organisations will normally be valued by a calculation based on the predicted cash flows. An impairment allowance for non-recovery may be made. • Investments that are regarded as 'available for sale' or as 'held for trading' are shown at market value. Generally this will be rare in local authorities.
Inventories	Generally valued at the lower of cost or net realisable value. An impairment allowance for damaged or obsolete inventories may be made.
Short-term debtors	Valuation will depend on the nature and purpose of the debtor, generally however • short-term debtors owing money will normally be valued at the amount due. An impairment allowance for non-recovery may be made. • prepayments made for future services or assets will normally be shown at historical cost
Cash and cash equivalents	Normally cash value.
Assets held for sale	Normally shown at the lower of the existing carrying value (when the asset was removed from service) or net realisable value. Generally possible gains on sale are not recognised until the asset is actually sold.
Bank Overdraft	Cash value.
Short-term borrowing	Normally valued at the amount due
Short-term Creditors	Normally valued at the amount due
Provisions	Normally valued at the amount due
Long-term Creditors	Valuation will depend on the nature and purpose of the creditor, generally however long-term creditors will normally be valued by a calculation based on the predicted cash flows.

Provisions   Normally valued by a calculation based on the predicted cash flows.

Long Term Borrowing   Normally valued by a calculation based on the predicted (i.e. committed) cash flows.

Other Long Term Liabilities   Valuation will depend on the nature and purpose of the liability, however generally:

- Pension liabilities are valued based on the predicted future cash flows arising from the employer's obligations for the pensions of those employees, deferred pensioners and current pensioners existing as at the balance sheet date. The pension liability is reduced (netted down) by the predicted future cash flows arising from any pension scheme assets existing at the balance sheet date.

- PFI and finance lease liabilities are normally based on the initially recognised value of the asset provided, reduced annually by the element of the annual payment that is calculated as being a payment for the asset

OVERVIEW OF SELECTED DISCLOSURE NOTES

This overview is not intended as a detailed guide to all the disclosure notes required or their detailed information requirements. It is intended to highlight some common notes and explain what they represent.

Note	Explanation
Statement of assumptions	The authority should outline the assumptions it has made in preparing the financial statements, including assumptions about the future and any significant areas of uncertainty in estimating assets and liabilities at the balance sheet date.
Events after the balance sheet date	Where a significant event affecting the authority's financial position occurs after the balance sheet date but before the statements are authorised for issue, the event and its impact should be explained.
Related Parties	Where the authority has a relationship with another party that is not a normal 'arm's length' relationship this should be explained and the transactions with that party disclosed.
Property, Plant & Equipment	These assets normally represent a significant value on the balance sheet and are critical for future service delivery. Consequently detailed disclosures are required by sub-categories, including details on valuation, the depreciation policy (i.e. how the consumption of the economic benefits of the asset are represented in the accounts), an analysis of value changes in the year and any relevant contractual commitments.
Leases	Leases generally represent agreements to pay another party for the right to use an asset, without necessarily transferring ownership. Leases are classified as either finance or operational. A finance lease is effectively regarded as being a means of financing the long term use of an asset, generally as an alternative to borrowing cash in order to purchase the asset outright. An operational lease is regarded as simply a 'service provision' contract.
	Authorities may either be the lessee (the party paying for use of the asset) or the lessor (the party receiving payment for providing the asset).
	An explanation of the leases the authority has, the assets concerned and the contractual commitments undertaken is required.
PFI & Similar Contracts	Private Finance Initiative (PFI) and similar contracts can, when certain criteria are met, be generally regarded as complex contracts which include a 'finance lease' element. Due to their complex nature and normally large scale, detailed disclosures and explanations are generally provided.

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Debtors The amount of money that an authority is owed by third parties is normally a significant factor in assessing its liquidity. An analysis detailing the debtors is normally provided.

Creditors The amount of money that an authority owes to third parties is normally a significant factor in assessing its liquidity. An analysis detailing the creditors is normally provided.

Pensions The provision of pension entitlement to employees can be a significant commitment on the part of an authority.

Defined Benefit Schemes

Where the pension entitlement is a 'defined benefit scheme' (i.e. where the scheme specifies the benefits payable to members on retirement) the employer may be committed to a liability of uncertain amount and timing. The estimation of this liability is a complex process including an estimation of the expected length of life of scheme members and of expected returns on any pension fund assets (e.g. stock market investments).

Defined Contribution Schemes

Where the employer's contribution to the pension entitlements is fixed the scheme is a 'defined contribution' scheme and the employer's liability is more certain.

Detailed disclosures are required concerning each pension scheme the authority offers, including the assumptions underlying the calculation or estimation of the liabilities.

Financial Instruments The term 'financial instrument' is defined in accounting standards and generally includes the following :

- Liabilities: creditors, money borrowed, financial guarantees
- Assets: bank deposits, debtors, loans receivable, investments

Financial instruments can be subject to fluctuation in value and some uncertainty. For most authorities, due to the scale of these items, disclosures are required relating to their:

- Significance to the financial position and performance (e.g. analysis by category, any security held/given, allowance made for impairment, market value, value changes in year)
- Nature and the extent of risks arising from financial instruments (e.g. textual description of risks, management approach, risk of default by a third party (credit risk), impairment, liquidity risk, market risk)

Provisions A provision is a liability of uncertain timing or amount which meets certain criteria meaning that it must be recognised as a liability on the balance sheet. Typically a provision may be required in anticipation of the settlement of a court case, an employment tribunal, planned redundancies and other similar situations.

Due to the uncertainty involved in making a provision the disclosure of the nature of each provision, the uncertainties involved and any movement in the year compared to the previous year is required.

Note: Where a provision would normally be recognised but the amount cannot be reliably estimated it may be disclosed as a contingent liability (see below).

Contingent Liability

A contingent liability is generally a possible obligation that arises from past events but where the existence of the obligation is dependent (i.e. contingent) on future events not within the control of the authority.

A contingent liability is not recognised on the balance sheet, but due to the potential obligation, a disclosure is required. This includes an explanation of the nature of the contingent liability, an estimate (if possible) of the amount and details of the uncertainties arising.

Training for Scrutiny and Petitions Board Members

Appendix 2

National Fraud Initiative

5 November 2018

What is the National Fraud Initiative

➢ National data matching exercise, matching data from within and between participating bodies, across national borders.

➢ The aim is to prevent and detect fraud and identify errors

➢ Run every 2 years by Audit Scotland

Statutory Framework

➢ NFI in Scotland is conducted under powers in The Criminal Justice and Licensing (Scotland) Act 2010

➢ Required to prepare a Code of Data Matching Practice.

➢ Code of Data Matching Practice updated in 2018 to take account of GDPR, required to notify individuals how information will be used but no requirement for consent.

Bodies required to provide data

➢ Councils
➢ Strathclyde Partnership for Transport
➢ Tayside Contracts
➢ Health bodies
➢ Scottish Public Pensions Agency
➢ Student Awards Agency for Scotland
➢ Central Government
➢ Audit Scotland also provides it's own payroll data

Information provided

➢ Employee details (including Elected Members)
➢ Council tax information
➢ Tenants information
➢ Electoral register
➢ Blue Badge holders
➢ Licence holders
➢ Care home residents
➢ Persons in receipt of personal care budgets
➢ Creditors payments and standing data

Fair Processing Notices

➢ Required to comply with the data protection requirements
➢ Information Commissioner recommends a layered approach:
▪ Summary notice
▪ Condensed Text
▪ Full Text
➢ Submit a declaration confirming compliance with the fair procession notification requirements

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Questions?

Renfrewshire
Council

To: Audit, Risk and Scrutiny Board

On: 05 November 2018

Report by: Chief Auditor

Heading: Summary of Internal Audit Reports for period 01 July to 30 September 2018

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1.   **Summary**

1.1   In line with the Public Sector Internal Audit Standards, Internal Audit must communicate the results of each engagement to the Board. To comply with this requirement Internal Audit submits regular reports on the findings and conclusions of audit engagements to the Audit, Risk and Scrutiny Board.

1.2   Appendix 1 provides details those audit engagements completed during the period 01 July to 30 September 2018 with the overall assurance rating and the number of recommendations in each risk category. The committee summary for each report is also attached. For each audit assignment where recommendations have been made, the relevant managers have put action plans in place to address the issues raised.

1.3   In addition to the reports listed in the Appendix, Internal Audit has an ongoing commitment to:

- A range of corporate and service initiatives;
- Progressing of information security matters in partnership with ICT and Legal Services;
- The regular provision of advice to departmental officers;
- The provision of internal audit services to the associated bodies for which Renfrewshire Council is the lead authority and to Renfrewshire Leisure Ltd and Renfrewshire Health and Social Care Integrated Joint Board;

- Co-ordination of the Council's corporate risk management activity;
- Management of the counter fraud team;
- Management of the risk management and insurance team.

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2.   **Recommendations**

2.1   Members are invited to consider and note the Summary of Audit Findings reported during the period from 01 July to 30 September 2018.

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Implications of the Report

1.   **Financial** - None

2.   **HR & Organisational Development** - None

3.   **Community Planning –**
        Safer and Stronger - effective internal audit is an important element of good corporate governance.

4.   **Legal** - None

5.   **Property/Assets** - None

6.   **Information Technology** - None

7.   **Equality & Human Rights** – None

8.   **Health & Safety** – None

9.   **Procurement** - None

10.   **Risk** - The summary reported relates to the delivery of the risk-based internal audit plan.

11.   **Privacy Impact** – None

12.   **COSLA Implications** - None

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Author: Karen Campbell – 01416187016

Appendix 1

Renfrewshire Council

Internal Audit Service

Update for Audit, Risk and Scrutiny Board

Final Audit Reports issued from 01 July – 30 September 2018

Category	Service	Engagement	Assurance Rating	Recommendation Ratings			
				Critical	**Important**	**Good Practice**	**Service Improvement**
Assurance	Corporate	Key Financial Controls	Reasonable	0	3	1	0
		Transformation Programme	Reasonable	0	2	2	0
	Finance and Resources	Workforce planning	Reasonable	0	0	0	0
		Customer Portal	Reasonable	0	3	4	0
	Childrens Services	Education Funding – Pupil Equity Fund	Substantial	0	0	2	0
Investigation	Environment & Infrastructure	Household Waste Recycling Centre	Note 1	0	1	0	0

Note 1 – No assurance rating can be given in respect of investigation assignments

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Assurance Level	
Substantial Assurance	• There is a sound system of internal control designed to achieve the objectives of the area being reviewed. • The control processes tested are being consistently applied.

Reasonable Assurance	• The internal control processes are generally satisfactory with some areas of weakness being identified that could put some objectives of the area being reviewed at risk • There is evidence that the level of non-compliance with some of the control processes may put some of the objectives of the area being reviewed at risk.
Limited Assurance	• Weaknesses in the system of internal controls are such as to put the objectives of the area being reviewed at risk. • The level of non-compliance puts the objectives of the area being reviewed at risk.
No Assurance	• Control processes are generally weak with significant risk to the achievement of the objectives of the area being reviewed. • Significant non-compliance with control processes leaves the processes/systems open to error or abuse.

Recommendation Rating	
Service Improvement	Implementation will improve the efficiency / housekeeping of the area under review.
Good Practice	Implementation will contribute to the general effectiveness of control.
Important	Implementation will raise the level of assurance provided by the control system to acceptable levels.
Critical	Addresses a significant risk, impacting on the objectives of the area under review.

Internal Audit Report
Corporate
Key Financial Controls (A0037/2018/002)

A0037/2018/002   **Date: September 2018**

COMMITTEE SUMMARY

Audit Objectives
To ensure that the key financial controls in the following systems are operating effectively: a) Main Accounting b) Payroll c) Purchasing and payments d) Debtors

Audit Scope

Undertook key controls testing for each of the items a), b), c) and d) above:
 	
a) Main Accounting
   1. Input to the ledger from feeder systems is reconciled to control totals derived from the feeder system.
   2. Transactions for invalid account codes are automatically diverted to designated suspense accounts.
   3. Suspense accounts are regularly examined and cleared.
   4. Bank reconciliations are undertaken regularly and reconciling items are cleared timeously or investigated as necessary.
   5. Bank reconciliations are undertaken by officers that are not involved in transaction processing.
 	
b) Payroll System
   1. New starts, Leavers and Variable input are input to the payroll system timeously on receipt of properly authorised documentation.
   2. Exception reports are checked and action taken where necessary.
 	
c) Purchasing and Payment System
   1. Invoices are only paid after certification of goods received and in relation to properly authorised orders.
   2. Batch payments are properly authorised.
   3. Two officers are involved in the creation of new suppliers on the supplier Masterfile.
   4. Bank account changes are only made after additional checks have been undertaken to protect against fraudulent payments.
 	
d) Debtors
   1. There is adequate segregation of duties between accounting, collection, cancellation and write off of debtors accounts.
   2. Debtors accounts are raised timeously after the date of supply.
   3. Credit notes are only issued upon appropriate authorisation.
   4. Outstanding accounts are followed up in line with pre-determined triggers.

Internal Audit Report
Corporate
Key Financial Controls (A0037/2018/002)

A0037/2018/002   **Date: September 2018**

Key Audit Assurances
1. Bank reconciliations are undertaken regularly and variations are investigated as necessary.
2. New starts and leavers are properly input and authorised in the payroll system.
3. Invoices are only paid after certification of goods received by authorised officers.
4. Appropriate controls are in place for creating new suppliers and changing supplier bank account details.
4. There is adequate segregation of duties between accounting, collection, cancellation and write off of debtors accounts.
5. Credit notes for debtors accounts are only issued upon appropriate authorisation..

Key Risks
1. Some feeder systems were not regularly reconciled to ledger control totals, increasing the risk that fraud/errors may not be detected.
2. Some suspense accounts were not cleared timeously, resulting in delays in receipts and payments being allocated to the correct accounts.
3. Some manual variable input forms (e.g. mileage claims, overtime claims) were signed by officers who were not on the authorised signatory list.

Overall Audit Opinion
The audit identified that satisfactory controls are in place for the purchasing and payments, and debtors systems. Recommendations were made in the report to address areas of weakness in the main accounting and the payroll systems. If implemented, these will help strengthen the controls in place.

Management Commentary
Management recognise that not all feeders are reconciled, all feeders will require to be reconciled when Business World goes live. The responsibility of undertaking the reconciliations will be reviewed as part of the support model.
Reminder and escalation procedures have been put in place in relation to the reconciliation of suspense accounts.
Reminders have been issued and monitoring arrangements are now in place in relation the checks to be undertaken on variable payroll input. Process notes will be created to coincide with the launch of Business World.

Internal Audit Report
Corporate
Transformation Programme (A0087/2018/002)

A0037/2018/002   **Date: September 2018**

COMMITTEE SUMMARY

Audit Objectives
The objectives of the review were to ensure that: 1. There is adequate oversight of the change programme at a corporate, service and project level; 2. The project management framework is sufficiently flexible in relation to project governance to allow for proportional project management for projects of differing sizes and scopes; 3. Projects are on track to delivering the intended outcomes; 4. Opportunities are sought to speed up project delivery, where possible

Audit Scope
1. Assessed the project management framework to ensure it was appropriate and aligned to industry standards and tailorable to the size and complexity of projects. 2. Assessed project initiation processes, documentation and authorisation controls. 3. Reviewed programme and project governance arrangements to ensure adequate oversight of the change programme at a corporate, service and project level. 4. Reviewed arrangements for monitoring project progress, identifying and resolving project delays and identifying opportunities to speed up project delivery. 5. A sample of projects within the Transformation Programme was reviewed in detail and tested in relation to the audit objectives.

Key Audit Assurances
1. There is an effective governance structure in place over the Transformation Programme which provides adequate oversight at a corporate, service and project level. The structure also provides sufficient oversight of interdependencies and links between projects. 2. Project initiation documents give due consideration to key aspects such as feasibility, options appraisal, resource requirements, responsibilities, milestones and objectives. Authorisation controls are in operation at project initiation and key milestones. 3. There are appropriate arrangements for project risk management and the escalation of key risks and issues. 4. Management information reported has significantly improved and the tracking of project performance is well facilitated. 5. Opportunities for speeding up project delivery and achieving additional savings are sought where possible.

Key Risks
1. Adoption of an inappropriate project management methodology may reduce project controls and increase the risk of non-achievement of objectives.

2.   A failure to adequately realise benefits and consider lessons learned can lead to a failure to make necessary improvements for managing projects.

Observation Without Recommendation
1.   The Council introduced its own Project Management Framework (PMF) in 2008 as its corporate approach to managing projects and this has since been refined and labelled PMF2.
2.   The PMF is currently being updated but this was not yet complete at the time of the audit fieldwork. Gaps in the framework have been recognised relating to benefits management, requirements management, investment appraisals and formal stakeholder management. The work being undertaken will address these gaps and further improve the framework.

Overall Audit Opinion
The Transformation Programme comprises projects which vary in size, scale and flexibility. The Council's Project Management Framework encompasses a simple, consistent but tailorable project management methodology, aligned to industry standards (PRINCE2). Whilst this framework is generally fit for purpose, gaps have been identified by the Programme Management Unit and it is therefore undergoing a review.
A recommendation has been made to provide guidance for an Agile approach which is now being used in relevant IT projects, as there was not any available for directing project managers to the most suitable methodology, or for delivering a project under an Agile approach.
Project initiation procedures and controls are robust and were found to be operating effectively and the management of current projects was found to also be undertaken effectively with regular and transparent status reporting.
Weaknesses were identified in relation to project closure procedures where lessons learned have not been fully utilised for the benefit of other projects. Benefits realisation has been limited to those benefits outlined in the initial scope and other benefits may therefore not have been recognised and utilised. Recommendations have subsequently been made to address these weaknesses which, if implemented, should enhance controls and operations relating to project closures.

Management Commentary
Management are currently updating the Project Management Framework to consider a broader perspective of approaches and methodologies in the industry with the view of embedding innovative practices into the framework. This will result in a customised and tailored project management framework which will be the focal point for programme and project management within the council. It will;

- support improvement of programme and project management capabilities

- encourage and support the sharing of lessons learned from programme and project delivery

- be subject to continual review and improvement

Finance and Resources

Workforce Planning (A0092/2018/001)

A0092/2018/001   **Date: July 2018**

COMMITTEE SUMMARY

Audit Objectives
The objectives of the audit were to ensure that: 1. There are clearly defined and understood roles and responsibilities for workforce planning at both a corporate and service level; 2. There are adequate and up-to-date policies, procedures and guidance in place which are readily available to those that need them to ensure consistency; 3. Workforce planning extends to all employee groups and there is adequate engagement with both employees and the trade unions; 4. Workforce plans are initially developed independently from financial planning arrangements and subsequently linked to financial plans; 5. Workforce plans are embedded into service plans and seen as an integrated activity within Services; 6. Workforce plans reflect the recommendations as outlined within the Audit Commission's Best Value Audit Report (BVAR); 7. There is regular engagement between those responsible for driving the workforce planning process and other service areas; 8. Workforce reductions are adequately risk assessed, with mitigating controls being identified to ensure alternative processes have been put in place for any identified gaps; 9. The corporate workforce plan has been approved by Board and there is adequate monitoring and reporting at both a service and corporate level; 10. Arrangements are on track to develop workforce planning across the council.

Audit Scope
1. Interviewed the appropriate staff, evaluated the arrangements in place for workforce planning across the council and identified any improvements, if applicable. 2. Assessed the council's workforce planning in line with good practice.

Key Audit Assurances
1. A review of each service's service plan showed that workforce plans were a key part within them. 2. Workforce plans have been developed to include the recommendations as outlined within the BVAR e.g. to develop workforce plans over a longer term. 3. Organisational Development (OD) staff regularly engage with senior management teams and the trade unions as to workforce planning progress. 4. Workforce reductions are adequately risk assessed, being mindful of retaining key staff. 5. The corporate workforce plan has been approved by Board and there is adequate monitoring and reporting at both a service and corporate level. 6. The ASPIRE and Leaders of the Future Projects are underway to develop employees across the council.

Finance and Resources

Workforce Planning (A0092/2018/001)

A0092/2018/001   **Date: July 2018**

Key Risks
There are no key risks arising from the audit review.

Overall Audit Opinion
The audit has identified that satisfactory arrangements are in place to develop workforce planning across the council. Significant progress has been made in implementing workforce plans including the recommendations made in the BVAR. Communications to staff have increased the profile of workforce plans and improved understanding of staff roles in implementing those plans. The audit did not find any significant weaknesses and reasonable assurance has been provided to reflect the ongoing work to fully develop and embed workforce planning as it is noted that areas such as engagement with some employees, skills analysis and progress to fully embed workforce planning within services are at an early stage. No recommendations were made.

Management Commentary
Work continues to progress the action plan and promote ownership within service areas to fully embed workforce planning across the Council.

Finance & Resources
Customer Portal (MyAccount)
(A0073/2018/001)

A0073/2018/001   **Date: August 2018**

COMMITTEE SUMMARY

Audit Objectives
The objectives of the review were to ensure that: 1. Adequate arrangements are in place to ensure that customer access is continually available; 2. Controls are in place to ensure that entered data is actioned; 3. Online forms collect all necessary data and contain appropriate privacy notices and customer declarations; 4. Payments are secure and comply with relevant legislation and standards.

Audit Scope
5. Examined and analysed outage reports for the portal and customer queries regarding outage or inaccessibility. 6. Details of customer queries and requests were tested for completion and appropriate actioning. How these requests are monitored and allocated was also examined. 7. The Portal's current compliance with GDPR-specific requirements was examined. 8. Payments made through the portal were analysed for security and compliance with industry regulation.

Key Audit Assurances
1. The customer portal was found to be operating efficiently and effectively. 2. Adequate arrangements had been put in place within the Council to ensure compliance with the requirements of GDPR in relation to online services.

Key Risks
The Council is exposed to reputational risk if the customer portal is not operating effectively, either due to unplanned outages or inadequate processing and monitoring of customer queries and requests.

Overall Audit Opinion
The MyAccount customer portal was generally found to be working effectively, however some unplanned outages have gone unexplained by the hosting third party. It was found that there is a lack of directed procedure in regard to overall working of the portal and the existing business continuity plan is limited in addressing this. Monitoring of the system takes place periodically but and does not fully examine all services currently provided by the portal, resulting in a small number of uncompleted queries being marked as completed. Recommendations have been made to address the weaknesses identified which, if implemented, should enhance controls over the customer portal.

Finance & Resources
Customer Portal (MyAccount)
(A0073/2018/001)

A0073/2018/001   **Date: August 2018**

Management Commentary
Management are currently preparing a separate Business Continuity Plan for the MyAccount Service and are actively reviewing and updating the processes in operation to address the recommendations made.

Internal Audit Report
Children's Services
Education Funding (Pupil Equity Fund)
(A0109/2018/002)

A0109/2018/002   **Date: September 2018**

COMMITTEE SUMMARY

Audit Objectives
The objectives of the audit were to ensure that: 1. Specific Local Authority guidance is available to the Head Teachers in those schools that have been allocated Pupil Equity funding (PEF).   2. The full amount of funds has been allocated in line with the Scottish Government allocations.   3. Arrangements are in place to engage key stakeholders in the development of the funding plans.   4. There is a clear rationale for the use of the funding, based on a clear contextual analysis which identifies the poverty related attainment gap in their schools.   5. Clear plans are in place to evaluate the impact of the funding.   6. Funding is appropriately spent ensuring additionality to existing activities and interventions.   7. Spending and impact are appropriately monitored.

Audit Scope
1. Identified the key controls from the operational guidance for PEF and prepared a series of questions for discussion with relevant head office staff.   2. Selected a sample of 2 schools and discussed the actual arrangements in place to demonstrate compliance with the key controls with Head Teachers and headquarters staff.   3. Reviewed and assessed the evidence to support compliance.

Key Audit Assurances
1. Local Authority guidance is available, in addition to national guidance, to Head Teachers as to how they should spend and monitor allocated funding.   2. The amount of funding for each Renfrewshire school is in line with the allocation by the Scottish Government.   3. Each of the schools tested had a clear rationale for the use of the funding in their PEF plans, which identified the poverty related attainment gap in those schools.   4. Each of the PEF Plans for the schools tested set out how funding would result in additionality to existing activities.   5. Arrangements had been put in place at each of the schools visited to monitor PEF spending.

Key Risks
There were no key risks identified during the audit.

Internal Audit Report
Children's Services
Education Funding (Pupil Equity Fund)
(A0109/2018/002)

A0109/2018/002   **Date: September 2018**

Overall Audit Opinion
The audit has identified that suitable arrangements are in place to ensure that PEF funds are spent appropriately. Progress has been made in initiating PEF plans in the first year of PEF funding. The audit did not find any significant weaknesses and substantial assurance has been provided over the processes in place at the time of the review. The processes for PEF funding were still being worked upon and it should be noted that, at the time of the audit, the monitoring arrangements to enable the impact of this additional funding to be measured had just been agreed upon and therefore we were unable to assess the sufficiency of the process which was to be followed.

Management Commentary
Monitoring procedures have been enhanced and developed since the audit was undertaken and the guidance is being further developed.

Internal Audit Report
Environment & Infrastructure
Household Waste Recycling Centre (C0243/2018/003)

C0243/2018/003   **Date: January 2018**

COMMITTEE SUMMARY

Audit Objectives
1. Internal Audit were informed by the Amenity Site Supervisor of an allegation relating to a named employee who had been observed receiving a television into a Council Household Waste Recycling Centre (HWRC) and subsequently passing the television to a third party.
2. In line with the Council's Defalcation Procedures, Internal Audit undertook an initial investigation into the allegation to ascertain the circumstances surrounding the allegation and to identify and address any weaknesses in the internal control environment.

Audit Scope
1. CCTV footage relating to the allegation was obtained from the Household Waste Recycling Centre for review by the auditor.
2. Following examination of the footage, an interview was carried out with the named employee. Training records were also reviewed.

Key Audit Findings Arising from the Investigation
1. The Site Attendant did receive a television at the HWRC and this was passed to a 3rd party on 19 October 2016, which was during the period when the HWRC was not receiving electrical goods.
2. The Site Attendant offered no explanation for the incident or who the person collecting the item was, other than stating that he could be doing a personal favour.

Overall Audit Opinion
The allegation that the site attendant received a television into the Household Waste Recycling Centre and subsequently passed the television to a third party has been confirmed. It is not clear if the party disposing of the item intended for it to be recycled or if it was part of a private arrangement between individuals known to the site attendant who has acted naively in facilitating this arrangement.

Management Commentary
A disciplinary fact finding Investigation has now been concluded by Service Management and action short of formal disciplinary action has been taken to ensure that the employee receives further training and has been made fully aware of their roles and responsibilities.

To: Audit, Risk and Scrutiny Board

On: 05 November 2018

Report by: Chief Auditor

Heading: Internal Audit and Counter Fraud Progress and Performance for Period to 30 September 2018

1.   Summary

1.1   The Internal Audit Annual Plan was approved by the Audit, Risk and Scrutiny Board on 19 March 2018. Internal Audit measures the progress and performance of the team on a regular basis using a range of performance indicators. This report monitors progress from 1 April 2018 to 30 September 2018, in terms of the delivery of the Audit Plan for the year and compares actual performance against targets set by the Director of Finance and Resources.

1.2   In terms of Counter Fraud, no formal performance targets for fraud investigation have been established for the following reasons. A major part of their work involves being the single point of contact for DWP's Single Fraud Investigation Service. A great deal of effort over the last year has been on increasing fraud awareness amongst employees to prevent fraud from occurring against the Council. The types of fraud referrals received to date are wide ranging and the team's objective is to concentrate on investigating those referrals considered to contain the greatest fraud risk.

1.3   The report details progress against local and national initiatives involving Internal Audit and the Counter Fraud Team from 1 April 2018 to 30 September 2018.

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2.   **Recommendations**

2.1   Members are invited to note the Internal Audit and Counter Fraud Team progress and performance to 30 September 2018.

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3.   **Background**

3.1   The progress and performance of the Internal Audit Team is subject to regular monitoring using a number of performance measures. The Director of Finance and Resources has set annual targets for the team to demonstrate continuous improvement. In terms of the Counter Fraud team, due to the diverse nature of fraud referrals no formal performance targets have been established and the outcomes from investigations is regularly monitored by management.

3.2   Internal Audit and the Counter Fraud Team support a variety of local and national initiatives through participation in professional practitioner groups and co-ordination of national initiatives such as the National Fraud Initiative.

3.3   This report measures the progress and performance of both the Internal Audit and Counter Fraud Team for the period from 1 April 2018 to 30 September 2018.

4.   **Internal Audit Team Performance**

(a)   **Percentage of audit plan completed as at 30 September 2018**

This measures the degree to which the Audit plan has been completed

Actual 2017/18	Annual Target 2018/19	Audit Plan Completion Target to 30 September 2018	Audit Plan Completion Actual to 30 September 2018
93.0%	95.0%	42.8%	45.9%

Actual performance is currently ahead of target.

(b)   **Percentage of assignments completed by target date**

This measures the degree with which target dates for audit work have been met.

Target 2018/19	Actual to 30 September 2018
95.0%	100%

Actual performance is ahead of the target set for the year.

(c) **Percentage of audit assignments completed within time budget**

This measures how well the time budget for individual assignments has been adhered to.

Target 2018/19	Actual to 30 September 2018
95.0%	100%

Actual performance is ahead of the target set for the year, although this is likely to reduce over the remainder of the year.

(d) **Percentage of audit reports issued within 6 weeks of completion of audit field work**

This measures how quickly draft audit reports are issued after the audit fieldwork has been completed.

Target 2018/19	Actual to 30 September 2018
95.0%	100%

Actual performance is ahead of the target set for the year.

5   **Counter Fraud Team Progress and Performance**

5.1   In line with the Service Level Agreement, the Counter Fraud Team act as the Single Point of Contact (SPOC) to route potential housing benefit fraud referrals to the DWP, liaise with the Council's Housing Benefit Team and DWP Fraud Officers and retrieve the necessary evidence for the DWP Fraud Officers from the Housing Benefit System. The resource that has been required for this role continues to be at least one FTE Counter Fraud Investigator.

5.2   The corporate counter fraud plan continues to be progressed. The plan presents a holistic strategy to deter, disable, disrupt, detect, and deal with fraud throughout the Council landscape. A pilot project is currently being progressed using the National Fraud Initiative Application Checker, a service to prevent fraud at the point of application.

5.3   Every new application brings a risk. The person applying may not be who they say they are, or they may fail to declare relevant information, affecting their entitlement to a benefit, service or job.

The service provides access to the information required to evaluate applications, speeding up the process and reducing the risk of fraud. In doing so it allows users to:

- verify an applicant's immigration status;
- cross-check an applicant's identity against known fraudulent identities;
- validate details provided on application forms;
- verify the applicant's welfare entitlement.

5.4   The Policy for the Prevention and Detection of Fraud and Corruption is currently being finalised and will be submitted to Finance, Resources and Customer Services Policy Board for approval.

5.5   Although there are no specific performance measures for counter fraud, the team records the outcomes of investigations in line with any guidance issued by Audit Scotland. The financial and non-financial results for quarter 2 (July 2018 to September 2018) and cumulative for the year 2018/19 are noted in the table below.

Financial Outcomes	Quarter 2 (£)	Cumulative 2018/19 (£)
Cash savings directly attributable to preventative counter fraud intervention	257,963	259,451
Cash recoveries in progress directly attributable to counter fraud investigations	84,610	688,095
Notional savings identified through counter fraud investigation, (e.g. housing tenancy and future council tax)	473,026	941,201*
Non-Financial Outcomes	Quarter 2	Cumulative 2018/19
Housing properties recovered	1	3
Housing applications amended/cancelled	4	7
Blue badge misuse warning letters issued	2	20

* Includes £279,000 correction to quarter 1 figures

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Implications of the Report

1.   **Financial** - The Council has in place arrangements to recover the any financial payments identified from the work of the Counter Fraud Team and the National Fraud Initiative.

2.   **HR & Organisational Development** - None

3.   **Community Planning –**
        Safer and Stronger - effective internal audit is an important element of good corporate governance.

4.   **Legal** - None

5.   **Property/Assets** - None

6.   **Information Technology** - None

7.   **Equality & Human Rights** - None

8.   **Health & Safety** – None

9.   **Procurement** - None

10.   **Risk** - The progress and performance reported relates to the delivery of the risk-based internal audit plan and the mitigation of the risk of fraud and error.

11.   **Privacy Impact** – None

12.   **COSLA Implications** - None

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Author: Karen Campbell – 01416187016

To: **Audit, Risk and Scrutiny Board**

On: **05 November 2018**

Report by: **Director of Finance and Resources**

Heading: **Audit Scotland Report – The National Fraud Initiative in Scotland**

1.   **Summary**

1.1   Audit Scotland's report on the National Fraud Initiative (NFI) in Scotland 2016/17 was published in July 2017 and is attached at Appendix 1.

1.2   The report highlights that Scottish public bodies have recorded outcomes of £18.6 million arising since the last NFI report in June 2014. The cumulative outcomes from the NFI in Scotland are now around £129.2 million and £1.69 billion across the UK.

2.   **Recommendations**

2.1   Members are invited to note the report from Audit Scotland and the position in relation to Renfrewshire Council's arrangements.

3.   **Background**

3.1   The NFI aims to detect and prevent fraud and error through a national data matching exercise across public bodies carried out by Audit Scotland with the aim of identifying instances of possible fraud or error.   The initiative, which is co-ordinated in this council by internal audit, operates on a two-year cycle with the data being downloaded and electronically

matched centrally one year, and the results issued, investigated and reported on the next. In October 2016, data was downloaded from our systems and uploaded onto the secure NFI website and matched. Examples of matches are as follows:

- Council tax records to the latest electoral register
- Housing Benefit to employees and public sector occupational pensions
- Blue Badge records to deceased persons records

3.2   As stated previously, £18.6 million of outcomes have been recorded by Scottish public bodies since the last NFI report in June 2016. This includes £1.8 million of outcomes from further follow-up work on the 2014/15 exercise. Therefore, in absolute terms, £16.8 million of outcomes have been recorded following the investigation of 2016/17 matches to the end of March 2018 and this will continue to rise. The NFI outcome figures include amounts for fraud and error detected as well as an estimate for those future losses that have been prevented.

3.3   Overpayments that are identified thought the initiative allow public bodies to take appropriate action to recover the money. As at 31 March 2018, public bodies were taking action to recover £4.8 million.

3.4   Progress and outcomes arising from the NFI exercise in Renfrewshire Council are regularly reported to members of the Audit, Risk and Scrutiny Board by the Chief Auditor.

Areas for improvement

3.4   The report highlights areas for improvement which should be addressed by participating bodies. These are summarised below along with the current arrangements in Renfrewshire Council and any identified improvement actions:

- Consider using the NFI AppCheck point of application service, the flexible matching service and the Equifax Public Sector Gateway service as appropriate when planning their counter-fraud activities.

  These NFI services incur an additional cost, in order to establish the benefits of the service the corporate counter fraud team have taken advantage of the free trial available for AppCheck and are currently piloting this service for potential fraud. The Council already uses the Equifax service for investigating NFI council tax single person discount matches. Use of the flexible matching service will be given consideration as part of future counter fraud planning activity.

- Consider whether it is possible to work more efficiently on the NFI matches by reviewing the guidance section within the NFI secure web application.

The NFI within the Council is co-ordinated and progress is monitored by the Chief Auditor. Officers within services with responsibility for following up on matches are provided with training and directed to the guidance section within the web application for further guidance. Support is available from the counter fraud team and the Chief Auditor where required.

- Audit Committees, or equivalent, and officers leading the NFI should review the "National Fraud Initiative: Self-appraisal checklist. This will ensure that they are fully informed of their organisation's planning and progress in the 2018/19 NFI exercise.

The self-appraisal checklist was completed as part of the planning activities for the 2018/19 NFI exercise and reported to members of the Audit, Risk and Scrutiny Board in August 2018.

- Where local auditors have identified specific areas where improvements could be made, the public bodies should act on these as soon as possible.

In their 2017/18 Annual Report to those charged with governance Audit Scotland concluded that "from work carried out and through discussion with key officers involved in the process, we concluded that the Council are engaged with the NFI exercise. Investigation of recommended matches is good and appropriate action has been taken in cases where fraud is alleged. Periodic update reports are presented to the Audit Committee therefore members are kept informed of progress towards completing investigations and are aware of the amounts of any frauds or errors identified".

- Local Authorities should investigate the council tax single person discount (SPD) matches, in conjunction with other data-matching suppliers as they determine appropriate, to ensure that their awarded discounts are valid.

The Equifax data matching service is used for investigating council tax single person discount matches.

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Implications of the Report

1.   **Financial** - The Council has in place arrangements to recover the any financial overpayments payments identified through the National Fraud Initiative.

2.   **HR & Organisational Development** - None

3.   **Community Planning –**
        Wealthier and fairer – The National Fraud Initiative (NFI) exercises make a significant contribution to the security of public sector finances

by confirming that services are provided to the correct people and by eliminating fraud and error.

4.   **Legal** - None

5.   **Property/Assets** - None

6.   **Information Technology** - None

7.   **Equality & Human Rights** - None

8.   **Health & Safety** – None

9.   **Procurement** - None

10**.**   **Risk** - Priority is given to investigating matches with a higher risk of fraud and error.

11.   **Privacy Impact** – There is a requirement to issue privacy notices in preparation for the 2018/19 NFI exercise. This requirement has been complied with.

12.   **COSLA Implications** - None

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Author: Andrea McMahon – 01416187017

The National Fraud Initiative in Scotland

AUDIT SCOTLAND

Contents

Audit team

The core team consisted of: Anne Cairns, Parminder Singh, Mark Laird, Alison Turner and Paul Bonfanti, with support from other colleagues and under the direction of Angela Canning.

Links

⬇ PDF download

⬉ Web link

Key facts

£1.69 billion — NFI outcomes cumulatively in the UK

NFI outcomes in Scotland from the 2016/17 exercise — **£18.6 million**

The 2016/17 Scottish outcomes are derived from the 2016/17 exercise and late outcomes from the 2014/15 exercise

2016/17 **£16.8m**

2014/15 **£1.8m**

£129.2 million — NFI outcomes cumulatively in Scotland
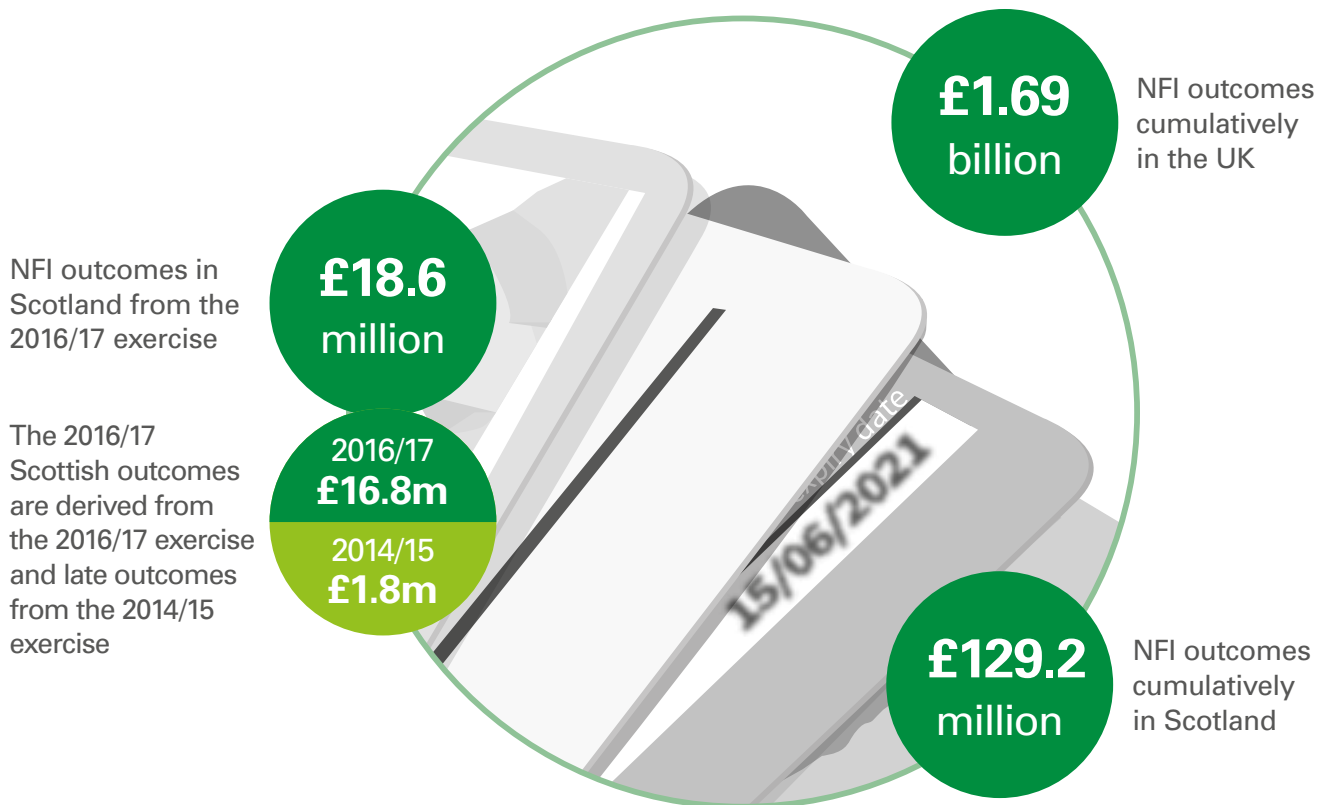
Note: An NFI outcome describes the overall amounts for fraud, overpayments and error that are detected by the NFI exercise and an estimate of future losses that it prevents. Examples of NFI outcomes include housing benefits being stopped or reduced, council tax discounts being reduced or removed, and blue badges being stopped or flagged for future checks.

Summary

Key messages

1 Public bodies spend billions of pounds of taxpayers' money for the benefit of the Scottish population. Public spending systems are complex and mistakes can happen. Some people also seek to exploit the systems and fraudulently obtain services and benefits to which they are not entitled.

2 Fraud does not recognise organisational or geographic boundaries. Sharing data allows organisations to match data held in different systems in their own organisation and held in other organisations. Audit Scotland, working closely with public bodies, auditors and the Cabinet Office, has completed another major data sharing and matching exercise. The National Fraud Initiative (NFI) exercises significantly contribute to the security and transparency of public sector finances. It helps confirm that services are provided to the correct people and reduces fraud and error.

3 The outcomes from the NFI include amounts for fraud and error detected and an estimate for those future losses that have been prevented. Since we last reported on the NFI in Scotland in June 2016, outcomes valued at £18.6 million have been recorded. The cumulative outcomes from the NFI in Scotland since 2006/07 are now £129.2 million. These outcomes represent a significant return to the public sector at a time when Scotland's public finances continue to be under pressure. Across the UK, the cumulative total of NFI outcomes are now £1.69 billion.

4 Data sharing enables matches to be made between bodies and across national borders. Data submitted by Scottish bodies for the 2016/17 NFI exercise helped other organisations to identify outcomes of £1.1 million.

5 Most organisations take advantage of the opportunities provided by the NFI. But some could act more promptly and ensure that sufficient staff are in place to investigate matches, prevent frauds and correct errors.

> NFI contributes to the security and transparency of public sector finances

Recommendations

All participants in the NFI exercise should:

- ensure that they maximise the benefits of their participation. They should consider:
    - using the NFI AppCheck point of application service, the flexible matching service and the Equifax Public Sector Gateway service as appropriate when planning their counter-fraud activities (paragraph 51)
    - whether it is possible to work more efficiently on the NFI matches by reviewing the guidance section within the NFI secure web application (paragraph 61)

- audit committees, or equivalent, and officers leading the NFI should review the *National Fraud Initiative: Self-appraisal checklist* ⬇. This will ensure they are fully informed of their organisation's planning and progress in the 2018/19 NFI exercise (paragraph 58)

- where local auditors have identified specific areas where improvements could be made, the public bodies should act on these as soon as possible (paragraph 63).

Local authorities should:

- investigate the council tax single person discount (SPD) matches, in conjunction with other data-matching suppliers as they determine appropriate, to ensure that their awarded discounts are valid (paragraph 28).

Part 1
Background

Key messages

1 The NFI is a counter-fraud exercise across the UK public sector which aims to prevent and detect fraud.

2 Data matching is an effective and efficient way to identify areas for further investigation by connecting discrepancies between different data sets.

3 The success of the NFI comes primarily from the public servants who investigate the data matches and the external auditors who review their arrangements.

The NFI aims to detect and prevent fraud and error

1. The NFI is a counter-fraud exercise across the UK public sector which aims to prevent and detect fraud. The Cabinet Office oversees it and Audit Scotland leads the exercise in Scotland, working with a range of Scottish public bodies and external auditors. The NFI takes place every second year. The last one was for 2014/15, and we reported on the findings from that exercise in June 2016.[1]

2. The NFI in Scotland is now well established, with the 2016/17 exercise being the sixth exercise since 2006/07. The NFI enables public bodies to use computer data matching techniques to detect fraud and error. Exhibit 1 (page 8) shows the NFI's key features and Exhibit 2 (page 9) illustrates how the NFI exercise works.

3. Public bodies that take part in the NFI in Scotland include the Scottish Government and other central government bodies, all councils, NHS bodies, pension administering bodies, the Scottish Fire and Rescue Service, Police Scotland and colleges.

4. We carry out the NFI process under powers in The Criminal Justice and Licensing (Scotland) Act 2010. It is important for all parties involved that this exercise is properly controlled and data handled in accordance with the law. Appendix 1 (page 31) summarises the key legislation and controls governing the NFI data matching exercise.

the NFI is a counter-fraud exercise across the UK public sector

Exhibit 1
Key features of the National Fraud Initiative

Acts as a deterrent to potential fraudsters	Identifies errors and fraud enabling appropriate action to be taken	Operates across boundaries and public bodies in different sectors and countries
Can provide assurances that systems are operating well	Can identify where system improvements are required	Represents value for money through centralised data processing and identifying targeted high-priority matches
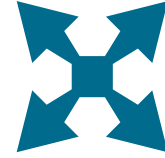
Source: Audit Scotland

5. Fraud does not recognise organisational or geographic boundaries. Data sharing enables the NFI to use technology to compare information about individuals held by different public bodies, and on different financial systems, that might suggest fraud or error exists. This means public bodies can take action if any fraud or error has taken place, and allows auditors to assess the fraud prevention arrangements that those bodies have.

6. The NFI exercises significantly contribute to the security and transparency of public sector finances by:

- ensuring that services are only delivered and benefits are only paid to the correct people

- preventing, identifying and reducing fraud and error

- allowing overpayments to be recovered

- enabling penalties to be imposed.

Exhibit 2
How the biennial NFI exercise works

Data matching exercise every two years in partnership with the Cabinet Office

Participating bodies submit data to a secure website

The NFI system matches data within and between bodies to identify anomalies

Potential anomalies called 'matches' are reported to participating bodies to review, investigate and record outcomes

Auditors monitor participating bodies' processes and progress

NFI outcomes are reported by participating bodies, auditors and Audit Scotland

Source: Audit Scotland

7. The NFI uses data matching to identify potential inconsistencies. Data matching involves comparing sets of data against other records held by the same or another body. This enables us to identify potential inconsistencies, called matches, which may indicate fraud or error and need to be investigated. Public bodies taking part in the NFI exercise investigate matches and record the outcomes based on their investigations. It is up to individual bodies to decide which, and how many, matches to investigate.

8. The NFI matches data in many areas. Examples include the following:

- Council tax records to the latest electoral register, to identify any unreported changes that would affect a resident's council tax discount.

- Housing benefit claimants to various data sets, to check whether a claimant has incorrectly declared their income.

- Public sector pensions to payroll and deceased persons' records. This checks if the death of a pensioner has not been reported. It also identifies where a pensioner has gone back into employment but not reported changes which should have resulted in their pension payment being reduced.

- Blue parking badges to deceased persons' records, to check that the badge is cancelled when a permit holder dies.

9. The NFI outcome figures referred to in this report include amounts for fraud and error detected as well as an estimate for those future losses that have been prevented. Estimates are included where it is reasonable to assume that fraud, overpayments and error would have continued undetected without the NFI data matching.

10. While the cost of fraud and error prevention measures may be estimated, the NFI also has an important deterrent effect that cannot be measured. Regular data sharing and matching exercises such as the NFI may deter people who are considering committing fraud.

11. The NFI's success comes primarily from the public servants who investigate the data matches. External auditors also have an important role. They review and conclude on how effective the local NFI arrangements are. They also provide assurance on the progress being made on the NFI investigations.

12. The public also have a duty to report any change in circumstances that could affect their entitlement to public services such as pensions, benefits or council tax discounts. If they do not, the consequences can be serious and lead to action against them to recover overpayments and possibly being prosecuted for fraud.

Part 2
Results of the 2016/17 NFI exercise

Key messages

1 Across the UK, £301 million of outcomes have been identified by the 2016/17 NFI exercise.

2 In Scotland, £18.6 million of fraud and error outcomes were identified from the 2016/17 NFI investigations.

3 Cumulative NFI outcomes are £1.69 billion for the UK, and £129.2 million for Scotland.

4 As at 31 March 2018, there was £4.8 million of recovery action being taken in Scotland on overpayments identified by the 2016/17 NFI exercise.

The NFI has identified £18.6 million of fraud and error

13. Overall, the 2016/17 NFI exercise has identified outcomes valued at £301 million across the UK, with a cumulative total of £1.69 billion since the first NFI exercise in 2006/7.

14. NFI outcomes in Scotland have increased from £16.8 million in the 2014/15 exercise, to £18.6 million in the 2016/17 exercise. Cumulative outcomes from the NFI in Scotland are now at £129.2 million and represent a significant return to the public finances of Scotland.

15. The 2016/17 outcomes for Scotland are split:

- £16.8 million of outcomes from the 2016/17 NFI matches.

- £1.8 million from late outcomes from the 2014/15 NFI.

16. In total, 113 Scottish public sector bodies participated in the 2016/17 NFI exercise, with 656,955 matches being identified for these Scottish bodies to consider. In the 2014/15 NFI exercise, 104 Scottish bodies took part and received 347,715 matches. It is up to individual bodies to decide which, and how many, matches to investigate.

17. The evidence from previous exercises is that between reports, outcomes continue to be delivered. The 2014/15 and 2012/13 NFI reports showed that 12 per cent and 20 per cent of the outcomes arose after March 2016 and March 2014 respectively. If this pattern is continued we could expect to see further outcomes in the region of £2 million from the 2016/17 NFI.

£18.6 million of fraud and error identified in the Scottish public sector

18. Importantly, once overpayments have been identified, public bodies can take appropriate action to recover the money. As at 31 March 2018, public bodies were taking action to recover £4.8 million (£4.6 million was being recovered at the end of the 2014/15 NFI in March 2016).

19. The areas which generated the most outcomes from the current exercise were (Exhibit 3):

- pensions – 34 per cent (£6.3 million)

- council tax discounts – 24 per cent (£4.4 million)

- blue badges – 14 per cent (£2.6 million).

Exhibit 3
Eight areas generated about 95 per cent of the NFI outcomes in Scotland

£6.3m
280 occupational pensions stopped or reduced

£2.6m
4,505 blue badges stopped or flagged for future checks

£0.1m
5 invalid student funding applications

£0.1m
13 payroll outcomes

Outcomes

£1.05m
168 creditor errors identiified

£4.4m
4,802 council tax discounts removed

£2.1m
710 benefit payments stopped or reduced

£0.9m
100 private care home residents' payments stopped
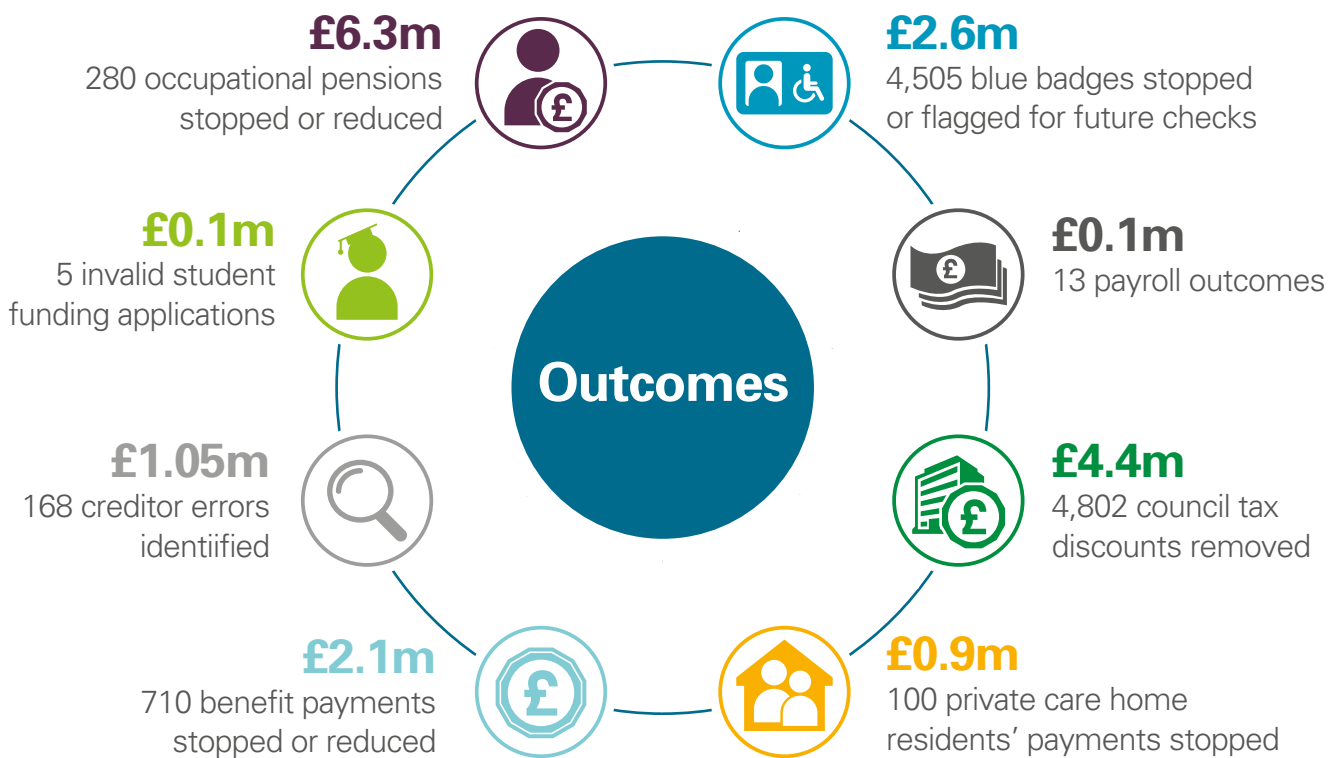
Source: The Cabinet Office NFI secure web application

20. The NFI outcome figures include amounts for fraud and error detected as well as an estimate for those future losses that have been prevented. High levels of outcomes could be due to increased fraud and error in the system, better detection of fraud and error or poor internal controls.

21. Equally important is the assurance the NFI gives to the public bodies with few matches that, in the areas covered by the exercise, there do not appear to be significant problems. These bodies also benefit from the deterrent effect the NFI creates.

NFI outcomes from specific matches

Pensions

22. The NFI provides councils that administer pensions and the Scottish Public Pensions Agency (SPPA) with an efficient and effective way of checking that they are only paying people who are alive. The 2016/17 NFI helped these bodies identify 225 pensioners whose deaths had not been reported to them (195 in NFI 2014/15).

23. The number of outcomes for pensioners who have gone back into employment that should have resulted in their pension being reduced has increased from 22 to 55 since the 2014/15 NFI. This may indicate that people are more inclined to work after pensionable age.

24. In total, pensions' outcomes for the 2016/17 NFI are £6.3 million compared with £4.6 million for 2014/15 (Exhibit 3, page 12). This equates to an average outcome of £22,500 for each case.

Case study 1

SPPA – NHS superannuation scheme re-employment controls

As a result of the NFI matches identifying pensioners who have entered re-employment, controls have been strengthened in the re-employment data set within the payroll administration system to include earnings limits. This should help identify pension overpayments in the future.

Source: SPPA

Council tax

25. People living on their own, or with no countable adults in the household, are eligible for a 25 per cent Single Person Discount (SPD) on their annual council tax bill. The Scottish Government estimates that two-fifths of chargeable dwellings were entitled to the discount in 2017. Based on the average band 'D' council tax charge for Scotland in 2017, this equates to an annual discount cost of £285 million.[2] This demonstrates that the SPD is of considerable value.

26. The 2016/17 NFI exercise found that the total council tax discount incorrectly awarded across Scottish councils totalled £4.4 million (£5.6 million in 2014/15) (Exhibit 3). This is an average outcome of £916 for each case.

27. It is not for Audit Scotland to decide which data matching service a council should use and when. The NFI is one of the proven ways councils can address fraud and error in this area. Councils can also use credit reference agencies to match single-person details against a wider range of data sets such as credit and utility records. Angus and Perth and Kinross councils decided not to upload data for this particular data match as they use alternative data matching sources. A number of councils, which did submit data to the NFI, also use alternative data matching. For example, several councils used credit reference agencies. In addition, North Ayrshire Council carried out payroll to council tax matching.

28. We recommend that councils investigate the SPD matches, in conjunction with other data matching suppliers as they determine appropriate, to ensure that their awarded discounts are valid.

29. Council tax reduction replaced council tax benefit in 2013. It helps those on low incomes to pay their council tax bills. The NFI provides councils with the opportunity to identify a wide range of council tax reduction fraud and errors. The 2016/17 NFI is the first time council tax reduction data sets have been included within the NFI. Outcomes of £0.5 million were identified.

Case study 2

Midlothian Council – council tax SPD

An NFI match identified that another adult was resident in a property where a customer was receiving a council tax SPD of about £330 a year. An investigation established that the tenant's brother had been the only person in the property and the tenant had been privately renting another property. The tenant had also submitted several applications to buy the council property under the 'right to buy' scheme. Evidence was obtained that the tenant was married and was living with her new husband.

The 'right to buy' application was cancelled, resulting in the tenant not receiving her £15,000 discount and the tenant signed over her council tenancy back to the council. Council records have been updated and the tenant's brother is now liable for council tax from 2014. The council has issued council tax bills totalling £1,743.67.

Source: Midlothian Council and the Cabinet Office NFI secure web application

Blue badges

30. The blue badge parking scheme allows individuals with mobility problems to park for free at on-street parking meters, in 'pay and display' bays, in designated blue badge spaces, and on single or double yellow lines in certain circumstances. Badges are sometimes used or renewed improperly by people after the badge holder has died. It is an offence for an unauthorised person to use a blue badge and, importantly, the space is denied to people with actual mobility issues.

31. Councils do not always attempt to recover a badge relating to a deceased person to avoid causing distress to bereaved families. But by flagging the relevant records, they can at least ensure that badges are not incorrectly renewed in the future.

32. Scottish councils have reported correcting 4,505 blue badge records (3,073 in the 2014/15 NFI) where the NFI helped them to identify that the holder had died (Exhibit 3, page 12). North Lanarkshire Council has recorded the highest level of outcomes, correcting 751 blue badge records.

Case study 3

The Moray Council's 'tell us once' approach

The council operates a process called 'tell us once'. This means that when a death is registered, the registrar informs the relevant council and government departments. This includes advising the blue badge department to allow cancellation of blue badges on the council database. This process has reduced the risk of blue badges continuing to be used fraudulently or improperly. It also reduces the stress and burdens placed upon relatives of the deceased.

Source: The Moray Council

Benefits

33. The NFI provides councils and the Department for Work and Pensions (DWP) with the opportunity to identify a wide range of benefit frauds and errors. The most common are caused by undeclared occupational pensions and undeclared earnings from public sector employment. Exhibit 4 summarises the benefit outcomes from the last three NFI exercises.

Exhibit 4
Housing and other benefit outcomes

2012/13	2014/15	2016/17
£5 million (1,862 cases)	£3 million (868 cases)	£2.1 million (710 cases)
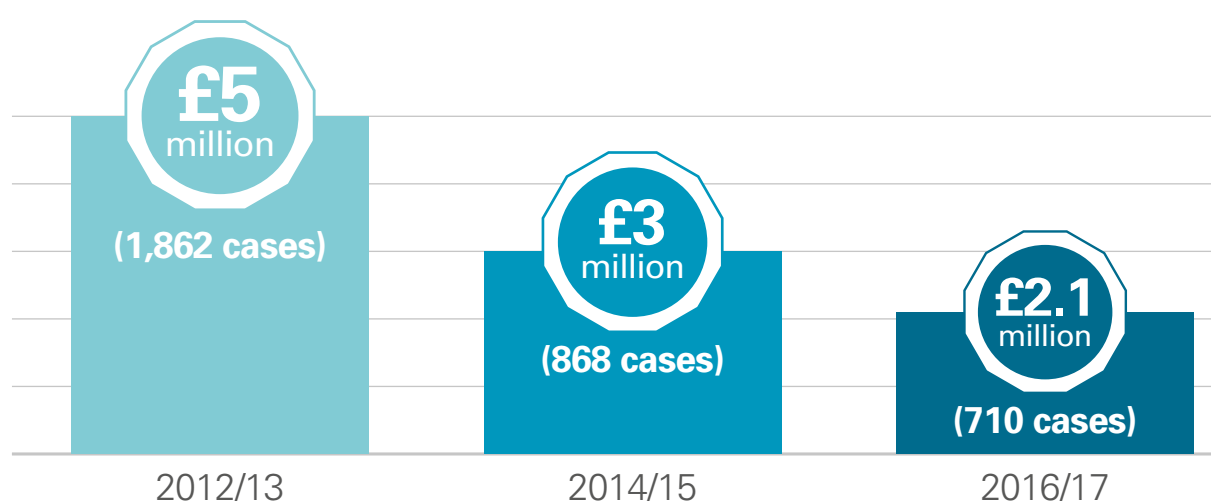
Source: The Cabinet Office NFI secure web application

34. This indicates that there has been a further decline in benefit outcomes since the last exercise. The possible reasons are as follows:

- The transfer of responsibility for investigating benefit fraud from councils to the DWP's Single Fraud and Investigation Service from 2015/16. This means that local authority investigators are now concentrating on other areas.

- The DWP is now using real-time information (RTI) payroll and pension information, to help prevent benefit overpayments occurring.

- The DWP only investigates potential frauds of a significant value.

- Efforts by public bodies to continuously improve housing benefit systems. Councils are also participating in DWP schemes such as the Right Benefit Initiative from April 2017, which aims to identify and reduce housing benefit fraud and error.

35. The number of housing benefit cases recorded with overpayments has fallen from 868 in the 2014/15 NFI to 710 in the 2016/17 NFI (Exhibit 3, page 12). Although the individual value of overpayments has also fallen from £3,515 to £2,923, it still indicates that councils are effectively targeting high-value and high-risk matches first.

36. In terms of value, Glasgow City Council and Aberdeen City Council have so far achieved the highest levels of outcomes from their 2016/17 NFI benefits investigations, with £306,645 and £224,666 respectively.

Case study 4

East Dunbartonshire Council – housing benefit and council tax reduction

A housing benefit and council tax reduction scheme match identified that a claimant was no longer residing in the local area. This resulted in £4,200 of overpaid housing benefit and council tax reduction being identified. It was also established that the landlord had returned to live in the property and had evaded his £7,200 council tax liability by not informing the council of the change of occupancy. The landlord is currently repaying his council tax debt.

Source: East Dunbartonshire Council and the Cabinet Office NFI secure web application

Creditors

37. The NFI provides an efficient way to check for duplicate payments and that payments are made only to appropriate creditors. The 2016/17 NFI detected 168 creditor overpayments of £1.05 million compared to 139 overpayments worth £0.71 million in 2014/15 (Exhibit 3). Recovery action is taking place for £1.03 million (154) of these overpayments. In other cases, overpayments have already been returned or credit notes provided. These outcomes are all as a result of duplicate payments made in error.

38. Those bodies delivering the highest value of error from 2016/17 investigations are the Scottish Government (£278,981) and the Scottish Fire and Rescue Service (£134,892).

Case study 5

NHS Lanarkshire – creditors

Previous NFI exercises identified a few duplicate payments which had not been picked up through the health board's normal creditor controls. Based on this, the finance department put in place a new monthly IT report to identify duplicate payments. This additional control has resulted in a reduction in duplicate payments and where NFI now picks up duplicate payments these have already been resolved by the finance department.

Source: NHS Lanarkshire

Payments to private care homes

39. Councils have identified 100 cases of overpayments to care home providers for people who have died. These were worth £865,173 (Exhibit 3, page 12). Eight cases totalling £103,111 were identified in the 2014/15 NFI exercise. All of these overpayments are being recovered.

40. Owing to the significant increase in identifying overpayments to care providers, East Dunbartonshire Council has undertaken a pilot looking at matching all social care costs for clients to deceased records (Case study 10, page 29).

Case study 6

Aberdeen City Council – residential care homes

Following the death of a resident, the care home is responsible for notifying the council. The 2014/15 NFI identified an issue involving payments to care homes. In some cases, care homes were not notifying the council quickly when residents died resulting in payments continuing when they should have stopped.

Processes were introduced to use information from the council's 'tell us once' initiative. This data is checked daily, resulting in payments to care homes being stopped much earlier.

Source: Aberdeen City Council

Payroll

41. This match includes all participating bodies' employee payroll data as well as those of MSPs and councillors. The NFI can identify cases of potential payroll fraud. Investigations may lead, for example, to the discovery that employees are in breach of conditions of service or EU working time limits. Excessive working hours may also pose public safety risks.

42. The NFI also matches payroll data to Home Office immigration data. It is unlawful to seek employment if you are not entitled to live or work in the UK. The NFI allows public bodies to supplement their recruitment checks.

43. Thirteen payroll outcomes valued at £128,963 have been reported for the 2016/17 NFI exercise (Exhibit 3, page 12). The matches also resulted in the following:

- One public sector employee being dismissed. The employee was dismissed after he did not return from annual leave, could not be contacted and it was confirmed that he did not have permission to live or work in the UK.

- An employee resigning after being challenged about residency status.

- Two public sector employees being removed from the NHS bank staffing lists after it was confirmed that they did not have permission to live or work in the UK. One was in the process of being removed from the list after the NHS board became aware that they were no longer permitted to work in the UK. The other employee was removed from the bank list after the Home Office informed the NHS board that the employee no longer had the right to work in the UK.

Student immigration checks

44. The NFI provides the Student Awards Agency Scotland (SAAS) with matches identifying cases where students may not hold valid permissions to live or study in the UK.

45. The NFI exercise identified five cases where students were found not to be entitled to receive support. These students had received student support amounting to £0.1 million (Exhibit 3). The 2014/15 NFI identified overpayments of £0.2 million in ten cases where students were not entitled to support.

New matches were introduced in 2016/17

Housing waiting lists

46. Housing waiting list data was a new data set required for the 2016/17 NFI exercise. The aim is to identify possible cases of waiting list fraud. This happens when an individual has registered on the waiting list but there are possible undisclosed changes in circumstances or false information has been provided.

47. Councils identified 90 cases where applicants were removed from waiting lists. East Dunbartonshire Council identified 71 (79 per cent) of these cases.

Matches benefiting other public bodies

48. One key benefit of a UK-wide data matching exercise is that it enables matches to be made between bodies and across national borders. Scottish data for the 2016/17 NFI exercise benefited wider public bodies, both within and outwith Scotland to take action on 568 outcomes worth £1.12 million (Exhibit 5). There were 396 outcomes totalling £0.7 million in the 2014/15 NFI. Most of these outcomes are from cross-body housing benefits, council tax reductions and housing waiting list matches.

49. For those public bodies taking part in the NFI which may not always identify significant outcomes from their own matches, it is important to appreciate that other bodies and sectors may do so.

Exhibit 5
Matches benefiting other bodies both within and outwith Scotland

2016/17
£1.12m
568 outcomes

Local government	Central government	NHS	Further education
£520,948	**£438,206**	**£155,566**	**£7,073**
232	254	77	5

2014/15
£691,570
396 outcomes

£153,825	£390,549	£147,196	0
62	269	65	0
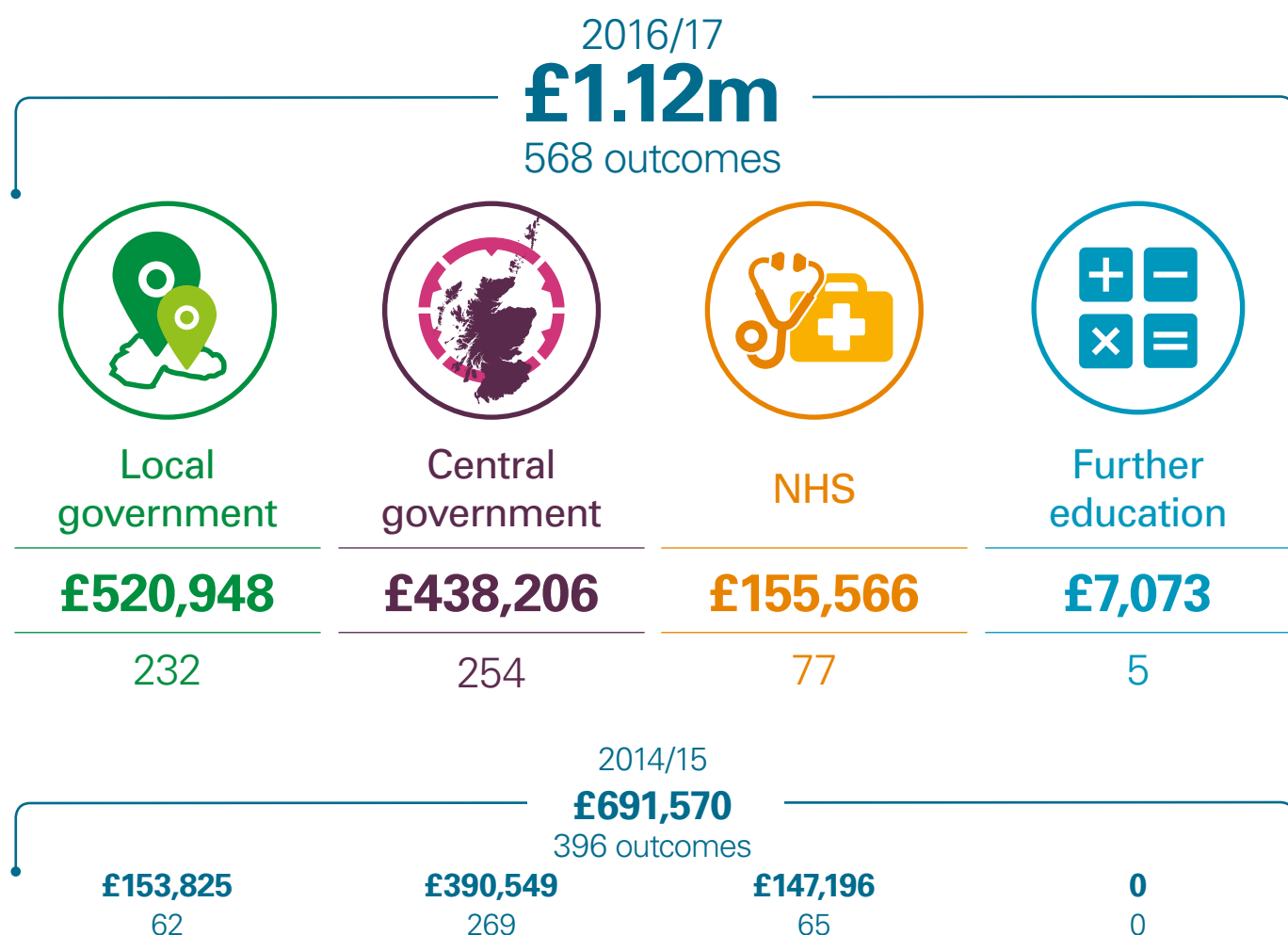
Source: The Cabinet Office NFI secure web application

Other NFI services to prevent and detect fraud

50. As well as the main data matching exercise which takes place every two years, the NFI exercise provides other services to help identify and prevent fraud and error:

- The NFI AppCheck helps bodies check applications at the start of the process. New applications for jobs, a service or benefits bring risks. The person applying may not be who they say they are, or they may fail to declare relevant information. This preventative service provides access to information allowing organisations to stop fraudulent applications from being successful. For example, it allows users to verify an applicant's immigration status, validate details provided on application forms and verify the applicant's welfare entitlement.

- The flexible data matching service allows participating bodies to re-check any of the existing NFI data matches when it is convenient for them. This service matches data from the most recent NFI exercise with regularly refreshed data.

- With the Equifax Public Sector Gateway, NFI participants can complete additional checks on the NFI matches. This function allows NFI users to check current residency data, records of deceased persons and data about other individuals who may be living at an address.

51. Several Scottish organisations have used these additional NFI services. We recommend that bodies consider using the NFI AppCheck, flexible matching service and the Equifax Public Sector Gateway service when planning their counter-fraud activities.

Case study 7

East Dunbartonshire Council – use of AppCheck

An individual applied to East Dunbartonshire Council for a taxi licence. The council used AppCheck and discovered that the applicant has a Glasgow address and also a tenancy in Milton Keynes. The investigation led to Milton Keynes Council recovering their property.

Source: East Dunbartonshire Council

Costs and benefits of participating in the NFI

52. The estimated value of the NFI to the public purse since we last reported in June 2016 is £18.6 million in outcomes. Some of this represents overpayments that will never be recovered and estimated values that have been attached, for example to cancelling a blue badge. These amounts may not translate into cash savings, but they are still valuable outcomes.

53. We previously consulted public bodies and established from those that responded that the NFI overpayments are usually subject to the same recovery processes that apply to other debt. Most bodies do not keep separate records of

the NFI recoveries. Indeed, we would prefer that bodies devoted their resources to investigating, rather than separately recording the NFI overpayments that are often recovered by frequent small payments over long periods of time.

54. Based on the current NFI exercise, public bodies have indicated that the NFI overpayments being recovered are £4.8 million (88 per cent of overpayments identified, excluding estimates). The estimated forward savings are £13.1 million from areas such as benefits and pensions. This is public money that has been prevented from being paid out in fraud or error following investigations. We estimate that at least 70 per cent of the total outcomes of £18.6 million are actual cash savings or money being recovered for the public purse.

Part 3
How public bodies work with the NFI

Key messages

1 83 per cent of participating public bodies managed their roles in the 2016/17 NFI exercise satisfactorily. This is an improvement since the NFI 2016 report, when it was 80 per cent.

2 All bodies have taken appropriate action in cases where fraud is alleged.

3 The effectiveness of the NFI arrangements has improved across the central government and NHS sectors. The picture for councils is mixed.

4 NFI arrangements in colleges are generally sound but could be further developed.

5 62 per cent of audit committees reviewed our last NFI report and carried out the self-assessment checklist contained within it. This is an improvement since the 2014/15 NFI report when only 31 per cent of audit committees reviewed the self-assessment checklist.

6 About a third of bodies could follow up their matches more promptly. This is a slight improvement since the 2016 NFI report, when the figure was 41 per cent.

most public bodies manage their role in the NFI satisfactorily

Overall findings

55. Auditors concluded that 83 per cent of participating bodies had managed their role in the 2016/17 NFI exercise satisfactorily (80 per cent in the NFI 2016 report). No participating bodies were assessed as requiring to improve urgently. These conclusions continue to indicate a high degree of commitment to the NFI and that most participating bodies are taking the NFI seriously by putting adequate arrangements in place.

56. Audit work indicates that central government bodies have better arrangements compared with the NHS, local government and college sectors (Exhibit 6, page 23). This may be because many central government bodies have less direct interaction with the public. This, in turn, means that most central government bodies have fewer types of data matches to process for the NFI exercise.

Exhibit 6
External auditor review of NFI arrangements
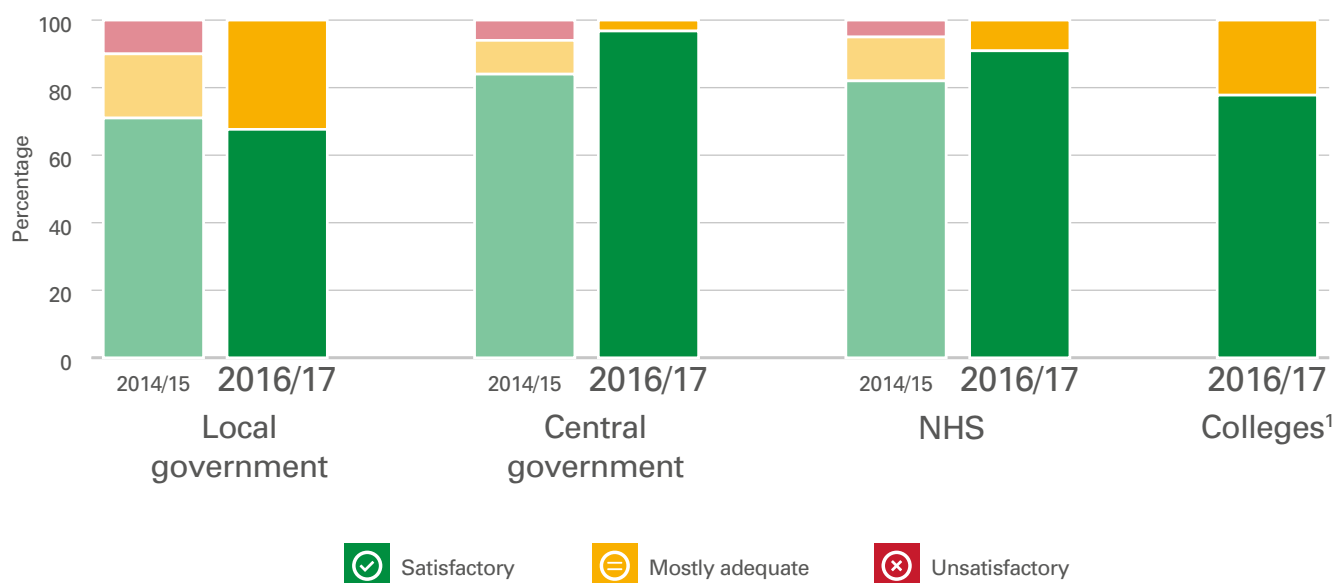
Note: 1. Only two colleges took part in the 2014/15 NFI.

Source: External auditors

57. We held an NFI workshop in March 2017 for participating bodies. The workshop was well attended with over 50 participants from NHS, councils and central government bodies. The aim was to work through recommended approaches to the NFI with both experienced users of the NFI system and other new users for the 2016/17 exercise. The NFI team facilitated the sharing of good practice on the day. We plan to hold more events in autumn 2018 to help improve public bodies' outcomes from the next NFI exercise.

58. We recommend that all bodies use our *National Fraud Initiative: Self-appraisal checklist* ⊕ to self-appraise their involvement in the NFI before and during the 2018/19 NFI exercise.[3] Part A of the checklist is designed to help audit committee members when they are reviewing, seeking assurance over or challenging how effectively their public body participates in the NFI. Part B of the checklist is for staff involved in planning and managing the NFI exercise.

Areas for further improvement

59. Auditors reviewed each body's planning and progress five months after the release of matches to participants and provided recommendations for improvement where appropriate. Overall, auditors' conclusions demonstrate that there is a high level of involvement by participating bodies with the NFI. There are still areas where they could improve further (Exhibit 7, page 24). In particular, auditors assessed 17 per cent of participating bodies overall as being 'mostly adequate'. This means that although these bodies' NFI arrangements are generally sound, there are some specific areas where they must improve further.

Exhibit 7
Conclusions from audit work on NFI participating bodies

Key questions (from local auditor questionnaire)	Conclusion
Overall, how do you rate your audited body's engagement with the NFI exercise (planning, progress and response to outcomes)?	83% 17% 0%
Has the body completed its review of the 2016/17 matches?	75% 23% 2%
In the auditors' judgement has the body made satisfactory progress with processing its NFI matches?	78% 22% 0%
Has the body taken appropriate action in cases where fraud is alleged?	100%
Has the body reported internally or externally on NFI progress and outcomes, eg to senior management/elected members/audit committees?	83% 15% 2%
Does internal audit, or equivalent, monitor the body's approach to the NFI and the main outcomes, ensuring that any weaknesses are addressed in relevant cases?	78% 13% 9%
Do all departments involved in the NFI start the follow-up of matches promptly after they become available?	70% 23% 7%
Did the body's audit committee (or equivalent) and the key contact review the self-appraisal checklist in the 2016 NFI report as a means of monitoring the body's planning and progress with the 2016/17 exercise?	62% 23% 15%
Is the body deploying appropriate resources on managing the NFI exercise?	85% 11% 4%

✓ Satisfied   ⊖ Mostly adequate   ⊗ Unsatisfactory

Source: Audit Scotland based on audit work in Scottish public sector bodies

60. It is worth noting from audit work that:

- auditors reported concerns in seven per cent for not following up matches promptly. This figure has improved considerably from the 2014/15 NFI exercise when auditors reported concerns in 41 per cent

- most of the staff directly involved in preparing for the NFI and following up matches demonstrate commitment. Auditors identified that there were issues in four per cent of bodies because of limited NFI skills, insufficient authority and/or not enough time available to coordinate the exercise. This is an improvement from the 2014/15 NFI exercise (16 per cent)

- auditors reported that in 15 per cent either the audit committee (or equivalent) or the key contact did not review the self-appraisal checklist to monitor the body's planning and progress with the 2016/17 NFI exercise. This compares favourably with the 2014/15 NFI exercise (69 per cent).

61. We recommend that bodies review the guidance section within the NFI secure web application to identify possible ways of working more efficiently on the NFI matches.

62. Overall, auditors found an improved picture of involvement by all bodies compared with the 2014/15 exercise.

63. We recommend that where local auditors have identified specific areas where improvements could be made, the public bodies should act on these as soon as possible.

Actions to improve the NFI

Scottish Parliament post-legislative scrutiny review of the NFI

64. The Scottish Parliament's Public Audit and Post-legislative Scrutiny Committee published a report in September 2017 following its post-legislative scrutiny review of the NFI.[4] The committee concluded that the NFI was a success story in Scotland. It had improved the transparency of public finances and clawed back millions of pounds that would otherwise have been lost to fraud or error. The committee outlined several recommendations for ways in which the NFI could be strengthened.

65. We welcome the committee's report and recommendations on the NFI. We have been considering the report's implications and are working alongside the Scottish Government and partner bodies to enhance the impact of the NFI in the following ways:

- Raising awareness of the NFI by promoting the publication of this report on our website and social media. We also gave presentations earlier this year on the NFI at national events on tackling fraud and error in Scotland.

- Holding events with NFI participants, the Cabinet Office and the NFI data processing contractor to identify new and emerging key fraud risks within public sector bodies. The outcomes from these events will be used to enhance the existing NFI processes and data sets where possible.

- Working with the Cabinet Office and other UK audit agencies to identify additional data sets to include in the NFI.

- Working to identify additional public bodies which may benefit from being included in the NFI. For example, the Scottish Government is considering the feasibility of an NFI pilot for housing associations. All new public bodies created in Scotland will be considered for inclusion in the NFI, such as the new social security agency.

Case study 8

NHS Scotland Counter Fraud Service – use of social media

In February 2018, the NHS Scotland Counter Fraud Service launched a new social media page on Twitter. This page provides details of its work protecting the NHS and public sector from financial crime and provides updates and advice from counter-fraud services.

Source: NHS Scotland Counter Fraud Service

Case study 9

NHS Scotland Counter Fraud Service – *Accurate and Honest Declarations Guide*

The NHS Scotland Counter Fraud Service is working on patient applications for exemptions by supporting its partner organisations as they design systems and processes that reduce fraud. The service has published an *Accurate and Honest Declarations Guide* to designing application forms and declarations. It provides an explanation of the principles that should be adopted by those designing application processes, both internal and external. It also includes the latest insights from behavioural economics and a section on digital signatures.

Source: NHS Scotland Counter Fraud Service

Costs of NFI
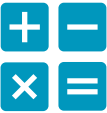
66. Audit Scotland funds the cost of the NFI system and the biennial data matching for Scottish public sector bodies (£189,650 for the 2016/17 exercise). Participating bodies incur costs following up matches and investigating. Participating bodies also incur costs for additional services such as the AppCheck pre-application screening, which currently costs £1,850 a year.

67. Many bodies do not keep separate records for NFI costs as it is just one of many counter-fraud activities they are doing. Those that did have records were able to estimate that their costs ranged from £255 to £40,000 (Exhibit 8, page 27). This compares favourably with the average outcome for each public body in Scotland of £165,000 for the 2016/17 NFI.

68. Overall, the £18.6 million of outcomes from the 2016/17 NFI outweigh the costs.

Exhibit 8
Cost of NFI

	Sector	Details		Cost
	Local authority	7	councils estimated the financial cost	Costs range from £9,000 to £40,000 0 £9,000 £40,000
	Central government	7	bodies estimated the financial cost	Costs range from £255 for a small body to £20,000 for larger bodies £255 £20,000
	Health	7	boards estimated the financial cost	Costs range from £600 for a special board to £20,000 for a territorial board £600 £20,000
	Colleges	1	body estimated the financial cost	£2,000 0 £2,000

Source: NFI local auditor questionnaire

Part 4
Future developments

Key messages

1 The 2018/19 NFI is due to start in autumn 2018 and we will review which bodies should be asked to submit data.

2 The NFI is now developing new ways to prevent and detect fraud.

Participating bodies and data sets

69. The 2018/19 NFI exercise is due to start in autumn 2018. We will continue to look at which bodies should be asked to submit data and which data sets should be included in the NFI. It is unlikely that the number of bodies will increase significantly.

70. We continue to work with NFI participants to find new ways to prevent and detect fraud and error. This includes identifying any emerging fraud risks.

71. Providing social care is one of the largest expenditure areas for councils. This is a complex area where client care requirements often change. Council social work services need to ensure that payments are accurate and reflect the level of care being provided. East Dunbartonshire Council has reviewed its social work systems to investigate, through an NFI pilot exercise, if it can use data matching to ensure that social care payments are cancelled when a customer dies (Case study 10, page 29). As a result of the pilot, an optional additional data match will be available to all councils for the 2018/19 NFI exercise.

72. The Cabinet Office and the Wales Audit Office are considering if they can use HMRC data along with credit reference data to identify any fraud and error in student awards. The aim of this pilot exercise is to identify economically active residents in the same household as students who have not been declared on student funding applications. This pilot work is being taken forward in Scotland through the Student Awards Agency for Scotland.

73. We are also investigating the possibility of working with the NHS Scotland Counter Fraud Service to identify potential areas for further data matching using NFI data sets in preventing and detecting patient exemption fraud.

74. We continue to work with the Scottish Government in promoting and enhancing participation in the NFI.

we continue to work with public bodies to find new ways to prevent and detect fraud and error

Case study 10

East Dunbartonshire Council – NFI pilot in social care

A pilot was undertaken to investigate if data matching could be used to ensure that social care payments were cancelled when a client died. Currently the NFI only matches the following:

- Private residential care home residents to deceased person records.

- Personal budget direct payments to housing benefits, pensions, Amberhill[1] and other councils' personal budget data.

The council matched data for all clients on the social work system against deceased person data and identified 15 errors. This consisted of nine clients who received care from external providers and payments continued after the client's death, and six additional clients who received care from the council. The overpayments identified for the nine clients of the external providers totalled £40,266. The council has now recovered the full amount from the care providers. In the cases of the six clients who received care from the council, it was confirmed that the care had stopped when the client had died.

The council has now introduced additional controls to strengthen its systems.

Note: 1. Amberhill is a system used by the Metropolitan Police to authenticate documents presented for identity verification.

Source: East Dunbartonshire Council and the Cabinet Office NFI secure web application

The Code of Data Matching Practice

75. Audit Scotland's Code of Data Matching Practice has been updated for the 2018/19 NFI exercise. It was issued for a six-week consultation in May 2018. The revised Code reflects important data protection changes introduced by the General Data Protection Regulation (GDPR) (Regulation (EU) 2016/679) and the subsequent Data Protection Act 2018. Once finalised, we will conduct data matching exercises under the requirements of the new Code.

The 2018/19 NFI exercise

76. The 2018/19 NFI will be continuing with successful batch data matches. We will also continue to promote the flexible and real-time data matching options aimed at fraud prevention through the application checker module (AppCheck) and the flexible matching service.

77. The data sets included within the NFI are being reviewed with a view to adding more. The Cabinet Office and other UK audit agencies are seeking to raise awareness of, and get more bodies involved in, the NFI.

78. We look forward to the next NFI exercise and continuing to work with the Cabinet Office, other UK audit agencies, and participating bodies in progressing NFI improvements. This will include promoting NFI wherever possible. This should strengthen arrangements to help safeguard public money against losses from fraud and error.

Endnotes

1 *The National Fraud Initiative in Scotland 2014/15* ⊕, Audit Scotland, June 2016.

2 *Scottish Local Government Financial Statistics 2016/17*, Scottish Government, February 2018.

3 *National Fraud Initiative: self-appraisal checklist* ⊕, Audit Scotland, March 2018.

4 *Post-legislative Scrutiny: The National Fraud Initiative*, The Scottish Parliament Public Audit and Post-legislative Scrutiny Committee, September 2017.

Appendix 1
NFI governance arrangements

Background

This appendix summarises the key legislation and controls governing the NFI data matching exercise.

Legislation

The 2016/17 NFI exercise was carried out under powers given to Audit Scotland for data matching included in The Criminal Justice and Licensing (Scotland) Act 2010.

The Criminal Justice and Licensing (Scotland) Act 2010 includes important data protection safeguards. These include a requirement for us to prepare a Code of Data Matching Practice, and to consult with the UK Information Commissioner and others before publication. Our code that was in place for the 2016/17 NFI exercise, The Code of Data Matching Practice 2010, ensures that the NFI exercises continue to comply with:

- data protection requirements

- best practice in notifying individuals about using their information for the NFI.

We have updated the Code of Data Matching Practice for the 2018/19 NFI exercise. We did this to reflect important data protection changes introduced by the General Data Protection Regulation (GDPR) (Regulation (EU) 2016/679) and the subsequent Data Protection Act 2018.

The NFI web application

Bodies access the application online using passwords and encryption controls similar to internet banking. The secure website is the safest method of providing the data matches to bodies. The Cabinet Office regularly reviews the application and implements changes to improve its functionality, ease of use, and security.

Interactive training is available to participating bodies and auditors through the web application to support the Cabinet Office and Audit Scotland Guidance.

Security review and accreditation

The NFI system has gone through the Cabinet Office's information assurance and risk management process. This means the system is HM Government-accredited annually to store and process data.

Any firm processing data for the Cabinet Office will do so under a contract in writing. This imposes requirements covering technical and organisational security standards. Under the contract the firm may only act on instructions from the Cabinet Office. The Cabinet Office, assisted by Audit Scotland and the other UK public sector audit agencies, reserves the right to review the firm's compliance with these standards at any time. The Cabinet Office also requires annual security testing, supplemented by additional tests as appropriate.

This accreditation involves demonstrating that the NFI is suitably secured and that information risks are managed to government standards.

All of these measures provide current and future NFI participants with assurances that data is processed according to rigorous government security standards.

Appendix 2
Estimation bases

The figures used in this report for detecting fraud, overpayments and errors include outcomes already delivered (actual amounts participants have recorded) and estimates. Estimates are included where it is reasonable to assume that incidents of fraud, overpayments and errors would have continued undetected without NFI data matching.

Details of estimate calculations used in the report are shown below.

Data match	Basis of calculation of estimated outcomes
Pensions	Annual pension multiplied by the number of years until the pensioner would have reached the age of 85.
Council tax single person discount	Annual value of the discount cancelled multiplied by two years.
Council tax reduction scheme	Weekly change in council tax discount multiplied by 21 weeks.
Housing benefit	Weekly benefit reduction multiplied by 21 weeks.
Blue badges	Number of badge holders confirmed as having died multiplied by £575 to reflect lost parking and congestion charge revenue.
Payroll	£5,000 for each employee who is dismissed or resigns as a result of NFI matching, or £10,000 for each resignation or dismissal for employees who have no right to work in the UK. Estimates based on the past value of fraud (for example incorrect payment of sick leave), the costs associated with removing fraudulent employees from their posts, and the preventative forward savings for avoidance of a Home Office penalty for employing illegal workers. £50,000 for employees removed from the UK.
Social housing waiting lists	£3,240 for each case based on the annual estimated cost of temporary accommodation and the likelihood that future losses would occur owing to waiting list fraud, multiplied by two years.
Private care homes	£7,000 for each case based on average weekly cost of residential care multiplied by 13 weeks.

Source: Cabinet Office NFI team

The National Fraud Initiative in Scotland

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

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Renfrewshire Council

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To: **Audit, Risk and Scrutiny Board**

On: **5 November 2018**

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Report by: **Director of Finance and Resources**

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Heading: **'Risk Matters' – combined risk management policy & strategy**

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1.   **Summary**

1.1   Risk Matters is formally reviewed with approval sought at board level every two years and an interim review conducted by the Corporate Risk Management Group on behalf of the Corporate Management Team.

1.2   At this time there are no material changes proposed to Risk Matters following review by the Corporate Risk Management Group in October 2018; only minor amendments have been made to reflect (1) changes to the intranet, (2) reference to the new ISO 31000:2018 standard and (3) update from the 2012 edition to the 2016 edition of the CIPFA Delivering Good Governance guidance.

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2.   **Recommendations**

2.1   It is recommended that the Board approves Risk Matters, version 13.0

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3.   **Background**

3.1   The council's risk management arrangements are well established and robust, according to prior external scrutiny of these arrangements.

3.2   Risk Matters, the combined risk management policy and strategy, reflects good practice, is aligned to recognised standards and takes account of learning through benchmarking with other public sector organisations.

3.3   It should be noted that at the time of preparing this paper, the risk management arrangements are subject to/ due to be subject to internal audit. Any material recommendations arising from the audit may require the policy and/ or strategy to subsequently be updated and returned to Board for approval.

3.4   The full document, 'Risk Matters' – version 13.0 is attached in Appendix 1 for approval.

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Implications of the Report

1.   **Financial**

There are no specific financial risks associated with the provision of this paper. A key benefit of effective risk management is better use and prioritisation of the council's resources.

2.   **HR & Organisational Development**

Key benefits of effective risk management include high levels of employee morale and productivity and further enhancement of the council's good reputation both as an employer and as a public service provider.

3.   **Community/Council Planning**

The alignment of risks to the council plan ensures that under 'Better Renfrewshire' any key risk to Renfrewshire's communities are identified and managed.

4.   **Legal**

A key benefit of effective risk management is a higher level of user experience/ satisfaction with a consequent reduction in adverse incidents, claims and/ or litigation.

5.   **Property/Assets**

A key benefit of effective risk management is better use and prioritisation of the council's resources/ assets.

6.   **Information Technology**

A key benefit of effective risk management is better use and protection of the council's ICT resources/ assets.

7.   **Equality & Human Rights** – not relevant to report recommendations

8.   **Health & Safety**

A key benefit of effective risk management is a reduction in adverse health and safety incidents.

9.   **Procurement**
       Risk management principles are built into the council's procurement processes to ensure supply chain management and contract risks are well managed.

10.   **Risk**
       As per the subject matter of this report

11.   **Privacy Impact**
       No privacy risk relating to the proposals being recommended

12.   **Cosla Policy Position** – not relevant to report recommendations

_____

        List of Background Papers

        (a) Risk Matters version 12.0 (formal review 2016)

        (b) Risk Matters version 12.1 (interim review 2017)

        The foregoing background papers will be retained within Finance and Resources for inspection by the public for the prescribed period of four years from the date of the meeting. The contact officer within the service is Karen Locke, Risk Manager, 0141 618 7019, Karen.Locke@renfrewshire.gov.uk

_____

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                        Risk Manager
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"Risk Matters"

The Risk Management Policy and Strategy

... enabling success, maximising opportunity, delivering innovation and managing our significant challenges

Dissemination Arrangements:

- To Corporate Management Team
- To Corporate Risk Management Group (service department representatives)
- To Associated Bodies
- Via Staff Intranet and Public Site

Document Title:	Risk Matters (Risk Management Policy and Strategy)		
Owner:	Director of Finance and Resources	Lead Reviewer	Chief Auditor
Version No.	13.0	Superseded Version:	12.1
Date Effective:	05/11/2018	Review Date:	Nov 2019

CONTENTS

Document Control			
Version No.	**Effective Date**	**Reason for Update**	**Lead Reviewer**
10.	21/11/2012	Scheduled formal review	Chief Auditor
10.1	30/10/2013	Interim review	Chief Auditor
11.0	12/11/2014	Scheduled formal review	Chief Auditor
11.1	03/11/2015	Interim review	Chief Auditor
12.0	28/11/2016	Scheduled formal review	Chief Auditor
12.1	18/10/2017	Interim review	Chief Auditor
13.0	05/11/2018	Scheduled formal review	Chief Auditor

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Policy – the Council's risk management approach

1.1 Renfrewshire Council is committed to a culture where employees are encouraged to develop new initiatives, improve performance and achieve their goals safely, effectively and efficiently by appropriate application of good risk management practice. In doing so the council aims to protect vulnerable people, deliver high quality services for all service users, achieve high standards of performance, make the most of opportunity, and provide a safe environment for those it employs, contracts or partners with in providing a wide range of services.

1.2 The council believes that in times of growth or austerity, appropriate application of good risk management will prevent or mitigate the effects of loss or harm and will increase the council's success in the delivery of better financial outcomes, business objectives, better project success rates, achievement of targets and fewer unexpected problems.

Key benefits of effective risk management:

- appropriate, defensible, timeous and best value decisions are made;

- risk 'aware' not risk 'averse' decisions are based on a balanced appraisal of upside and downside risk and enable acceptance of certain risks in order to achieve a particular goal or reward;

- high achievement of objectives and targets;

- high levels of morale and productivity;

- better use and prioritisation of council resources;

- high levels of user experience/ satisfaction with a consequent reduction in adverse incidents, claims and/ or litigation; and

- further enhancement of the council's good reputation both as an employer and as a public service provider.

1.3 The council expects the application of good risk management practice in the achievement of its key aims and objectives such as those contained within the Renfrewshire Community Plan 2017-2027 and the Council Plan 2017-2022: Thriving People, Connected Communities

1.4 Renfrewshire Council purposefully promotes an environment that is risk 'aware' rather than risk 'averse' and strives to place risk management information at the heart of key policy decisions. This means that the council can take an effective approach to managing risk in a way that both addresses significant challenges and enables innovation.

1.5 The council is committed to testing the council's capacity and tolerance for risk[1] in order to ensure that the council is clear in its understanding of the total level of risk the council is able/ willing to accept. It is generally understood by all service departments that in normal circumstances:

- low risk is acceptable without any further action to prevent or mitigate the risk;

- moderate risk is tolerable - control measures implemented or introduced must be cost effective;

- high risk may be tolerable - providing the council is assured regarding the adequacy and effectiveness of the control measures in place. Any further control measures implemented or introduced must be cost effective in relation to the high risk;

- very high risk is deemed to be unacceptable and measures should be taken to terminate, transfer or treat a very high risk to a more tolerable position.

1.6 The council recognises that in exceptional circumstances a combination of factors converge to produce a very high risk, for which the council may have limited control (such as recession, the fiscal position and impact of demographic change). Recognising this scenario, and taking on board the inherent level of risk experienced in some service areas, the council would expect that while it may

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[1] Sometimes referred to as risk 'appetite'

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have the capacity to deal with some very high risk, it does not wish to tolerate any more than two very high risks at any given time, either corporately, or within the service departments[2].

1.7 Renfrewshire Council promotes the pursuit of opportunities that may benefit the council. Opportunity-related risk must be measured alongside anticipated benefits in order to balance opportunity and risk.

1.8 The council regularly receives assurance reports (internal and external) not only on the adequacy but also the effectiveness of its risk management arrangements and consequently values the contribution that risk management makes to the council's corporate governance arrangements.

1.9 The council has established its Risk Management Framework, through which the strategy will be applied to fulfil the Risk Management Policy. Infrastructure/ enablers consist of components required for risk management to be effected; the process is used for consistency in assessing and responding to risk; application/ results describes various activities in which the enablers/ process is applied to produce beneficial results. Clear lines of reporting are established for risk management activity and the council ensures the framework is supported through the remit of the council's risk manager.

Risk Management Framework

Infrastructure/ enablers
- Policy, strategy & guidance
- Strategic objectives
- Strategic development
- Governance
- Performance
- ICT: Pentana and Intranet
- Training and development
- People, leadership and risk reps

Process
Communicate and Consult — Establish the Context — Identify Risk — Analyse Risk — Evaluate Risk — Treat Risk — Risk Assessment — Monitor and Review

Application/ results
- Policy development
- Service planning
- Performance monitoring
- Budget planning
- Resource allocation
- Investment programmes
- Change programmes
- Projects
- Partnerships

and Reporting

Corporately - CMT
- Strategic Risk Register (SRR) and Corporate Risk Register (CRR) to Policy Board with mid year progress reports
- Routine monitoring of SRR
- Risk Management Annual Report to Board

Corporately - CRMG
- Routine monitoring of CRR and exception reports to CMT

Reporting flow: Renfrewshire Council ← Policy Boards ← Corporate Management Team; Senior Management Teams → Corporate Risk Management Group; Local Risk Groups / Specialist Functions / Project-specific Groups

Service departments
- Risk Management Plans
- Mid year reports to SMTs and progress reports to Policy Boards
- Routine monitoring of risks by Service Heads
- ¼-ly 'significant' risk reports to CRMG

Supported by Risk Manager: Strategic Development, Training, Guidance and Advice

Alan Russell
Director of Finance and Resources

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[2] Based on experience: the council previously had capacity to tolerate two very high risks in exceptional circumstances.

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Strategy - Implementing our policy

1. Introduction

1.1 The strategy takes a positive and holistic approach to risk management. The scope applies to all risks, whether related to opportunities or threats, performance related, project initiated, activity-based or otherwise across all areas of the council, in line with values of economy, efficiency and effectiveness.

1.2 **Strategic risks** are outward in focus and represent the potential for Renfrewshire Council to achieve (opportunity) or fail to meet (threat) its stated objectives outlined in the Community Plan and/ or the Council Plan outcomes 1-4.

1.3 **Corporate risks** are more inward in focus and represent the potential for the 'corporate body' Renfrewshire Council to achieve (opportunity) or fail to meet (threat) its stated policies and corporate objectives relating to the Council Plan, outcome 5. Service risks may be proposed for inclusion on the corporate risk register where a risk impacts on multiple services or requires significant central resources in the development of risk control measures.

1.4 **Service risks** represent the potential for impact on 'individual services' in relation to service delivery, or the experience of those who work within the services, i.e. employees, partners, contractors and volunteers, or the general public, service users, vulnerable people or clients in receipt of the services provided.

1.5 **Project risks** represent events or circumstance which may impact on a specific project - usually as a threat to the schedule and/ or cost of a project or the benefits the project will deliver. Any residual risks remaining at the end of a project are handed over to the relevant service department/s to manage as business as usual.

1.6 All risk will be analysed consistently (3.1.4) with an evaluation of risk as being low, moderate, high or very high. High and very high risk will also be referred to as being 'significant' and will therefore be subject to closer scrutiny by the Corporate Management Team and relevant Policy Boards.

1.7 This document explains how the risk management framework is to be implemented across the council; its ongoing implemetation supports the council's annual governance statement.

2. Risk management process

2.1 Risk Management is about the culture, processes and structures that are directed towards realising potential opportunities whilst managing adverse effects[3] It is pro-active in understanding risk and uncertainty, it learns and builds upon existing good practice and is a continually evolving process that has an important role to play in ensuring that defensible and beneficial 'risk-aware' not 'risk-averse' decisions are made, that the council provides high quality services and employees are assured that every effort has been made to maximise their opportunities to succeed.

2.2 Renfrewshire Council embeds risk management throughout the council by consistent application of the risk management process shown in Figure 2.1[4] across all service departments and core business activities (i.e. budget setting/ projects).
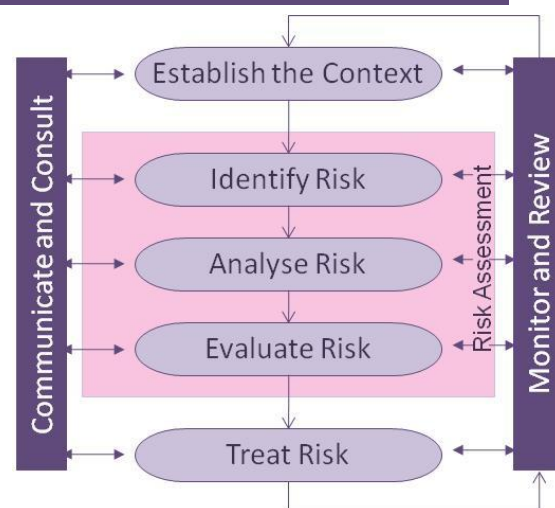
Figure 2.1:
Risk Management Process

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[3] Australia/ New Zealand Risk Management Standard, AS/NZS 4360: 2004
[4] AS/NZS 4360: 2004 and similar within ISO 31000: 2018

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3. Application of risk management across all service departments

3.1 Standard procedures (3.1.1 – 3.1.13) will be applied across all service departments and council activity in order to achieve consistent and effective implementation of good risk management. Guidance notes accompanying the strategy provide further direction.

3.1.1 Full implementation of the risk management process, embedding risk management within existing council processes. This means that an assessment of risk as well as costs and benefits becomes routine wherever possible, for example in policy development, change management, project management (Project Management Framework) and in partnership management (Partnership Risk Management Guidance).

3.1.2 Identification of risk using standard methodologies, 'bottom-up' and 'top-down' approaches and involving managers throughout the service with detailed knowledge of the service and the context in which it operates.

3.1.3 Categorisation of risk aligned to the council plan outcomes:

✔ Reshaping our place, our economy and our future	✔ Building strong, safe and resilient communities	✔ Tackling inequality, ensuring opportunities for all
✔ Creating a sustainable Renfrewshire for all to enjoy		✔ Working together to improve outcomes

3.1.4 Use of the council's risk matrix to consistently analyse risk in terms of likelihood of occurrence and potential impact, taking into account the effectiveness of current risk control measures to produce a risk evaluation of either 'low', 'moderate', 'high' or 'very high' risk.

3.1.5 Responding to risk in a way that is proportionate to the level of risk. This means that risk may be terminated; transferred elsewhere (such as through insurance); tolerated as it is; or, treated with cost effective measures to reduce it to a level where the exposure is acceptable or tolerable for the council in keeping with its capacity for risk. In the case of opportunities, the council may 'take' an informed risk in terms of tolerating it if the opportunity is judged to be (1) worthwhile pursuing and (2) the council is confident in its ability to achieve the benefits, manage and justify the risk.

3.1.6 Maintaining risk registers as a means of collating risk information in a consistent format allowing comparison of risk evaluations, informed decision-making in relation to prioritisation of resources and ease of access to information for risk reporting.

3.1.7 Routine reporting of risk information to Board and Groups as appropriate dependent on the type and significance of risk.

3.1.8 Escalating and de-escalating risk/ moving risks between risk registers and service risk management plans when appropriate, through service risk management representatives on the Corporate Risk Management Group.

3.1.9 Periodic re-assessment of individual risks that is proportionate to the level of risk (i.e. low risks fully reassessed every year, moderate risks every 6 months and significant [high and very high] risks on a quarterly basis), including assessment of the effectiveness of measures in place to control risks.

3.1.10 Annual review of strategic, corporate and service risk registers/ risk management plans to ascertain progress and to check for contextual changes affecting the risks.

3.1.11 Six monthly review of service risk management plans undertaken by Senior Management Teams, with mid-year progress reviews reported to the Audit, Risk and Scrutiny Board.

3.1.12 Routine consideration of risks by Heads of Service at 1-1s with the relevant Service Directors.

3.1.13 Commitment to any action required to support high performance in relation to Key Risk Management Performance Indicators.

3.1.14 Commitment to ongoing and proactive identification of new and/ or potential risks alongside a learning culture that seeks to build on good practice and avoid repetition of adverse events.

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Realising our vision and priorities

4.   Risk management vision and strategic objectives

Appropriate and effective Risk Management practice will be embraced throughout the council as an enabler of success, whether for maximising opportunity, delivering innovation and best value, increasing performance or managing our significant challenges.

4.1 We will work towards our vision through a suite of strategic risk management objectives and by seeking every opportunity to apply effective risk management practice where it will yield most benefit (such as major investment/ change programmes/ entering into new areas of business, service or partnerships), and when it will yield most benefit, (such as along the development path of major initiatives and not solely the final decision point).

4.2 The Alarm[5] Risk Management Performance Assessment Model describes an organisation's risk management maturity as:

- Level 1
  Awareness
- Level 2
  Happening
- Level 3
  Working
- Level 4
  Embedded and integrated
- Level 5
  Driving

4.3 In working towards our risk management vision we aim to demonstrate maturity where risk management is consistently 'embedded and integrated' while also being able to demonstrate examples of where risk management information is driving the key policy decisions of our organisation.

4.4 Our strategic risk management objectives centre around five strands that are described by Alarm as 'enablers' and two that are focused on achieving 'results':

4.5 The measures of success for these objectives will be:

- better financial outcomes
- successful delivery of business objectives and targets
- better project success rates
- successful outcomes from external scrutiny
- fewer unexpected problems
- fewer incidents/ accidents/ complaints
- fewer insurance claims/ less litigation

4.6 Achieving our risk management objectives will be realised through our Strategic Risk Management Development Plan.

Strategic Risk Management Objectives		
Enablers	(1)	<u>Leadership and management</u>: Ensuring that our Members, Directors and Senior Managers fully support and promote risk management
	(2)	<u>Policy and strategy</u>: Ensuring that our policy and strategy remain fit for purpose and maintain a consistent approach to the management of risk and increasing its effectiveness
	(3)	<u>People</u>: Ensure that our people are equipped and supported to manage risk well
	(4)	<u>Partnerships and resources</u>: Ensuring that we have effective arrangements for managing risks in partnerships and resourcing risk management activity
	(5)	<u>Processes</u>: Ensuring that our risk management processes are effective in supporting the business activities of the council
Results	(6)	<u>Risk handling and assurance</u>: Ensuring that risks are handled well and that the council has assurance that risk management is delivering successful outcomes and supporting innovation
	(7)	<u>Outcomes and delivery</u>: Ensuring that risk management does contribute to achieving positive outcomes for the council

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[5] The Public Risk Management Association

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5.   Strategic risk management development plan

5.1 This policy and strategy is supported by the council's Strategic Risk Management Development Plan (SRMDP) which shows the direction for immediate, medium and longer term priorities for risk management, aligned to the council's strategic risk management objectives.

5.2 The plan shows the individual actions agreed for implementation over the lifetime of the present Strategy with clear milestones/ timescales for achievement and named responsible officers.

5.3 The SRMDP is realistic, stretching but achievable; it allows the council's Corporate Risk Management Group to focus on strategic priorities and actions that require to be taken forward while at the same time allows individual members (representing their service departments) to consider operational implications and requirements for supporting the objectives.

5.4 The SRMDP is monitored on a quarterly basis by the Corporate Risk Management Group and provides the most up to date position, progress and level of activity towards achieving the council's strategic risk management objectives and is available to any member, employee, group or board for information.

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Risk leadership and accountability

6.   Governance, roles and responsibilities – formal groups

6.1 Renfrewshire Council's Scheme of Delegated Functions specify matters which are the delegated responsibility of its Policy Boards and the Chief Executive; this includes risk management. Figure 6.1 below shows the reporting arrangements for the various groups involved in risk management.

6.2 Council and Policy Boards

In line with good governance, Council is accountable for ensuring that the organisation has a suitable risk management framework in place to ensure that significant risks are adequately identified and controlled.

The Audit, Risk and Scrutiny Board has delegated authority to approve the risk management policy and strategy, consider the effectiveness of the risk management arrangements through the annual risk management report, and approve the strategic and corporate risk registers, and the relevant service risk management plans.
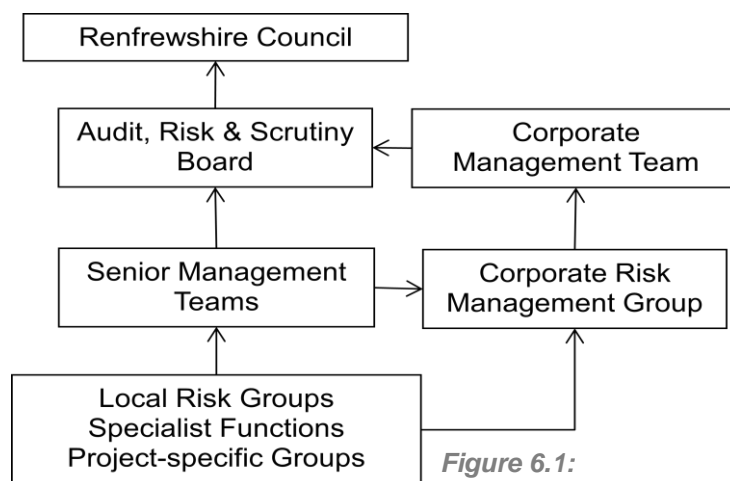
Figure 6.1:
Reporting Arrangements

In approving the strategic or corporate risk register or service risk management plans, the Audit, Risk and Scrutiny Board is responsible for ensuring that risks within their remit are appropriately managed and that any futher planned action is proportionate to the level of risk.

All policy boards consider recommendations in relation to any specific risks brought to the board as a matter of business as usual (through the risk implications section of Board Papers).
Policy boards have a further responsibility to facilitate the sharing of learning across the council, from good practice or any events or near misses that identify trends of potential risk.

6.3 Corporate Management Team

In respect of the Risk Management Framework, the Corporate Management Team:
- provide a high profile mandate and commitment to enhancing risk management performance and embedding a risk aware culture, proactively promoting, supporting and encouraging good risk management practice across all services and activities;
- ensure appropriate risk information is utilised to guide major decisions in areas such as policy development, service planning, performance monitoring, budget planning, investment programmes, change programmes, projects and partnerships;
- ensure that a member of the management team is responsible on behalf of the Chief Executive for overseeing the risk management framework and that the remit of the risk management function/ risk manager been determined;
- ensure appropriate reporting arrangements for risk management are implemented across all levels of the council, including that risk management matters are actively reported through the management arrangements, to the Corporate Risk Management Group;
- ensure there are mechanisms in place to check that risk management is being implemented in a manner consistent with the council's risk management policy and strategy; and
- ensure the risk management framework is reviewed at a minimum of every two years to ensure it remains fit for purpose and reflects best practice.

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In respect of managing risk, the Corporate Management Team:
- annually review the proposed strategic and corporate risk registers and agree these risks prior to submission to Board for approval;
- monitor the strategic risks at the quarterly CMT planning sessions alongside progress on delivery of the council plan, ensuring on an ongoing basis that significant risks that could impact on key objectives or service delivery responsibilities are identified, analysed, evaluated and responded to appropriately across the council;
- ensure appropriate senior managers are clearly assigned responsibilities for assessing, reporting and managing identified key risks;
- monitor the effective management of the strategic and corporate risks by reviewing action taken as outlined in the mid year progress reports for submission to Board;
- maintain a clear understanding of the council's risk profile and its relation to the council's capacity and tolerance for risk;
- actively 'horizon scan' to enable timely identification of potential risks (opportunities or threats) emerging from the council's external environment; and
- encourage innovation through appropriate and informed risk management.

6.4 Corporate Risk Management Group (CRMG)

In respect of the Risk Management Framework, the Corporate Risk Management Group:
- oversee the ongoing revision, implementation and monitoring of progress of the Strategic Risk Management Development Plan (SRMDP) which supports implementation of the council's risk management policy and strategy;
- oversee the ongoing revision, implementation and monitoring of key risk management performance indicators;
- prepare the risk management annual report which will demonstrate key achievements in relation to the Strategy and SRMDP and will provide assurance to Board on the efficacy of the council's risk management framework;
- ensure that members who represent their service departments (local risk representatives) take forward agreed risk management initiatives within their respective services, thereby achieving a consistent approach to risk management across all service departments. Local risk representatives will feedback risk management information to their local risk fora (6.5);
- ensure that the council's Risk Management Alliance (6.6) continues to take forward specific initiatives complimentary to the remit of the Corporate Risk Management Group and provides regular reports to the Group on its activity;
- assist in implementation issues across the council, sharing experience and informing changes to strategy and direction.

In respect of managing risk, the Corporate Risk Management Group:
- oversee the process of annual revision of the strategic and corporate risk registers in consultation with service directors and heads of service. The CRMG will present the strategic and corporate risk registers to CMT for agreement and submission to the relevant Policy Board for approval;
- monitor (on a quarterly basis) the progress of action plans designed to manage corporate risks;
- ensure that processes are in place for escalating risks at various levels as appropriate;
- provide routine and exception reports to the CMT.

6.5 Local Risk Groups (services/ specialised sections/ project-specific groups)
For local risk groups within services, these will either be specific to risk management or pre-existing groups/ meetings which regularly include risk management as an agenda item.

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Local risk groups:

- organise training and raise awareness in their area of responsibility to ensure practical measures are put in place to respond to risk;
- contribute to the service risk management plan and regularly review its content to ensure it continually reflects the key risks of the service and highlights the service's top risks;
- report progress to their Senior Management Team on a regular basis; and,
- on behalf of the service director, contribute to the council's assurance framework through the annual submission of their service risk management plan to the Director of Finance and Resources for review, prior to submission to the appropriate Board. These plans will follow the corporate template available in the guidance supporting this strategy.

6.6 Risk Management Alliance (specialist functions)
The Risk Management Alliance will comprise of a small number of employees (from audit, risk management and insurance, health and safety, civil contingencies, information governance and facilities management), who work in risk-related roles and will add further value in their roles by working closely together as subject experts under the authorisation of the Corporate Risk Management Group.

The Alliance:

- provides a central resource of expertise to the wider council; and,
- is responsible for developing and jointly working on corporate risk management initiatives, either directly or through other council services.

The council will further access, where relevant, external sources of expertise such as the Police, Insurers and/ or Insurance brokers/ advisors.

7.   Governance, roles and responsibilities – individuals

7.1 The following sets out the roles and responsibilities for specific individuals or groups of individuals.

7.2 Elected members
A significant aspect of an elected member's role is in making decisions for the council and the people of Renfrewshire. The CIPFA "Delivering good governance in Local Government Guidance Notes for Scottish Authorities" (2016 Edition) and in particular Principle F, asserts that risk management is an integral part of all activities and must be considered in all aspects of decision making. In considering any recommendations from council officers in relation to new policies/ proposals, members will ensure they are aware of the risks and benefits involved prior to making their decisions. The 'risk implications' section on board papers will enable appropriate risk information to be provided.

7.3 Chief Executive
The Chief Executive has overall accountability for the council's risk management framework, ensuring that there are suitable and effective arrangements in place to manage the council's risks. The Chief Executive is supported in this role by the Director of Finance and Resources.

7.4 Director of Finance and Resources
The Director of Finance and Resources is directly accountable to the Chief Executive and is the corporate management team member responsible, on behalf of the Chief Executive, for overseeing the risk management framework and remit of the council's risk management function.

The Director of Finance and Resources is responsible for overall leadership and co-ordination of the risk management agenda, for undertaking the role of 'Senior Information Risk Owner' and for bringing to the corporate management team any risk issues requiring to be addressed. The Director

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of Finance and Resources is supported in this role by a dedicated risk management resource in the Chief Auditor and the Risk Manager.

7.5 Chief Auditor

The Chief Auditor is responsible for the corporate provision of risk management guidance, training and risk software for recording of risks/ risk management plans. Specifically, in relation to internal audit, the Chief Auditor:

- ensures that the development of the strategic audit plan considers the council's corporate risks and the service departments' significant risks, as well as key areas of organisational change for which risk is inherent; and,
- ensures that the results of internal audit work will inform the strategic corporate risk registers and risk management plans.

7.6 Risk Manager

On behalf of the Chief Auditor, the Risk Manager:

- provides advice and support to service risk management representatives and service managers and other groups in the management of strategic, corporate, service and/ or projects risks;
- provides a range of training and education opportunities in risk management for members and employees, in line with elected member training and development programmes, management development programmes, key organisational projects and bespoke training needs;
- oversees the use and development and maintenance of the risk module within Covalent, ensuring timeous risk management board reports and management reports are available for stakeholders;
- supports the process of strategic and corporate risk register and annual risk management plan development and submission to Board;
- chairs and organises the meetings of the Corporate Risk Management Group and the Risk Management Alliance;
- manages the council's insurance arrangements.

7.7 Directors

It is the responsibility of each service director and their senior management teams to implement local arrangements which accord with this policy and strategy, and the related procedures.

All directors are accountable to the Chief Executive, the Corporate Management Team and Policy Boards for the management of risk within their areas of responsibility.

While service directors have overall accountability for the management of a risk within their service departments, they might not 'own' the risk control measures being implemented to manage the risks (e.g. implementation of policies developed by other services). In this case, the role of the director is to oversee that the controls are fit for purpose and operating effectively within their area of responsibility and liaise with directors who 'own' the controls should they have any concerns.

Directors and their Senior Management Teams will be supported in their risk management responsibilities by their nominated service risk management represenative who will also represent the service on the Corporate Risk Management Group.

7.8 Director of Children's Services

The requirement for every local authority to appoint a professionally qualified Chief Social Work Officer (CSWO) is contained within Section 3 of the Social Work (Scotland) Act 1968. The CSWO is a 'proper officer' in relation to the social work function: an officer given particular responsibility on behalf of a local authority, where the law requires the function to be discharged by a specified post holder. The Director of Children's Services is the council's specified CSWO.

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The Chief Social Work Officer ensures the provision of effective and professional advice relating to the provision of social work services and assists understanding of the complexities of social work service delivery, particularly in relation to issues such as corporate parenting, child protection, adult protection and the management of high risk offenders. The CSWO has a role to play in overall performance improvement and significantly in the identification and management of risk insofar as it relates to social work services, including adult social work services delegated to the Renfrewshire Health and Social Work Partnership.

7.9 Heads of Service

It is the responsibility of all heads of service to ensure their employees are familiar with the latest risk management strategy, guidance and relevant controls. Heads of service are accountable to their service director for the management of risk within their areas of responsibility

Specifically, heads of service:

- engage regularly with their service directors to consider all risks that they own, (whether strategic, corporate, service or project related;
- ensure employees are informed of the risk context in which they undertake specific duties;
- ensure employees are encouraged to promptly report any matters of concern;
- ensure that employees' risk management skills and training needs are assessed and addressed.

7.10 Service Risk Management Representatives

All service risk management representatives have a responsibility (1) corporately, to support corporate risk management development activities, representing their service on the Corporate Risk Management Group and (2) locally, to support their directors, senior management teams and local risk fora/ groups in implementing arrangements in accord with this policy and strategy.

Specifically, service risk management representatives:

- attend all Corporate Risk Management Group meetings (or arrange a deputy if unable to attend), and raise any significant service risks that require to be considered for escalation to corporate level;
- actively promote corporate risk management initiatives (such as the council's risk awards) and training opportunities throughout their service;
- support the development of their service risk management plans, for review and submission to Board within agreed timescales and in the format agreed corporately; and
- support heads of service in respect of their risk management responsibilities;
- support managers in the identification of risks, actions and mitigating controls.

7.11 All employees

Risk management should be integrated into the daily activities of every employee. By ensuring that decisions on risk management are taken locally rather than centrally, the council will encourage local ownership of the process. All employees are therefore encouraged to be involved in identifying current and potential risks where they work.

Employees should make every effort to be aware of situations which place themselves or others at risk, report identified hazards and implement measures to reduce risk as developed by their service. This approach will require employees to:

- understand the risks that relate to their roles and their activities;
- understand how the management of risk relates to their own and their client's/ the public's safety;
- understand their accountability for particular risks and how they can manage them;
- understand how they can contribute to continuous improvement of risk management;
- understand that risk management is a key part of Renfrewshire Council's culture; and,
- report systematically and promptly to senior management any perceived new risks or failures of existing control measures.

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Resourcing risk management

8. Resourcing the council's risk management framework

8.1 Much of the work on developing and leading the ongoing implementation ot the risk management framework will be resourced through the council's Risk Manager, the Corporate Risk Management Group and the Risk Management Alliance.

8.2 Wherever possible the council will ensure that training and education costs will be kept to a minimum, with the majority of courses/ training being delivered in-house or through the training resource available through the council's claims handlers.

8.3 Individual directors will be responsible for ensuring an appropriate resource within their service is available to support managers' and employees' risk management training needs.

9. Resourcing those responsible for managing specific risks

9.1 An awareness of the risks pertaining to each service department will contribute to the budget allocation process, therefore the cost of managing risks will be met within each service department's budget allocation and any unplanned or unbudgeted resources arising in relation to the risks will be subject to review by the service director in consultation with the Director of Finance and Resources.

9.2 All risk owners will ensure that only appropriate responses (by way of transfer or treatment of risk) are in place or put in place to address risks and are proportionate to the significance of the risk. Put simply, the resources allocated to addressing risk should not exceed the cost of the exposure itself (in the case of adverse risks) or the benefits that are being being sought (in the case of opportunities).

9.3 The council's Insurance and Risk Management Co-ordinator can, on request, provide guidance on the viability/ cost effectiveness of resources involved in transferring risk to the council's Insurers where this is a suitable option.

9.4 The council's Treasury consultants and investment advisors will provide guidance on risk and appropriate action in relation to the council's investment portfolio.

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Training, learning and development

10. Risk management training opportunities

10.1 To effectively implement Risk Matters, it is essential to harness a workforce with the competence and capacity to manage risk and handle risk judgements with confidence, to focus on learning from events and past experience in relation to what has worked well or could have been managed better, and to focus on identifying malfunctioning 'systems' rather than people.

10.2 Training is important and will be essential in embedding risk management throughout the council and developing the council's risk management maturity. The Chief Auditor, supported by the Risk Manager, will regularly review the risk management training needs of the council and provide training opportunities for members, directors, managers, employees and our associated bodies.

10.3 Depending on the context of the training, it can be delivered in a range of formats, such as e-learning, presentations, workshops, seminars or one-to-one briefing sessions where appropriate.

11. Risk management learning outcomes

11.1 Depending on the context of the training, it can provide participants with knowledge of:
- the council's risk management framework and its component parts;
- the legislative and compliance context of risk management;
- the risk management/ service planning/ performance management relationship;
- how risk management supports corporate governance;
- how risk management supports decision-making and the influence of risk perception in decision-making;
- how risk management supports projects and innovation and assists in achieiving positive outcomes for the council; and
- how risk tools and techniques can be applied in a variety of business environments.

12. Risk management development

12.1 The council has in place management development programmes and an elected members training programme. Risk management learning and development opportunities are embedded within both these programmes and will continue to be supported by the council's Risk Manager.

12.2 In seeking to provide the council with the best possible advice, training and development opportunities in risk management, the council's Risk Manager will undertake ongoing continuous professional development through their involvement within Alarm and their executive role on the Alarm Scotland organising committee.

Monitoring activity and performance

13. Monitoring risk management activity

13.1 Renfrewshire Council operates in a dynamic and challenging environment and a monitoring and review structure needs to be in place to ensure that any changes to the council or its environment that may affect the risk management framework, or other factors affecting the suitability or cost of risk response options, are identified and addressed. Monitoring arrangements require that there will be:

- ongoing monitoring of the strategic risks alongside routine council plan reports to and by the Corporate Management Team;

- quarterly monitoring of the corporate risk register by the Corporate Risk Management Group

- quarterly monitoring of progress on the Strategic Risk Management Development Plan by the Corporate Risk Management Group;

- six-monthly reporting to the Corporate Management Team and Audit, Risk and Scrutiny Board of progress in managing the strategic and corporate risks;

- annual and mid year risk reviews by service management teams of progress against the risk management plans and other risk-related matters;

- annual and mid year reporting by services to the Audit, Risk and Scrutiny Board of progress against the service risk management plans;

- quality assurance checks on the risk management process conducted through meetings of the Corporate Risk Management Group;

- ad hoc tailored reports/ presentations to the Audit, Risk and Scrutiny Board on specific risk related issues/ topics arising from discussion or specific enquiry;

- continual review by service risk management representatives of progress in managing individual risks listed in the service risk management plans;

- annual review of risk registers by Internal Audit to inform the strategic audit plan;

- annual review of risk registers by Corporate Finance to inform budget allocations; and,

- regular reporting of claims data to service departments by the Insurance and Risk Management Co-ordinator.

14. Monitoring risk management performance

14.1 Measuring, managing and monitoring risk management performance is key to the effective delivery of the strategic risk management objectives. Performance will be measured using a suite of key risk management performance indicators[6].

14.2 The development and ongoing monitoring of the risk management performance indicators is overseen by the Corporate Risk Management Group and information concerning the indicators will be reported by the Group, on an exceptional basis, to the Corporate Management Team, and on an annual basis as part of the risk management annual report provided to the Audit, Scrutiny and Petitions Board.

14.3 Key risk management performance indicators will provide an indication of the effectiveness of the council's approach to risk management in specific areas, covering both the enablers and results aspects of the strategic risk management objectives.

14.4 Within the risk management framework there needs to be sufficient planning, implementation, monitoring and reviewing of performance. A review of the monitoring activity at 13.1 and the risk management performance indicators will determine if:

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[6] The indicators may be subject to change if national indicators are developed

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- the risk management framework and process is fit for purpose with risks aligned to the council's corporate objectives;
- the risk management framework and processes resulted in what was intended;
- employees received adequate information to enable them to discharge their risk management roles and responsibilities;
- employees across the council have sufficient risk management skills, knowledge and competence in line with the activites they are required to perform on a daily basis; and
- improved knowledge would have helped to make better judgements or reach better decisions and identify lessons for future assessments and the management of risks.

14.5 As the risk management framework, including policy and strategy, strategic risk management development plan and performance indicators are formally reviewed every two years, this will constitute and 'Plan/ Do/ Study/ Act review cycle that will shape future risk management priorities and activities of the council, inform subsequent revisions of the risk management framework and its various components and drive continuous improvement in risk management in the council.

Communicating risk management

15.	**Communicating, consulting on and reviewing the risk management framework**

15.1 Effective communication of risk management information across all service departments and with employees is essential to developing a consistent and effective approach to risk management.

15.2 Copies of 'Risk Matters' are disseminated to all service directors for cascade throughout their services, and copies, along with other risk management documentation and guidance are available on the Staff Intranet 'Risk Matters' page.

15.3 Details of the council's insurance arrangements are published on the Staff Intranet: insurance a quick guide The details include definitions of a range of insurance terms along with key insurance documents such as the council's Employers Liability Certificate and the standard letter from the council's insurance brokers and advisors that summarises all the main insurances that are in place.

15.4 Risk management awareness is communicated with all new employees through the induction process; through iLearn (corporate e-learning platform) and through local induction.

Risk Matters, version 12.1 was reviewed and updated to version 13.0 by the Corporate Risk Management Group in October 2018 for submission to the Audit, Risk and Scrutiny Board (05/11/2018). Implementation of Risk Matters is underpinned by separate guidance and the strategic risk management development plan.

Risk Matters is formally reviewed by the Audit, Risk and Scrutiny Board at periodic intervals of not more than 2 years and annually (interim review) by the Corporate Risk Management Group to ensure that it reflects current standards and best practice in risk management and fully reflects the rapidly changing environment in local government.

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To: **Audit, Risk and Scrutiny Board**

On: **5 November 2018**

Report by: **Director of Finance and Resources**

Heading: **Strategic, Corporate and Service Risks, Mid-year Report**

1.   **Summary**

1.1   In keeping with 'Risk Matters,' the council's risk management policy and strategy, the Board is provided with a mid-year progress report on the management of the risks recorded in the strategic and corporate risk registers and service risk plans.

1.2   This paper provides the midyear progress report on the risks. The risk registers, showing risks, linked actions and progress are provided in Appendix 1 (strategic risks), Appendix 2 (corporate risks) and Appendix 3 (top service risks).

2.   **Recommendations**

2.1   It is recommended that the Board notes and is assured by the progress being made by the council in managing the risks identified.

3.   **Background**

3.1   At the midyear review of the registers there has been good progress made in the control and management of the identified risks. No new risks have emerged that were not anticipated as part of the process to revise the risk registers earlier in the year and the overall risk profile remains unchanged from that reported to the board in May.

Evaluation:	Low	Moderate	High	Very High	Total
No. of Strategic Risks:	0	0	7	1	8
No. of Corporate Risks:	0	4	10	1	15
No. of Service Specific Risks:	0	15	12	0	27
					50

3.2 The council continues to apply good risk management activity that is proportionate to the levels of risk.

3.3 Top risks

The top risks remain as those presented to Board in May and as shown in the tables below.

(Note that while risks are the same – some service departmental responsibilities for risks have been updated following changes in organisational structures).

TOP 5 STRATEGIC Risk Areas		Likelihood	Impact	Score	Evaluation
1)	Poverty levels in Renfrewshire	04	05	20	V.High
2)	Delivery of Community Empowerment expectations	04	04	16	High
3)	Community Safety & Public Protection	03	05	15	High
4)	City Deal	03	05	15	High
5)	Delivery of Paisley 2021 Cultural Legacy	03	05	15	High
TOP 5 CORPORATE Risk Areas		**Likelihood**	**Impact**	**Score**	**Evaluation**
1)	Financial sustainability	05	05	25	V.High
2)	Welfare reform impacts	04	04	16	High
3)	Organisation and ICT Resilience	04	04	16	High
4)	Governance - Internal control and management oversight	03	05	15	High
5)	Information and Records (with new GDPR requirements)	03	05	15	High
TOP SERVICE Risk Areas		**Likelihood**	**Impact**	**Score**	**Evaluation**
Chief Executive Services					
1)	Public affairs and marketing	03	04	12	High
2)	Renfrewshire Events Strategy	03	04	12	High
3)	Regeneration of Renfrewshire's Town centres	03	04	12	High
4)	Advanced Manufacturing and Innovation District Scotland (AMIDS)	02	05	10	High
Children's Services					
1)	(All moderate risks)				
Communities, Housing & Planning Services					
1)	House building and community regeneration	03	04	12	High
2)	Housing investment	03	04	12	High
3)	Air Quality	04	03	12	High
Environment & Infrastructure Services					
4)	FAI/ Cemeteries (Glasgow City Council)	03	05	15	High
5)	Roads Highway Code of Practice	03	05	15	High
6)	Linwood Moss landfill site	03	04	12	High
Finance & Resources					
1)	Oversight of induction procedures	03	04	12	High
2)	Insurance cover for predecessor organisations	03	04	12	High

3.4 Paragraphs 3.4.1-3.4.5 provide a summary of updates on each of the top strategic risks. Paragraphs 3.4.6-3.4.10 provide updates for the top corporate risks. Appendix 3 provides all the detail for top service risks. Updates have been provided by relevant Heads of Service or officers with delegated responsibility for related actions.

3.4.1 <u>Poverty levels in Renfrewshire</u>
The next phase of the Tackling Poverty programme was approved by the Leadership Board in June 2018. Progress of funded projects are reported on a six-monthly basis. A programme of work focused on the provision of support for people transitioning to Universal Credit was put in place for the rollout of Universal Credit Full Service across Renfrewshire from September 2018.

3.4.2 <u>Delivery of community empowerment expectations</u>
New community planning governance arrangements have been implemented. An Improving Life Chances Board has now met twice and is developing its role/ remit. Following an extensive programme of engagement with communities and elected members, the new model of local governance was approved by full Council on 27 September 2018. Local Area Committees have now been disbanded and the first meetings of new Local Partnerships will take place in late November/ early December.

3.4.3 <u>Community safety and public protection</u>
The Independent Care Review and the Scottish Government Child Protection Improvement Programme have not yet provided specific actions for local delivery. However, Renfrewshire Children's Services have supported the development of national learning through direct representation and in contributions to discussion within Social Work Scotland. Renfrewshire's contributions have helped shape the national recommendations made by the Child Protection System Review and the outcome of the first phase of the Care Review. Learning from national activity continues to be collated and used to inform the review of local policy and support for children and families. The Renfrewshire Child Protection Committee has also supported development of a national shared dataset which will inform self-assessment and inspection activity.

National legislation is reviewed, implemented and discussed with partners at the Community Protection Steering Group before being taken to the Community Protection Chief Officers Group. This includes initiatives such as Building Safer Communities which has been rebranded "Your Home, Your Street, Our Community" to ensure buy in for Renfrewshire communities.

The Renfrewshire Community Safety Hub has expanded as part of phase 2 with the Renfrewshire Wardens now being based from the Hub. This improves partnership working and closer relationships with partners. Daily Tasking meeting with relevant partners continues to take place every weekday morning at 9.30am to review any incidents and deliver an early intervention approach through intelligence sharing to reduce harm and improve safety and the Community Safety Partnership continues to lead on the MARAC process and the development of strategies to combat domestic abuse.

3.4.4 <u>City Deal</u>
In developing the role of the Airport Investment Area Steering Group to maximise the economic role of the Investment Area, Terms of

Reference/ the Governance model are being progressed between Renfrewshire Council and Scottish Enterprise.

Following the submission of two planning applications for the GAIA project in July 2017, planning consent for the core GAIA infrastructure (comprising the Abbotsinch Road Realignment, the Wright St. Link & the Abbotsinch Cycleway) was granted at the Council's Communities, Housing & Planning Policy Board on 07 November 2017. A revised planning application for the Inchinnan Cycleway was submitted on 29 June 2018, and subsequently approved in August 2018.

The Scottish Government continues to consider the planning application for the CWRR project. It is understood that a report has been finalised by the appointed reporter with the report with recommendation currently with Ministers. There is currently no indication on the timeline for a decision by Ministers, however current estimated dates for the planning determination are later than previously forecast (Oct. 2018 rather than May/Jun).

Following a pre-qualifying procurement process, tenders were received from 5 contractors. Individual debriefs were held on 27 September 2018 for the five GAIA tenderers for the Design & Construction works, allowing tenderers to ascertain their position going into the negotiation phase. Competitive procedure with negotiation process with tenders is now being taken forward with all 5 tenderers invited to the initial negotiation phase commencing in October 2018. The commencement of the CWRR construction procurement process is currently on hold pending the outcome of the planning determination, the project team have drafted construction contract documentation to ensure this process can start as soon as a positive planning outcome is received.

3.4.5 Delivery of Paisley 2021 legacy
The Partnership Board have agreed a legacy action plan. The Strategic Lead (Paisley Partnership) position and that of the Cultural Regeneration Officer have been filled and have commenced to give specific focus to the implementation of the bid legacy action plan. Identified services within the Council and Renfrewshire Leisure have mobilised recruitment and project development to deliver infrastructure, events/ cultural programme development and cultural regeneration programmes. Programme management and financial management arrangements are in place, reporting to internal and partnership meetings.

3.4.6 Financial Sustainability
Officers continue to implement the agreed medium term financial strategy which focuses on delivering required savings through the Better Council Change Programme, debt smoothing and effective workforce planning. A revised Financial Outlook paper was presented to Council in September outlining the medium-term position and a range of potential financial outcomes and risks. Debt smoothing as a savings option will naturally come to an end in 2019/20 so there will need to be increased focus on transformation of services to deliver efficiencies.

3.4.7   Welfare reform impacts
The council has developed effective modelling tools to identify and monitor the impact of welfare reform changes, including Universal Credit, on Council services and resources. Now that UC Full Service is live across Renfrewshire the actual impacts will be tracked to ensure that Council services continue to support citizens and manage the resource demands, with a watching brief also on the Sottish Social Security development.

3.4.8   Organisation and ICT resilience
In relation to organisational resilience and the introduction of the new Business World platform it is noted that user acceptance testing has been completed.

In relation to flood risk resilience, Surface Water Management Plan/ study of Hillington/ Cardonald/ Penilee area jointly progressing with Glasgow City Council to identify the most sustainable suite of options to manage flood risk from all sources. Integrated Catchment Study of Erskine Waste Water Treatment Works Catchment with Scottish Water to assess catchment flood management needs. The council is collaborating with all Responsible Bodies designated in the production of the Clyde and Loch Lomond Local Plan District Flood Risk Management.

3.4.9   Governance – internal control and management oversight
Arrangements are in place between internal audit and Service directorate managers to progress the first round of meetings in November to focus on internal control issues and actions outstanding. The planned audit for key financial controls is commencing in the latter part of the year.

3.4.10   Information and records
Preparations for the coming into force of GDPR on 25 May were completed; this included regular Senior Information Risk Owner (SIRO) Bulletins on GDPR and what it means for council officers, the launch of a mandatory GDPR iLearn module for completion by staff before 25 May and a GDPR Awareness Week. Compliance with GDPR is an ongoing requirement for the council and, as the Information Governance Team now has two new Senior Solicitors to assist the Managing Solicitor(DPO), the team will continue to drive the council's information governance agenda to meet GDPR requirements.

The information Management Strategy has been reviewed and the related action plan is to be passed to the SIRO for review in November 2018. Both documents are to be presented to CMT before end December 2018. Practical Guidance and Data Quality Guidance for the Information Asset Register has been developed and is to be presented for sign-off at the next meeting of the Information Management and Governance Group in December 2018.

3.5   Progress against linked actions

Progress against actions is largely in line with expectations. There are only five actions that have yet to be completed beyond their initial due dates and these are noted below, with a summary of progress to date:

3.5.1 ● CRSIP17.01.03.07 "Develop and deliver phase 2 of the Renfrewshire Community Safety Partnership hub." Due for completion March 2018. The Renfrewshire Community Safety Hub has expanded as part of phase 2 with the Renfrewshire Wardens now being based from the Hub. This improves partnership working and closer relationships with partners. The Briefcam technology within the CCTV Operations room is now completely operational to allow quicker analysis of CCTV footage. Work continues on expanding Radio Link and other key priorities allowing the Hub to develop. (Details of associated risk, pages 15 & 16).

3.5.2 ● CRSIP17.01.03.08 "Developing community interventions that build community resilience, improve safety and security and reduce victims of harm through improved intelligence sharing, partnership working and diversionary activities." Due for completion March 2018. The national Safer Communities programme has been rebranded in Renfrewshire "Your Home, Your Street, Our Community" and has moved into Shortroods, its 4th area of operation following Ferguslie, Gallowhill and Erskine. This initiative brings all partners together with the community to instigate an action plan for the area and reduce issues causing the communities concern. The Daily Tasking meeting with relevant partners continues to take place every weekday morning at 9.30am to review any incidents and deliver an early intervention approach through intelligence sharing to reduce harm and improve safety and the Community Safety Partnership continues to lead on the MARAC process and the development of strategies to combat domestic abuse. Communities and Public Protection has also been heavily involved in the Financial Harm Sub Group to reduce financial harm to vulnerable people within the communities. (Details of associated risk, pages 15 & 16).

3.5.3 ● CRSIP17.01.03.10 "Develop and deliver a strategy for how the Council will respond locally to the risks posed by serious organised crime." Due for completion March 2018. The Council's single point of contact (SPOC) chairs a multi-agency CONTEST / Serious Organised Crime group which now operates across Police K division Renfrewshire and Inverclyde. This group has good representation from all key partners (Scottish Prison Service, Police Scotland, Scottish Ambulance Service, local universities and colleges etc).This group is currently updating its local Counter Terrorism Strategy, to align with the recently published National 2018 CONTEST Strategy, this will include the establishment of a Renfrewshire Prevent Divert local group to direct activities aimed at ensuring vulnerable people are not drawn into terrorism or serious organised crime. The Integrity Group is currently being reviewed to ensure that internal issues are reviewed and monitored and in

future will be chaired by the Chief Auditor. (Details of associated risk, page 17).

3.5.4 ● EIRR.18.01.02b "Risk assess and re-classify the highway network in line with the new methodology agreed with SCOTS" Due for completion end July 2018. The re-classification of the highway network has been undertaken. This however, needs further work to complete and tailor fully to Renfrewshire and this work remains on-going. (Details of associated risk, page 49).

3.5.5 ● EIRR.18.01.02c "Revise [roads] inspection policy and submit to Board for approval." Due for completion end August 2018. A report on the new Roads Highway Code of Practice was taken to the Infrastructure, Land and Environment Policy Board on 29 August 2018 outlining the proposals. Unfortunately, the Policy couldn't be finalised and taken to Board for approval as the draft guidance being prepared by SCOTS for all local authorities has not been finalised. Once this is complete, Renfrewshire Council will translate to our own highways and present to the policy to the above Board. (Details of associated risk, page 49).

3.6 It should be noted that actions coded "RR" exist only for the benefit of reducing or containing the risks or auditing arrangements for managing risks, whereas actions with other prefixes reflect improvement activities that lie within the services' improvement plans that have been linked through to the risk registers for completeness where they have a knock on benefit to the related risk.

3.7 The Corporate Management Team is responsible for monitoring the Strategic Risks and the Corporate Risk Management Group monitors the corporate risk register on a quarterly basis on behalf of the Corporate Management Team.

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Implications of the Report

1. **Financial**
   The Corporate Risk Management Group (on behalf of the Corporate Management Team), considers that recurring costs associated with the measures in place for each risk are proportionate to the level of risk, as are the costs relating to actions underway.

2. **HR & Organisational Development**
   There are no HR and OD implications in relation to the provision of this progress report.

3. **Community/Council Planning**
   There are no Community/ Council Planning implications in relation to the provision of this progress report.

4. **Legal**
   There are no legal implications in relation to the provision of this progress report.

5. **Property/Assets**

There are no property/ asset implications in relation to the provision of this progress report.

6. **Information Technology**

There are no ICT implications in relation to the provision of this progress report.

7. **Equality & Human Rights**

There are no direct E&HR implications in relation to the provision of this progress report.

8. **Health & Safety**

There are no health, safety or wellbeing implications in relation to the provision of this progress report.

9. **Procurement**

There are no procurement implications in relation to the provision of this progress report.

10. **Risk**

As per the subject matter of this report.

11. **Privacy Impact**

There are no privacy implications in relation to the provision of this progress report.

12. **Cosla Policy Position** – not relevant to report recommendations

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List of Background Papers

(a) Strategic, Corporate and key Service Risks, April 2018
  – to board, May 2018

The foregoing background papers will be retained within Finance and Resources for inspection by the public for the prescribed period of four years from the date of the meeting. The contact officer within the service is Karen Locke, Risk Manager, 0141 618 7019, Karen.Locke@renfrewshire.gov.uk

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Appendix 1 Strategic Risk Register

Priority 1 Reshaping place, economy and future

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
SRR.18.01.01 City Deal Context: The Glasgow City Region Deal will deliver an investment in infrastructure of £1.13bn across the Glasgow City Region, including £274m on three infrastructure projects in Renfrewshire, together with additional investment into employment support through the Labour Market Projects. The development, design, construction, operation and maintenance of the major projects being funded through City Deal must be effectively managed to ensure they are delivered on time and on budget and in compliance with the requirements of the City Deal Assurance Framework. The specific Renfrewshire Infrastructure projects are: 1) Airport Access (AAP) (jointly delivered with Glasgow City Council) 2) Clyde Waterfront and Renfrew Riverside (CWRR) 3) Glasgow Airport Investment Area (GAIA) These capital infrastructure projects are being reviewed to maximise the potential benefits of the National Manufacturing Institute Scotland (NMIS) being located in the GAIA. Renfrewshire also has two Labour Market Projects: 1) Youth Gateway 2) Working Matters	All funding conditions and business case assumptions must be accurate to allow the grant funding to be received. Failure to manage the delivery of the projects, their outputs and outcomes and meet the requirements of the Assurance Framework could result in project delays, additional costs, loss of grant funding and reputational damage.	City Deal Project Director	**Top controls** (1) All projects will be managed using the Council's established Project Management Framework and the City Deal Assurance Framework. (2) The Glasgow City Region Finance Group meets four-weekly to review the financial monitoring and all financial matters in relation to the Programme. (3) Internal governance continues via the City Deal Programme Board (chaired by the Chief Executive), the Joint CE Steering Group for the AAP, and the Leadership Board. (4) Dedicated City Deal Project Team with Project Director and relevant experience of delivering major infrastructure projects in place and making good progress. (5) Outline Business Cases for the 3 Renfrewshire projects were approved at the Councils Leadership Board on 30 November 2016 prior to submission to and approval by the Glasgow City Region City Deal Cabinet on 12 December 2016. (6a) The GAIA and CWRR OBC's were updated and submitted to GCR City Deal PMO in December 2017 (CWRR) and January 2018 (GAIA) – ahead of a review to ensure 'Green Book compliance' by Ekos. (6b) Augmented OBC for CWRR (for Green book' compliance check) was approved at GCR Chief Executives Group on 2nd Aug 2018 and Cabinet on 14th Aug 2018. (6c) Augmented GAIA OBC (for 'green book' compliance check) submitted to GCR PMO for consideration. (7) Individual risk registers in place for each project which are formally reviewed on a monthly basis. (8) Individual project updates are reported to the Leadership Board on a regular basis.	03	05	15 High

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Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status
SRR.18.01.01a	Continue, with partners, to develop the role of the Airport Investment Area Steering Group to maximise the economic role of the Investment Area.	Terms of Reference/Governance model being progressed between Renfrewshire Council and Scottish Enterprise.	City Deal Project Director	31-Mar-2019	▶
SRR.18.01.01b	Progress Planning Applications for GAIA & CWRR	Following the submission of two planning applications for the GAIA project in July 2017, planning consent for the core GAIA infrastructure (comprising the Abbotsinch Road Realignment, the Wright St. Link & the Abbotsinch Cycleway) was granted at the Council's Communities, Housing & Planning Policy Board on 07 November 2017. A revised planning application for the Inchinnan Cycleway was submitted on 29 June 2018, and subsequently approved in August 2018. The Scottish Government continues to consider the planning application for the CWRR project. It is understood that a report has been finalised by the appointed reporter with the report with recommendation currently with Ministers. There is currently no indication on the timeline for a decision by Ministers, however current estimated dates for the planning determination are later than previously forecast (Oct. 2018 rather than May/Jun).	City Deal Project Director	31-Mar-2019	▶
SRR.18.01.01c	Audit Plan – performance measurement framework/ City Deal	Work in relation to this audit engagement is due to commence in the latter part of the year.	Chief Auditor	30-Jun-2019	▶
SRR.18.01.01d	Commence Procurement Process for GAIA & CWRR	Following a pre-qualifying procurement process, tenders were received from 5 contractors. Individual debriefs were held on 27th September 2018 for the five GAIA tenderers for the Design & Construction works, allowing tenderers to ascertain their position going into the negotiation phase. Competitive procedure with negotiation process with tenders is now being taken forward with all 5 tenderers invited to the initial negotiation phase commencing in October 2018. The commencement of the CWRR construction procurement process is currently on hold pending the outcome of the planning determination, the project team have drafted construction contract documentation to ensure this process can start as soon as a positive planning outcome is received.	City Deal Project Director	31-Mar-2019	▶

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Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
SRR.18.01.02 Delivery of City of Culture 2021 Legacy Context: The bidding process for the UK City of Culture title itself has generated a new-found confidence and pride across our communities, businesses and partners and we will continue to build on this. As a result of bidding for the title, we have secured a £100million package of investment to reinvigorate some of our key venues in Paisley and also make a number of improvements to our town centre. An additional £7.5m has been invested in securing the cultural legacy with an enhanced events and marketing programme, and new resources to develop the capacity of the cultural sector. A partnership board legacy action plan has been developed to continue the ambition to achieve the bid's original long-term aims to significantly grow Paisley's creative economy, transform its reputation, see the town recognised for its cultural excellence, lift communities out of poverty, and turn Paisley town centre into a vibrant destination.	Failure to realise the strategic cultural, social and economic regeneration targets established as part of the 2021 Bid would represent a missed opportunity and could result in reputational damage to the Council and our partners.	Director of Communities, Housing & Planning	**Top controls** (1) The Partnership Board and Executive Team established to develop the 2021 bid have committed to continued collaboration and the development and implantation of a bid legacy action plan (2) Council has agreed capital and operational budgets to support infrastructure, events/cultural programme development and cultural regeneration programmes (3) Additional funding discussions are being taken forward with Scottish Government and individual funders identified during the bid (4) A bid legacy action plan has been agreed that identifies activities that will deliver step changes by 2027 across economic, reputational, social, cultural and town centre outcome areas (5) A delivery team is being established to focus on the delivery of the action plan and continued support of the partners (6) A programme management framework and risk register is being established to ensure visibility of progress within the partnership governance model	03	05	15 High

Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status
SRR.18.01.02a	Delivery of the bid legacy action plan	The Partnership Board have agreed a legacy action plan. The Strategic Lead (Paisley Partnership) position and that of the Cultural Regeneration Officer have been filled and have commenced to give specific focus to the implementation of the bid legacy action plan. Identified services within Council and Renfrewshire Leisure have mobilised recruitment and project development to deliver infrastructure, events/cultural programme development and cultural regeneration programmes. Programme management and financial management in place, reporting to internal and partnership meetings.	Strategic Lead (Paisley Partnership)	31-Dec-2027	▶

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Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
SRR.18.01.03 Unemployment & Economic Growth Context: Funding availability, Brexit and other economic conditions could have an impact on the activity areas below: . Loss of EU funding to support Council initiatives. . . Staffing implications if Council or EU funding is not continued . Supporting local Businesses and start-ups . Employability initiatives. . Maximising external funding. . Other public focused issues that may emerge from the Council Plan / SOA indicators.	The Economic climate has recovered significantly, however the impact of Brexit and other economic challenges could still have a major impact on businesses and employment opportunities both locally and nationally. If the council and its key partners do not effectively manage these challenges there is a risk of increased poverty, homelessness, worklessness, youth unemployment and businesses failing	Head of Regeneration	**Top controls** Invest in Renfrewshire (1) The business and employability teams are experienced in delivering similar programmes. (2) Administrative processes and awards of grants have been audited and checked by legal services. (3) Partnership agreements are signed with all companies involved with the programme. (4) A sound procurement process is in place for the programme. Employability Initiatives (1) Invest in Renfrewshire (IIR) provide a greater focus on particular groups who are furthest from the labour market and the services offered will be more intensive and with greater barrier removal support. (2) This is delivered through a mix of in-house delivery, partnership funding and contracted activity and in order to recognise the changing demographics of the unemployed population, the range of youth services is now available to people up to the age of 29 while an enhanced programme of Adult Employability Services has been developed partly in relation to the emerging programmes which are being delivered through the City Deal. Business Gateway /Growth /Start Ups, etc Retail Improvement Scheme (1) These schemes initiatives support new and existing businesses to invest in their business, create additional employment opportunities, and help fulfil their ambitions for growth.	03	05	15 High

Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status
SRR.18.01.03a	Continue to deliver the Renfrewshire Employability Partnership Programme as the Council's response to the shared services agenda.	The Invest in Renfrewshire Programme secured an additional 4.5 years of funding from Renfrewshire Council which is expected to be matched by the remaining ESF and ERDF funding. This offers security of funding for services and staff until the end of 2022.	Economic Development Manager	31-Mar-2019	▶
SRR.18.01.03b	Develop the Invest in Renfrewshire programme to offer an enhanced role in tackling the economic and social challenges impacting on individuals and businesses.	The Economic Development team have undergone a full service redesign with a new service, fit for the next few years, being in place on 1st October 2018. This service ties in to the EU funding requirements and recognises the current economic position (much stronger than during the recession) and the requirements of the local economy.	Economic Development Manager	31-Mar-2019	▶
SRR.18.01.03c	Deliver Business Gateway (BG) services in Renfrewshire.	The Business Gateway services were brought in-house around 18 months ago and continue to perform well. Discussions at a city region level are ongoing about wider city region approaches.	Economic Development Manager	31-Mar-2019	▶

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Priority 2 Building strong, safe and resilient communities

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
SRR.18.02.04 Delivery of Community Empowerment expectations Context: The Community Empowerment (Scotland) Act 2015 and places a wide range of requirements on local authorities. The Act is intended to empower community bodies through the ownership or control of land or buildings and by strengthening the voice of communities in the planning and delivery of public services. Some parts of the act have come into force while others have still to be enacted.	The council needs to build on its experience in consulting with its residents and communities to ensure effective processes are in places for all aspects covered by the Act otherwise there could be reputational risks around delivery of expectations associated with the Act, financial and operational risks associated with service delivery, and financial and liability risks associated with community asset transfer.	CMT	**Top controls** (1) Community level governance arrangements are currently being reviewed to assess how they can facilitate engagement from local communities. In particular, the review has explored how Local Area Committees can meet the requirements of the Community Empowerment (Scotland) Act, and provide an enhanced role for communities to engage with the wider Community Planning Partnership. (2) Following a review, a new process is currently being developed and piloted which reviews how the Council works with community groups. This pilot will see officers working alongside community organisations to develop a more detailed framework of activity. This would include developing detailed principles for the Council's engagement and support, and creating a process which is more efficient for the Council, and transparent for community organisations (3) Community Asset Transfer - Implementing (and reporting on) the Community Empowerment (Scotland) Act 2015 including Community Asset Transfer requests	04	04	16 High

Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status
SRR.18.02.04a	Embed new governance arrangements for community planning in Renfrewshire, developing shared workplans and priorities in consultation with partners, communities and people	The community planning governance arrangements have been implemented. The final stage of the programme related to the development of an Improving Life Chances Board which has now met twice and is developing role / remit.	Head of Policy & Commissioning	31-Dec-2018	▶
SRR.18.02.04b	Develop locality planning arrangements in line with the requirements of Community Empowerment legislation, with particular focus on working with partners to engage with those most impacted by poverty in Renfrewshire	Following an extensive programme of engagement with communities and elected members, the new model of local governance was approved by full Council on 27 September 2018. Local Area Committees have now been disbanded and the first meetings of new Local Partnerships will take place in late November / early December.	Head of Policy & Commissioning	31-Mar-2019	▶

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Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
SRR.18.02.05 Community Safety & Public Protection Context: This is a wide-ranging agenda relating to the protection of vulnerable people, communities, businesses and organisations. What makes people vulnerable changes over time and through individual circumstances - and can also sometimes occur unexpectedly as a result of a civil contingencies emergency or event. With the best systems and procedures in place this risk is always possible given human nature and the unpredictability of some scenarios.	The council's community safety and public protection role, delivered within an integrated partnership model is critical to ensuring child and adult protection, and that offending behaviour and community safety services are effectively delivered, or risk of harm to and from individuals may arise.	Director of Children's Services; Director of Communities, Housing & Planning	**Top controls** (1) Multi-agency child and adult protection committees well established, with independent chair in place for both (2) Community safety and public protection steering group (3) Chief Officers Group (leaders from all relevant partner agencies meeting on a regular basis to discuss key issues) (4) Community Safety Hub, tasking and case management arrangements (5) Procedures developed and implemented across partnerships through the child and adult protection committees and through Community Justice Renfrewshire. (6) Multi Agency Risk Assessment Conference (MARAC) (7) Development of national Missing Persons Strategy (8) Ensure all relevant employees have the training, awareness and skills to keep those people at risk of harm as safe as possible. (9) Embed a consistent approach to supporting children and families affected by domestic violence informed by a strength based model of intervention.	03	05	15 High

Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status
CHS.SIP.18.02.05	Implement recommendations flowing from the national reviews of child protection and the care system.	The Independent Care Review and the Scottish Government Child Protection Improvement Programme have not yet provided specific actions for local delivery. However, Renfrewshire Children's Services have supported the development of national learning through direct representation and in contributions to discussion within Social Work Scotland. Our contributions have helped shape the national recommendations made by the Child Protection System Review and the outcome of the first phase of the Care Review. Learning from national activity continues to be collated and used to inform the review of local policy and support for children and families. Most recently, the Chief Officers Group participated in the national Child Protection Leadership events in Spring 2018, the learning from which is being taken forward by the Renfrewshire Child Protection Committee. The Committee has also supported the development of a national shared dataset which will inform future self-assessment and inspection activity. Progress reflects the long-term nature of this action.	Social Work Manager	31-Mar-2020	▶
CHS.SIP.18.02.06	We will respond to the planned presumption against short sentences (PASS).	Presumption Against Short Sentences (PASS) is likely to result in increased community sentences, in place of custodial sentences of up to 12 months. Temporary posts have been extended within fieldwork social work services, and permanent posts have been created within unpaid work to increase service capacity in preparation for increased demand. There remains no exact timescale for the presumption to come into force.	Criminal Justice Service Manager	31-Mar-2019	▶
CRSIP17.01.03.06	Lead on the public protection agenda incorporating requirements from national legislation.	Communities and Public Protection continue to lead on and drive the Public Protection agenda for Renfrewshire Council. National legislation is reviewed, implemented and discussed with partners at the Community Protection Steering Group before being taken to the Community Protection Chief Officers Group. This includes initiatives such as Building Safer Communities which has been rebranded "Your Home, Your Street, Our Community" to ensure buy in for Renfrewshire communities.	Regulatory & Enforcement Manager	31-Mar-2019	▶

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CRSIP17.01.03.07	Develop and deliver phase 2 of the Renfrewshire Community Safety Partnership hub.	The Renfrewshire Community Safety Hub has expanded as part of phase 2 with the Renfrewshire Wardens now being based from the Hub. This improves partnership working and closer relationships with partners. The Briefcam technology within the CCTV Operations room is now completely operational to allow quicker analysis of CCTV footage. Work continues on expanding Radio Link and other key priorities allowing the Hub to develop.	Regulatory & Enforcement Manager	31-Mar-2018	🛑
CRSIP17.01.03.08	Developing community interventions that build community resilience, improve safety and security and reduce victims of harm through improved intelligence sharing, partnership working and diversionary activities.	The national Safer Communities programme has been rebranded in Renfrewshire "Your Home, Your Street, Our Community" and has moved into Shortroods, its 4th area of operation following Ferguslie, Gallowhill and Erskine. This initiative brings all partners together with the community to instigate an action plan for the area and reduce issues causing the communities concern. The Daily Tasking meeting with relevant partners continues to take place every weekday morning at 9.30am to review any incidents and deliver an early intervention approach through intelligence sharing to reduce harm and improve safety and the Community Safety Partnership continues to lead on the MARAC process and the development of strategies to combat domestic abuse. Communities and Public Protection has also been heavily involved in the Financial Harm Sub Group to reduce financial harm to vulnerable people within the communities.	Regulatory & Enforcement Manager	31-Mar-2018	🛑
SRR.18.02.05a	Audit Plan – disclosure checks, review arrangements	Work on this audit engagement is due to commence in the latter part of year.	Chief Auditor	30-Jun-2019	▶
SRR.18.02.05b	Audit Plan – trading standards procedures	Fieldwork has commenced in relation to audit engagement.	Chief Auditor	30-Jun-2019	▶

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Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
SRR.18.02.06 Serious Organised Crime Context: . Serious and Organised Crime is a threat to national security . It costs the UK more than £24 billion a year The council needs to protect its citizens and its business resources	The council implements a range of measures to prevent and detect serious organised crime and should measures not be implemented and monitored effectively there could be increased threat to resources and public security.	Director of Communities, Housing & Planning	**Top controls** (1) Single Point of Contact appointed to promote awareness of serious organised crime across the Council and to work closely with Police Scotland and internal audit. (2) The Renfrewshire Community Safety and Public Protection Steering Group has strategic responsibility for developing and implementing a multi agency approach to tackling the threats posed by serious organised crime (3) The Renfrewshire Council Integrity Group has responsibility for the Councils approach to dealing with the risks posed by serious organised crime and corruption (4) The Integrity Group has worked with Police Scotland and Internal Audit to produce a vulnerability assessment and to develop an action plan with a focus on governance, insider threat, workforce support, procurement, ICT and cyber security. (5) Key Council fraud and corruption policies are kept up to date and fully implemented	03	04	12 High

Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status
CRSIP17.01.03.10	Develop and deliver a strategy for how the Council will respond locally to the risks posed by serious organised crime.	The Council's single point of contact (SPOC) chairs a multi-agency CONTEST / Serious Organised Crime group which now operates across Police K division Renfrewshire and Inverclyde. This group has good representation from all key partners (Scottish Prison Service, Police Scotland, Scottish Ambulance Service, local universities and colleges etc). This group is currently updating its local Counter Terrorism Strategy, to align with the recently published National 2018 CONTEST Strategy, this will include the establishment of a Renfrewshire Prevent Divert local group to direct activities aimed at ensuring vulnerable people are not drawn into terrorism or serious organised crime. The Integrity Group is currently being reviewed to ensure that internal issues are reviewed and monitored and in future will be chaired by the Chief Auditor.	Regulatory & Enforcement Manager	31-Mar-2018	🔴
SRR.18.02.06a	Audit Plan – prevention and detection of fraud and corruption	Work continues to progress in relation to joint working with the Counter fraud team.	Chief Auditor	30-Jun-2019	▶️

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Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
SRR.18.02.07 Local Partnership Structure Context: A Renfrewshire Community Planning Partnership Executive Group of chief officers of the key partners and an Oversight Group of elected members have been established to strengthen governance of the Community Planning Partnership. The review included benchmarking the Renfrewshire model against those of other Scottish local authorities, undertaking significant engagement with all stakeholders and others not currently engaged in LACs and undertaking an analysis of grant funding applications and awards over the last five years.	A streamlined community planning structure is required to create a fit for purpose vehicle to develop and implement the 'Our Renfrewshire Community Plan'.	Head of Policy & Commissioning	**Top controls** (1) A report on the first phase of engagement was agreed by the Council on 21 December 2017, which approved a second phase based on nine proposals for action. (2) Second phase of engagement will be completed by April 2018 and finalised proposals reported to Council for approval and implementation during 2018/19. (3) Following engagement with communities and community planning partners during 2017 and 2018, the 'Our Renfrewshire Community Plan 2017-27' was published by the Scottish Government deadline of 1 October 2017. An associated Locality Plan was also published. (4) Work with communities to develop local action plans to tackle issues people care about most. The Review of Community Level Governance Arrangements proposals being consulted on during January to April 2018 include provision for the establishment of new Local Partnerships. (5) Each Local Partnership would have, as an early task, the development of action plans that identify and address the issues that local people care about most.	03	04	12 High

Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status
CE.SIP.18.02.02	Implement a new approach for Local Area Committees	Following an extensive programme of engagement with communities and elected members, the new model of local governance was approved by full Council on 27 September 2018. Local Area Committees have now been disbanded and the first meeting of new Local Partnerships will take place in late November/ early December.	Strategic Partnerships and Inequalities Manager; Partnership Manager; Sr Planning & Pol Dev't Mgr	31-Mar-2019	▶
CE.SIP.18.02.03	Work with communities to develop local action plans to tackle the issues people care about most	The new Local Partnerships will be supported to develop local actions as an early priority. Local data profiles are being prepared to support the priority setting process.	Strategic Partnerships and Inequalities Manager; Partnership Manager; Sr Planning & Pol Dev't Mgr	31-Mar-2021	▶
CE.SIP.18.02.07	Implement changes to the governance arrangements of Renfrewshire Community Planning Partnership	The community planning governance arrangements have been implemented. The final stage of the programme related to the development of an Improving Life Chances board which has now met twice and is developing role / remit.	Partnership Manager; Sr Planning & Pol Dev't Mgr	31-Dec-2018	▶
SRR.18.02.04a	Embed new governance arrangements for community planning in Renfrewshire, developing shared workplans and priorities in consultation with partners, communities and people	The community planning governance arrangements have been implemented. The final stage of the programme related to the development of an Improving Life Chances Board which has now met twice and is developing role / remit.	Head of Policy & Commissioning	31-Dec-2018	▶
SRR.18.02.04b	Develop locality planning arrangements in line with the requirements of Community Empowerment legislation, with particular focus on working with partners to engage with those most impacted by poverty in Renfrewshire	Following an extensive programme of engagement with communities and elected members, the new model of local governance was approved by full Council on 27 September 2018. Local Area Committees have now been disbanded and the first meetings of new Local Partnerships will take place in late November / early December.	Head of Policy & Commissioning	31-Mar-2019	▶

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SRR.18.02.07a	Undertake a strategic financial overview exercise on an annual basis with community planning partners	The Council is working to a position of 1% of budget being allocated to participatory budgeting approaches. The Youth Challenge element of the new Local Partnerships grant funding will be disbursed through participatory budgeting. New funds such as the Community Empowerment Fund and Green Spaces and Villages Investment Fund also support this approach.	Head of Policy & Commissioning	31-Mar-2019	▶
SRR.18.02.07b	Finalise review of Local Area Committees in Renfrewshire	This action is now completed	Head of Policy & Commissioning	31-Dec-2017	✅
SRR.18.02.07c	Publish Renfrewshire's Community Plan 2017-2027	This action is now completed	Head of Policy & Commissioning	31-Oct-2017	✅
SRR17.08.08a	Audit Plan - Audit function of the Integration Joint Board	Andrea McMahon 14-Sep-2018 The 2017/2018 Audit Plan has been completed. Annual Report has been presented to Board.	Chief Auditor	30-Jun-2018	✅

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Priority 3 Tackling inequality, ensuring opportunities for all

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
SRR.18.03.08 Poverty levels in Renfrewshire Context: The Council's Tackling Poverty programme has been delivering since 2015, with an additional £5million allocated at Council in February 2018 to sustain key projects within the programme over a five-year period. Poverty has a wide range of adverse impacts on Renfrewshire residents which can be prevented or mitigated. Low income can cause immediate crisis such as food and fuel insecurity, or homelessness, but the Council also recognising the risks associated with living on a low income, particularly for children and young people. For example, the attainment gap between children from low income households and their better off peers is well documented and a key priority for the Council, and the significant health inequalities associated with living on a low income continue to be a key priority as well. Approaches to help mitigate welfare reform will be delivered to help Renfrewshire residents. Universal Credit is expected to be rolled-out to Renfrewshire in September 2018 and preparation for the new Scottish Social Security arrangements is also underway so that the potential impacts of the next phase of welfare reforms are well-understood across the Council.	If we don't have a co-ordinated approach to tackling the causes and consequences of poverty, this could jeopardise the effort in reducing both the short term impacts on households but also have wider long term consequences on attainment and health for people living on low incomes	Head of Customer & Business Services; Head of Policy & Commissioning	**Top controls** (1) £5 million Council funding allocated to progress range of targeted initiatives and interventions (2) Robust programme management processes in place (3) Governance structure agreed for reporting progress and budgetary monitoring (4) Preparation for the roll out of Universal Credit full service and wider changes across the Scottish and UK Social Security Systems (5) Attainment Challenge Plan for Renfrewshire, including . Additional staffing resource to support schools . Monitoring and tracking of data on attainment . Use of standardised assessments . Establishments and services engaging in self-evaluation to improve learning and teaching . Establishment Review Teams monitoring performance and linking to inspection activity . Investing in the Education Workforce plan	04	05	20 V.High

Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status
CE.SIP.18.03.01	Programme of work to tackle inequalities and poverty learning from evaluation of Tackling Poverty programme	The next phase of the Tackling Poverty programme was approved by the Leadership Board in June 2018. Progress of funded projects will be reported on a six monthly basis.	Partnership Manager; Sr Planning & Pol Dev't Mgr	31-Mar-2021	▶
CE.SIP.18.03.02	Deliver approaches to help mitigate the impacts on low income households of the next phase of Welfare Reforms	A programme of work is underway in preparation for the rollout of Universal Credit in September 2018. In particular, work has been undertaken to understand and map the support services across Renfrewshire, and to develop and deliver a communications strategy to keep residents, tenants and staff informed.	Partnership Manager; Sr Planning & Pol Dev't Mgr	31-Dec-2018	▶
CE.SIP.18.03.03	Deliver a range of interventions to support financial inclusion across Renfrewshire	Partnership groups around key areas of financial inclusion continue to meet, including the Advice Partnership, Credit Union Forum and Renfrewshire Affordable Credit Alliance. In particular, the RACA group held an affordable credit event over the summer for partners which was well attended, and are progressing with a focus on uptake on bank accounts.	Strategic Partnerships and Inequalities Manager	31-Mar-2019	▶
CHS.SIP.18.01.01	Develop and implement a strategic vision for learning and teaching within and across	**Early Years** Within the early years sector, training to support with teaching and learning in literacy and numeracy, pedagogical leadership, assessment and moderation, was made available to the early years teaching team, early learning and childcare staff and early years management	Education Managers	31-Aug-2018	✓

	Early, Primary and Secondary sectors.	last session. A leaders of learning programme was made available to senior early years practitioners to support them in leading the curriculum. Some staff across early learning and childcare establishments have had the opportunity to undertake the Frobelian Childhood practice course. All of which will impact positively on teaching approaches and staff confidence in assessing children's progress and planning learning. Training and development opportunities will continue to be planned and made available to staff this session. **Primary** Our partnership with University of Strathclyde continues. The 'Dive into Writing' programme has been very successful and several classroom assistants have been trained in approaches to support children in literacy and numeracy activities. In relation to numeracy, a similar approach to the literacy work is in place based on the 3 Domain model. Evidence based approaches are being implemented to promote attainment and achievement in all 3 domains; the learner's cognitive abilities and skills, their cultural capital and the funds of knowledge that support learning and the learner's identity as a mathematician and their resilience in dealing with challenges in their learning experience. The numeracy champion network was created to ensure opportunities for dissemination and cascading of information, training, development and best practice in teaching, learning and assessment to ensure consistency of vision across establishments. **Secondary** Subject forums continue to meet at regular intervals to share practice and develop resources to support effective curriculum delivery. Increasingly these forums are making use of online sharing forums which is leading to increased practitioner confidence and skill. National Qualifications continue to be a focus for Secondary schools and input at these forums from SQA representatives has been invaluable. The Development Officers for Numeracy, Literacy and Assessment have attended the subject forums as appropriate and have been able to offer very helpful advice and direction which is supporting learning and teaching in the Broad General Education particularly. Secondary schools are improving their systems in terms of the recording of the wider and personal achievement of young people, and making use of this data to celebrate success. Secondary schools are continuing to refine their systems for the recording of the wider achievement of young people and are beginning to make use of this information to identify and target young people whose achievements are not recorded.			
CHS.SIP.18.01.05	Further develop the curriculum, and the opportunities for personal achievement, to maximise school leavers' skills to meet the needs of employers.	Schools are increasingly seeking opportunities to increase the range of accreditation opportunities for young people, including Saltire and John Muir awards. There has been an increase in the number of vocational courses available for senior pupils at West College Scotland and 2 vocational courses in session 2018/19 will be hosted in secondary schools to support increased partnership working with the college and to encourage more vulnerable young people, who may be reluctant to travel to college, to engage as appropriate. A short life working group will be established in session 2018/19 to review and revise the current work experience model with a view to providing more relevant opportunities for work experience across the senior phase.	Education Manager	31-Mar-2021	▶
CHS.SIP.18.01.06	Support schools to deliver a Senior Phase which ensures appropriate pathways and provides the best possible opportunities for them to	Through an increased and more robust use of data, schools are more effectively tracking the progress of young people in the broad general education and the senior phase. This is allowing earlier intervention and targeted support for more young people leading to improved attainment. There has been a slight increase in the number of girls undertaking STEM subjects and partnership work will continue in session 2018/19 with the national Primary Engineer	Education Manager	31-Mar-2021	▶

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	achieve a range of qualifications.	Programme which supports training for primary staff to deliver engineering in the primary sector.			
CHS.SIP.18.03.04	Support targeted children and young people at key transitions to close the attainment and achievement gaps.	Transition teachers have been very successful in supporting targeted children across our primary and secondary sector. In particular, there has been: • Increased pupil participation and engagement in the secondary classroom; • Improved attainment of targeted pupils in literacy and numeracy; and • Improved cluster relationships, dialogue, collaborative working and professional learning opportunities. Data is being used to: • Target pupils for transition teacher support; • Track target pupils' progress across transition; • Understand pupils' learning; and • Understand where curricular transition processes need to be reviewed and developed. Impact to date: Pupils - wellbeing wheel evidence from cohort 1 target pupils who were only supported between August and December of S1, shows that there was impact in pupil confidence and sense of achievement. Staff - survey evidence shows that secondary staff are benefitting from transition teacher support; engaging in professional dialogue and changing mindset towards curricular transition due to having the opportunity to work with a primary colleague.	Education Manager	31-Mar-2021	▶
CHS.SIP.18.03.12	Provide children and young people with opportunities to participate in activities which provide a vehicle for wider achievement.	Youth Services continue to provide targeted youth work programmes in schools and communities based settings in support of the action. (e.g. Personal and Social Development, Family Learning, Forest Schools, Community Youth Clubs, Holiday Programmes). Youth Work activities linked to wider achievement help young people work towards accreditation through Youth Achievement Awards, Saltire Award, Junior Award Scheme for Schools (JASS), John Muir, Go Mountain Bike, Heart Start, and the Duke of Edinburgh (D of E) Award Programme. Effort is also being made to accredit youth leadership training to SQA recognised awards (e.g. D of E Leaders Programme, Certificate in Participative Democracy). Support given to partners through training and networking to promote wider achievement opportunities. Youth Voice programme continues to develop a Youth Symposium focussed on 'Mental Health and Young People' and aimed to raise this issue as the key driver for youth voice initiatives within Renfrewshire. The Positive About Youth (PAY) Awards received its highest ever number of nominations and attendance at its annual event in November 2017. The event which is organised and run by young people for young people celebrates young people's personal achievements in school and the wider community. Youth Services is leading on Year of Young People and promotion of youth empowerment activities across council services and partners in authority. In addition, providing flexible work placements and volunteering opportunities and increasing awareness of wider achievement. Awards are open to all participants and significant support is provided to targeted groups who may experience disadvantage, barriers or access to learning opportunities.	Education Manager	30-Jun-2018	✅
CHS.SIP.18.04.03	Support and challenge establishments in more effective use of data to assess children's	Through the implementation of a robust Quality Improvement Framework, education managers are more confident when visiting schools to support and challenge establishment heads in their use of data. Professional dialogue takes place which has a focus on the	Education Manager	31-Mar-2021	▶

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	progress and improve learning and teaching.	monitoring and tracking of individual pupils' progress in learning, careful analysis of assessment data and identification of interventions to support targeted pupils.	Mgt Info Officer		
CHS.SIP.18.04.06	Further develop reporting of management information to inform educational policy and practice including meeting the needs of the National Improvement Framework.	In addition to improving the use of data in and across our schools, a report on attainment was submitted to the Education and Children's Services Policy Board in November 2017 and again in March 2018, which contained a range of management information relating to the broad general education and national qualifications. We now report to the board bi-annually. Furthermore, Education Managers have been supported in the analysis of data concerning their link schools. Through feedback from those who use our data, we continue to develop and improve the quality and frequency of management information across the service and within schools.	Mgt Info Officer	31-Aug-2018	✅
FRSIP18.03.07	Provide effective support to people affected by the introduction of Universal credit Full Service from May 2018 onwards	Universal Credit Full Service went live across Renfrewshire area on 18/09/18. The numbers of people claiming UC will gradually rise month on month. The council has worked with DWP to provide information on how and where to claim and is providing digital support and personal budgeting support for those that require it as they transition to UC.	Head of Customer & Business Services	31-Mar-2020	▶
SRR17.06.07a	Audit Plan - Review of the deployment, accountability and responsibility for targeted funds	Work for this audit engagement has been completed. Report has been issued to management	Chief Auditor	30-Jun-2018	✅

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Appendix 2 Corporate Risk Register

Priority 1 Reshaping place, economy and future

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
CRR.18.01.01 Cultural Infrastructure & Regeneration Context: Following the positive impacts of the City of Culture Bid last year, the Council has ambitious plans to develop Renfrewshire's 'cultural assets' to support the regeneration activity across LA area. This £91m investment includes:- . £42m Paisley Museum . £22m Paisley Town Hall . £7m Paisley Library . £2.5m Paisley Arts Centre . £7.5m St James £10m Public realm and transport improvement projects	The planned £91m of infrastructure investment will require significant community engagement, robust monitoring and implementation otherwise there is an inherent risk around funding availability, grant conditions, financial and economic assumptions and not delivering the benefits expected from the associated levels of investment.	Head of Regeneration	**Top controls** Museum Project (1) Round 1 HLF funding bid for £4.9m approved in Sept 2017 for the redevelopment of Paisley Museum. Round 2 bid being developed for submission in 2019. An application was submitted to the Scottish Govt Regeneration Capital Grants Fund (RCGF) fund with £4m being approved in March 2018. (2) A detailed risk register has been prepared for this project and this is updated regularly and reported to the Project Board. This includes the management of risks relating to community engagement, funding availability, the exhibiting of collections and the complexity of the buildings among many others. (3) The Museum Store relocation to High Street was successfully completed in October 2017 with a public opening in December 2017. Other Projects (1) All projects will be managed using the Council's established Project Management Framework (2) Risk registers are prepared and maintained for all capital investment projects. (3) Progress reports are taken to the Infrastructure Board at an officer level and to the Leadership Board to update Members. (4) Procurement strategies have been prepared for each project with the most appropriate procurement route selected.	03	05	15 High

Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status
CRR.18.01.01a	Identify temporary accommodation and appropriate funding for the decant/recant of the Lending Library.	The Temporary Library facilities will be located in the Lagoon South Car Park, with commencement of works due in early October 2018, and a planned opening date in January 2019. Appropriate funding has been identified and contained within the allocated project budget.	Cultural Infrastructure Project Director	31-Dec-2018	▶
CRR.18.01.01b	Progress the Proposed new Paisley Lending Library in town centre.	The new Paisley Learning & Cultural Hub project is well underway and Concept design proposals have been approved for the refurbishment and re-modelling of the building at 22 High Street. Developed in partnership with Hub West Scotland, the planned opening date for the new facilities will be January 2021.	Cultural Infrastructure Project Director	31-Dec-2020	▶

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Priority 2 Building strong, safe and resilient communities

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
CRR.18.02.02 Organisation & ICT Resilience Context: . Civil contingencies service and organisational capacity to respond to major incidents . Dependencies in relation to ICT systems . Business continuity during transition to Business World Service business continuity responsibilities to respond to any ICT downtime or disruption (Data centre migration/ Data centre BAU issues/ Cloud based telephony and potential for disruption of critical council service/ Solaris/Oracle migrations from old cluster to new)	If the council is not a resilient organisation, this could result in a poor response to external disruptive events such as those recorded in the Community Risk Register and/ or internal events such as loss of key employees, facilities or systems (impacting adversely on the community, council employees, services and reputation).	Director of Communities, Housing & Planning; Director of Finance & Resources	**Top controls** (1) Council Incident Response Procedures, Council Business Continuity Arrangements and Council Crisis Communication Plan (2) Corporate and service department Resilience Management Teams meeting regularly to review arrangements (3) Generic major incident plans, national and local contingency plans (4) Regular exercising of emergency plans (5) ICT Disaster Recovery Plan (6) All major ICT projects have project risk management principles applied (7) Transition to Business World – . To Be business processes have been mapped and are under review with the wider Council . Additional business resource has been made available to support understanding of the current As Is processes . End user training will be tailored to train new business processes alongside the new system . User Testing will incorporate the testing of the new business processes alongside the new Business World system . Contingency plan is to continue working with existing systems and processes should the project not be ready to launch when planned.	04	04	16 High

Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status
CRR.18.02.02a	Audit Plan – cloud services	Work is due to commence in the latter part of the year.	Chief Auditor	30-Jun-2019	▶
CRR17.10.05c	User acceptance testing to confirm suitability of new processes	UAT for the new system is complete.	Head of Finance	30-Sep-2018	✅
CRSIP17.01.03.05	Fulfil the requirements of the Flood Risk Management Act by developing action plans to address flooding risk in Renfrewshire.	▪ Surface Water Management Plan/study of Hillington/ Cardonald/ Penilee area jointly progressing with Glasgow City Council to identify the most sustainable suite of options to manage flood risk from all sources. ▪ Integrated Catchment Study of Erskine Waste Water Treatment Works Catchment with Scottish Water to assess catchment flood management needs. ▪ Collaborating with all Responsible Bodies designated in the production of the Clyde and Loch Lomond Local Plan District Flood Risk Management; Strategy, Cycle 2 (22 December 2021) & Plan, Cycle 2 (22 June 2022)……ongoing 6 yearly recurring action. ▪ Maintaining a schedule of watercourse assessment and repair, and action measures resultant. ▪ Recording all flood events and pass to SEPA. ▪ Mapping all watercourses and Sustainable Urban Drainage Systems as an ongoing action. ▪ Maintain all constructed flood schemes.	Transportation Manager	31-Mar-2019	▶

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		▪ Promote Sustainable development through sustainable flood risk management policies being embedded in the local development plan, structure plan, and development management supplementary planning guidelines. ▪ Ensuring no Renfrewshire Council action contravenes the published Flood Plan or Strategy. ▪ Ensure the Flood Plan and Strategy is effectively integrated to all other Renfrewshire Council published Plans/Strategies/Policies and vice versa			

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Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
CRR.18.02.03 Insider Threat & Corporate Fraud Context: The council needs to protect its business resources (employees, financial and information resource)	The council implements a range of measures to prevent and detect insider threat and corporate fraud. Should measures not be implemented and monitored effectively there would be increased threat to resources and security of information.	Director of Communities, Housing & Planning; Director of Finance & Resources	**Top controls** (1) The Integrity Group, chaired by the Head of Public Protection, includes appropriate membership from across service area to review and where necessary strengthen organisational resilience. (2) A corporate counter fraud team is in place, under the management of internal audit, to raise awareness of threats and create an anti-fraud culture, assist with prevention, detect and investigate cases and refer cases to other agencies. (3) Appropriate ICT controls are in place to prevent and detect information assets. Supported by a dedicated Cyber Security officer and an Information Security Group to advise on risk control measures. (4) Employee vetting checks are in place for all new employees.	03	04	12 High

Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status
CRR.18.02.03a	Audit Plan – prevention and detection of fraud and corruption	Work continues to progress as planned. A draft counter fraud and corruption policy is currently being consulted on.	Chief Auditor	30-Jun-2019	▶
CRR.18.02.03b	Audit Plan – corporate system access	The fieldwork for this audit engagement has recently commenced.	Chief Auditor	30-Jun-2019	▶

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
CRR.18.02.04 Cyber Security Context: Cyber threats have increased over the past decade and continue to rise and as a Government agency, the public sector is specifically targeted by cyber criminals. The ransomware attack of 2017 that brought the NHS to its knees is a prime example of the risk and impact. Traditional security avoidance and prevention strategies may no longer be adequate for stopping advanced persistent attacks. Renfrewshire Council is focused on ensuring cyber risk is appropriately managed in a way that supports innovative working and the safety and security of council systems and information.	Should cyber security attacks target the council internet, IT network or data communications there is a risk of website defacement; loss of control, integrity or availability of IT resources; loss of confidential data and information assets; and a failure in compliance obligations.	Director of Finance & Resources; Head of ICT	**Top Controls** (1) Scottish Government Cyber Resilience Strategy and Public Action Plan (2) IT security scanning and filtering technologies (3) Backup copies of data (4) Incident Management & Response plans (5) Independent IT Health Checks (6) Encrypted devices (7) Encrypted internet based connection to O365 services (8) User access controls including Active Directory services, certificates, passwords, two factor authentication, rights management rules and conditional access rules. (9) Regular review of risk (10) Evolving deployment of technologies to increase protection and decrease risk over time (11) Cyber Essentials accredited	03	04	12 High

Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status
As per Scottish Government Cyber Resilience Strategy and Public Action Plan					

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Priority 3 Tackling inequality, ensuring opportunities for all

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
CRR.18.03.05 Welfare Reform Context: Universal Credit (UC) was initially rolled out across Renfrewshire in 2015 for a limited client group. The rollout of the full digital Universal Credit service in Renfrewshire is now scheduled to start in September 2018. Significantly more customers (estimated at 20,000) will be expected to make on-line applications and receive monthly benefit payments once UC is fully rolled out. As a result, the demand for support required to help citizens successfully move on to and maintain claims to UC in areas such as digital access, personal budgeting and housing support will increase significantly. Council areas where the full service is already underway report a range of organisational impacts including increasing rent arrears; in Renfrewshire direct payment of UC to recipients will increase the rent that needs to be collected directly from council tenants from £15M to £28M per year once full rollout is complete in 2022. Other impacts include fewer applications for Council Tax Reduction, impacting on Council Tax revenue, as well as increased demand for both Discretionary Housing Payments and Scottish Welfare Fund crisis grants. This sits alongside reductions in Housing Benefit administration funding that is not expected to be aligned with reductions in workload.	Welfare related legislative changes, including the move to Universal Credit Full Service will increase demand for digital support and advice services across the community as the council looks to support people transition to the new arrangements. UC could jeopardise the viability of the Housing Revenue Account and will increase demand for Scottish Welfare Fund and Discretionary Housing Payments and lead to a reduction in CTR income. It will create additional resource and workforce planning pressures for services.	Director of Communities, Housing & Planning; Director of Finance & Resources	**Top controls** (1) The potential impact of the roll out of universal Credit has been modelled across a range of functions and income streams to support effective planning and resource allocation and is updated to reflect any new information from DWP or other parties. (2) A detailed plan of Council activity ahead of go live has been developed and joint planning with DWP is also underway to ensure the plans are aligned and take account of the lessons learnt from earlier adopters. (3) Utilising £0.81M of resources set aside by the council, the development of responsive interventions will be developed and deployed over the short term to assist in managing the impact of UC. (4) Well-developed management arrangements are in place to monitor rent and council tax income and arrears levels. (5) The administration arrangements and spend for Discretionary Housing Payments and Scottish Welfare Fund are monitored and reviewed on an ongoing basis. (6) Workforce planning activities include actions to coordinate and manage the impact of UC and other welfare reform changes on staff resources. (7) The council continues to be represented by senior officers in discussions at a national level on a range of welfare reform issues, including Universal Credit rollout. (8) The Community Planning Partnership ensures cohesive working among partners, and the Advice Partnership Renfrewshire provides a forum for communicating and involving key stakeholders.	04	04	16 High

Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status
FRSIP18.03.08	Monitor the progress of welfare reform and put in place effective controls to ensure the council is prepared for the impacts	The council has developed effective modelling tools to identify and monitor the impact of welfare reform changes, including Universal Credit, on Council services and resources. Now that UC Full Service is live across Renfrewshire the actual impacts will be tracked to ensure that Council services continue to support citizens and manage the resource demands	Head of Customer & Business Services	31-Mar-2020	▶

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Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
CRR.18.03.06 Education Reform Context: The ongoing review and reform of educational governance, which will be set out in the Education Act expected to be in draft by summer 2018.	All indications are that the reform will pose risks to: Financial governance and control arrangements; Workforce planning and recruitment policy	Director of Children's Services	**Top controls** (1) Engagement with the Scottish Government and all consultation relating to the reforms (2) Engagement with schools on possible reforms and preparation on possible future arrangements	03	03	9 Moderate

Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status
No specific new actions: Council officers continue to monitor plans for national reform and engage appropriately. Renfrewshire Council is a member of the Glasgow City Region Education Improvement Collaborative and the Glasgow City Region Regional Education Committee					

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Priority 4 Creating a sustainable Renfrewshire for all to enjoy

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
CRR.18.04.07 Climate Change, Sustainability & Adaptability Context: . Protecting and enhancing the Green Belt and strengthening landscape character in Renfrewshire . Stabilising Renfrewshire's population . Protecting and sustaining human health and enhancing human wellbeing. . Ensuring better integration between transport and land use planning and increasing the proportion of trips undertaken by walking, cycling and public transport . Protecting and enhancing the water environment and promoting sustainable flood risk management . Improving air quality and reducing the level of airborne pollutants . Reducing green-house gas emissions . Reducing Renfrewshire's carbon foot print Increasing energy efficiency	If the council does not make the most of opportunities associated with climate change, sustainability and adaptability, there is a risk of missed opportunities for maximising savings and the potential for financial penalties.	Director of Finance & Resources	**Top controls** (1) The Council has used the Climate Change Assessment Tool – helps public sector organisations in Scotland self-evaluate their performance under the public sector duties of the Climate Change (Scotland) Act 2009 (2) The Carbon Management Plan has specific objectives to reduce emissions and these are included in other key documents such as the Council Plan (3) Implementation of the Corporate Asset Management Strategy ensures that property assets are managed effectively and efficiently through the provision of relevant management and performance information (4) The Energy Management Team: . ensure energy management initiatives are aligned to the capital investment programme and corporate asset strategy to optimise use of property estate and reduce overall running costs and energy consumption levels . promote reductions in energy usage and advise employees and residents about energy efficiency (5) Through the Procurement Unit, sustainability and community benefits are considered in the development of all contract strategies	02	04	8 Moderate

Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status
CRR.18.04.07a	Audit Plan – energy management	Fieldwork for this audit engagement has been completed.	Chief Auditor	30-Jun-2019	▶
CRSIP17.01.04.14	Ensure a residual waste treatment and disposal facility is fully operational by 2019 as part of the Clyde Valley Waste Management solution	The contract for residual waste treatment and disposal has been finalised and plant build has commenced and remains on target/plan. Build still being undertaken and on schedule. This ambitious The project remains on target to be fully operational by 2019. The Linwood Waste Transfer station refurbishment works have been completed.	Amenity Services Manager (Waste)	31-Mar-2019	▶
FRSIP18.04012	Meet the Scottish Government's targets and expectation on Carbon Reduction measures	Carbon Management Plan on programme	Head of Property Services	31-Mar-2020	▶
FRSIP18.04.13	Increase focus on Carbon and Financial standings through monitoring and targeting.	Targeting & Monitoring resource appointed	Head of Property Services	31-Mar-2020	▶

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Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
CRR.18.05.08 Financial Sustainability Context: **Best value report** . Recommendation in Best Value report to prioritise how services need to be provided in future to be funded from within available resources. **Cost & Income pressures** . Future grant settlements and the level of funding available. . Implications of national economic policy to protect certain services from real terms reductions in funding such as the Police and NHS . Future Local Government pay settlements and non- payroll related inflation . Demographics & demand pressures, such as an ageing population with increased associated service demands . Implications of welfare reform & poverty levels. . Reductions in council income from fee generating services such as local planning and parking, Implications of the national economic recovery and associated risks/uncertainty in economic factors e.g. interest rates.	If significant cost pressures are not successfully planned for and managed effectively over the medium to longer term, this could jeopardise the financial stability of the council and result in a significant impact on availability and quality of front-line services and capital investment resources.	Director of Finance & Resources	**Top controls** (1) An updated Medium to Longer Term Financial Planning Strategy assessed the various risks to the council's short, medium and longer term financial sustainability. The results are communicated throughout the council in various related reports such as the "Financial Outlook 2018-2020 Report" presented to the Leadership Board on the 12/12/2017. Committee reports of this nature cover a wide range of current and future financial and economic factors e.g. Strategic Economic and National Policy Context, Cost Pressures, Pressures on Income and Mitigation Strategies to deal with such uncertainties. (2) A well developed and embedded budget planning, budget setting and budgetary control system is in place throughout the organisation and this informs members and officers regarding financial performance and stability. This facilitates robust and transparent decision making and incorporates an escalation process with regards budget management issues which may arise. (3) In conjunction with the medium to longer term financial outlook and the councils continued "Better Council Change Programme" Renfrewshire Council has been pro-active in planning for the future by identifying and agreeing a planned release of resources. This is required to meet emerging budget pressures and is utilised in conjunction with the Council's long term debt smoothing strategy to support the release of planned savings over a number of years (4) There is close financial monitoring of the agreed savings to be achieved and this is to ensure they are delivered within the agreed timescales and achieve the associated objectives. Monitoring is undertaken via a combination of financial and operational measures, actions & related update reports. (5) Regular updates and bespoke reports are provided to CMT and the Council with regards the national fiscal position, likely developments and the impact on the council through close liaison with national groups and the Scottish Government. (6) Levels of and use of reserves and the Council's Capital Investment and Treasury Management Strategy. **Other controls** (1) Reports and publications from Audit Scotland in relation to local government's financial outlook, financial planning and related developments & improvements are supplemented with a Renfrewshire context report with both reports being submitted to the Council's Audit Scrutiny & Petitions Board. Audit Scotland representatives have an open invite to these policy board meetings. (2) The role as a partner in the development of a waste management shared service allows the council to influence key decisions and be clear on its related costs. (3) Improving asset management planning, asset utilisation and energy consumption has clarified priority areas for investment in the council's estate and this has supported and informed the council's investment decisions and the formulation of the council's capital & revenue budgets.	05	05	25 V.High

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Action Codes	Linked Actions	Latest Note	Assigned	Due Date	Status
CRR.18.05.08a	Audit Plan – home care contract management	Work on this audit engagement is due to commence in the latter part of the year.	Chief Auditor	30-Jun-2019	▶
CRR.18.05.08b	Continue to implement the agreed medium term financial strategy which will focus on delivering required savings through the Better Council Change Programme, debt smoothing and effective workforce planning	A revised Financial Outlook paper was presented to Council in September outlining the medium term position and a range of potential financial outcomes and risks. Debt smoothing as a savings option will naturally come to an end in 2019/20 so there will need to be increased focus on transformation of services to deliver efficiencies	Head of Finance	31-Mar-2020	▶
CRR17.10.04a	Audit Plan - Review of programme management arrangements, focusing on the pace and effectiveness of the change programme	Final report for this audit engagement has been issued to management.	Chief Auditor	30-Jun-2018	✓
CRR17.10.04b	Audit Plan - Review of workforce planning arrangements	The final report in relation to this audit engagement has been issued to management.	Chief Auditor	30-Jun-2018	✓
CRR17.10.04c	Audit Plan - Review of the arrangements for client charging and payments	Report now issued	Chief Auditor	30-Jun-2018	✓
CRSIP17.03.09.34	Develop customer engagement plans to involve our customers and actively seek their buy-in and support for service provision.	Work continues to align the new empowering communities fund with the greenspace, play parks and Village Investment Funds. This is to support the delivery of the £1.87m funding programme for communities for green spaces, parks, play areas and villages and a cross service group has been established to review and allocate funding. This work will look to lead to Community Led Action Plans to allow communities to drive what they want for their communities.	Transportation Manager	31-Mar-2019	▶

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
CRR.18.05.09 Governance - Internal control and management oversight Context: § Reduction in the workforce and an increase in scale and pace of change More challenging environment beginning to emerge for oversight and assurance	Recent trends suggest that assurance is becoming more challenging and combined with opportunities for improvement around management oversight there is an emerging risk to systems of internal control	CMT	**Top controls** (1) Annual Internal Audit Plan prepared in consultation with Service managers and designed to support the Chief Auditor's annual opinion on the control environment. (2) Audit Panel arrangements provides oversight at CMT. (3) Improved Audit, Risk and Scrutiny Board reporting arrangements agreed including escalation process for outstanding actions.	03	05	15 High

Action Codes	Linked Actions	Latest Note	Assigned	Due Date	Status
CRR.18.05.09a	Regular meetings to take place with Service directorate managers to focus on internal control issues and actions outstanding.	Arrangements are in place to progress the first round of meetings during November.	Chief Auditor	31-Mar-2019	▶
CRR.18.05.09b	Audit Plan – key financial controls	Work on this audit engagement is due to commence in the latter part of the year.	Chief Auditor	30-Jun-2019	▶

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Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
CRR.18.05.10 Asset Management Context: . Property services . Community asset transfer . Facilities management . Compliance Environmental infrastructure such as roads, lighting, bridges, reservoirs and flood risk management (drainage/ gullies etc)	There are many opportunities, statutory and insurance obligations in relation to the council's physical assets which require efficient management otherwise there could be financial, physical and reputational risk for the council and/ or service users.	Director of Environment & Infrastructure; Director of Finance & Resources	**Top controls** (1) Property Services – . Renewing our Corporate Asset Strategy . Managing and reporting 'Condition' and 'Suitability' PIs for property . Delivering on our Carbon Management Plan (2) Community Asset Transfer – Implementing (and reporting on) the Community Empowerment (Scotland) Act 2015 including Community Asset Transfer requests (3) Facilities management - there is statutory inspection guidance that defines roles and responsibilities for inspection and follow-up, and planned statutory compliance inspections of assets are undertaken by trained personnel (4) Compliance – in addition to 3 above use of the CAMIS system aids keeping track of compliance activity (5) Environmental infrastructure and flood risk management . Inspection of roads, structures and lighting by trained employees . LED street lighting programme - greatly improved reliability of street lamps across Renfrewshire, the LED conversion programme will save over 60% of energy consumption compared to the current situation and reduce maintenance. All LEDs are now complete. (6) Contracts are out for drainage inspection, clearing and repair where required	03	05	15 High

Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status
CRR.18.05.10a	Audit Plan – Roads inspection and monitoring	Fieldwork for this audit engagement is currently underway.	Chief Auditor	30-Jun-2019	▶

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Context	Risk Statement	Owned by	Current Risk Control Measures	L'hood	Impact	Eval'n
CRR.18.05.11 Information & Records Context: 1) Information as a resource for business intelligence 2) Protection of data and preparations for compliance with the General Data Protection Regulation ahead of the 25 May 2018 enforcement date 3) ICO powers to administer significant monetary penalties The Records Management Plan that requires full implementation	If information (in whatever format), is not managed and handled effectively and in line with legislative requirements, there is an increased financial and reputational risk for the council as well as risk to service deliver and organisational decision-making	Director of Finance & Resources	**Top controls** (1) Roles and responsibilities for information governance and information management are defined and established (for individuals, teams and groups) (2) A full suite of policies and guidance is in place around how information is handled and shared securely and how data is protected, with many training and development requirements and opportunities for employees, such as DP, information security, and records management modules on iLearn (3) There are technical ICT controls in place to protect the information handled by the council (4) There is an established incident management procedure in place for identifying, reporting, investigating and monitoring lessons learned from any information security incidents or near misses (5) Records Management Plan (approved by Council), which covers all the organisation's records.	03	05	15 High

Action Codes	Linked Actions	Latest Note	Assigned	Due	Status
CRR.18.05.11a	Ensure all actions on the GDPR Action Plan are completed timeously to support compliance in time for the enforcement date.	Preparations for the coming into force of GDPR on 25 May were completed by the Managing Solicitor(DPO). Those included regular SIRO Bulletins on GDPR and what it means for Council officers, the launch of a mandatory GDPR iLearn module for completion by staff before 25 May and a GDPR Awareness Week. Compliance with GDPR is an ongoing requirement for the Council and, as the Information Governance Team, as of 31 August 2018, now has two new Senior Solicitors (Information Governance) to assist the Managing Solicitor(DPO), the team will continue to drive the Council's information governance agenda to meet GDPR requirements	Managing Solicitor (DPO)	25-May-2018	✅
CRR.18.05.11b	Audit Plan – GDPR compliance	Fieldwork for this audit engagement is due to commence in the latter part of the year.	Chief Auditor	30-Jun-2019	▶
CRR.18.05.11c	Audit Plan – Educational establishment/ information security	Fieldwork has commenced for this audit engagement.	Chief Auditor	30-Jun-2019	▶
FR.RR16.10.08c	Revise and implement the Information Management Strategy	Information Management Strategy reviewed and agreed by SIRO and Action Plan developed. Action Plan to be passed to SIRO for review Nov 18. Both to be presented at CMT before end Dec 2018.	Enterprise Architect	31-Dec-2018	▶
FR.RR16.10.08d	Develop a range of practical data and information management guidance to allow individuals, team and services management their information assets more effectively	Information Asset Register and Guidance in place. Practical Guidance complete, Data Quality Guidelines complete – both to be presented for sign-off at next IMGG (Dec 2018).	Enterprise Architect	31-Dec-2018	▶
FR.RR16.10.08g	Development of disposal procedures for line of business applications	For IT systems – the Records Manager is on a Working Group as part of the Info@Work upgrades to look at introducing the module that enables retention and disposal rules to be applied to records on the system. This is still ongoing. Records Management are also adding to the ICT Information Management Strategy the requirement, where applicable, for new systems to have records retention and disposal functionality. More overall, rather than specific to IT, the new Records Disposal Policy has been approved by CMT and was approved by the Keeper of the Records of Scotland team as part of the Records Management Plan Update Review. The council was also upgraded to full 'Green' approval from them on the Destruction Arrangements Processes.	Managing Solicitor (DPO)	31-Jul-2019	▶
FRSIP18.05.30	Progress Records Management Plan (RMP) Action Plan, in particular the Business Classification Scheme	The Council has moved away from the approach of implementing BCS across all systems and is now focussing on implementing it as and when identified as beneficial by departments. The BCS will be added to the Information Management Strategy action plan to ensure that, where	Head of Corporate Governance	31-Mar-2019	▶

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		relevant, future IT tender requirements will include the need for Function Classification and Retention Period monitoring functionality. Three of the five elements of the RMP that were set at amber (Assessment & Review, Audit and Destruction Arrangements) have now been assessed as Green by the National Records of Scotland following our update submission.			

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
CRR.18.05.12 Better Council Programme Context: (1) Successfully deliver Phase 3 of the Better Council Change programme and implement the agreed budget and savings options (2) Implementation of a significant programme of transformational change (3) Increased efficiency (4) Third phase of the programme to facilitate identification of additional savings areas. (5) Addressing capacity challenges (financial and workforce) to deliver change and improvement	The ongoing transformational change agenda makes for a highly complex and challenging business environment which, if not co-ordinated and managed effectively across all aspects of the council's business, could result in benefits not being delivered and impact significantly on future service delivery and the longer term effectiveness of the organisation	Director of Finance & Resources	**Top controls** (1) Programme management approach adopted. (2) Monthly programme boards held as part of CMT agenda. (3) Effective budget tracking and monitoring (4) Regular reporting on progress to the Leadership board (5) Effective joint working with between PMU staff and service leads (6) Special development sessions held with all managers to third tier to assist in prioritising areas for further development and possible inclusion in the second phase of the programme. (7) A workforce planning strategy has been developed by HR & OD, aligned to the Organisational Development strategy and BCCP and the individual actions identified within this are being progressed. (8) Directors are being supported by HR&OD to implement highly effective workforce planning approaches to effectively scenario plan to deal with any major uncertain shifts in the Council's internal or external environments. (9) A range of learning and development solutions to support managers specifically on areas of change management and workforce planning has been delivered through the Leaders of the future programme.	03	04	12 High

Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status
FRSIP17.10.32	Lead on Better Council Programme projects phase 3	The projects in the Customer Experience/digital theme are progressing well from development of the business cases into delivery. Automated processes continue to be developed and deployed in Customer & Business Services and the streamlined, on-line Special Uplift process is now live. Opportunities for improving processes in schools are underway and paperless working is being progressed with the CMT.	F&R SMT	31-Mar-2019	▶

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Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
CRR.18.05.13 Business World Context: As the ERP project moves towards implementation, the new Business World environment will be operational for managers and employees to access a range of ICT, HR and financial services. Realising the outcomes and benefits of this new way of working will now be the focus of this risk as Business World becomes business as usual.	The introduction of Business World requires the redesign of several key internal processes and when operational, employees and managers will need to fully engage with the range of ICT, HR and financial services, otherwise there is a risk that the council will not maximise the full range of anticipated benefits.	CMT	**Top controls** (1) Through the governance structures for the project there is wide engagement with council services and partners to ensure they have visibility of where the project is at and what can be delivered (2) Information provided from (1) above covers the deliverability of benefits which are dependent on the implementation and associated business process changes.	03	04	12 High

Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status
CRR17.10.05b	Establish benefits realisation plan and trackers	The technology solution was implemented on the 1st October 2018. A new programme with new workstreams including support & development, benefits realisation, etc is being developed. This new programme will be established by the end of March 2019	Head of ICT	31-Mar-2019	▶
CRR17.10.05e	Audit Plan - Review key financial controls in order to provide an opinion on the financial internal control environment in place for those systems included within the roll out of ERP	Work on this audit engagement has been completed. Report has been issued to management	Chief Auditor	30-Jun-2018	✓

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Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
CRR.18.05.14 Governance (BV) & Leadership Context: The best value report published in August 2017 noted good leadership in the council. Recommendations made however included: § Councillors improving cross-party working Councillors taking advantage of training & development that the council provides to ensure they have the necessary skills and knowledge to perform their role effectively	Effective governance and leadership is essential otherwise there is an increased risk to the business and reputation of the council and to important decisions that will need to be made in future.	CMT	**Top Controls** (1) Comprehensive induction and ongoing development programme in place for elected members. (2) Members are offered the opportunity to develop focussed individual development plans. (3) Cross Party Sounding Board established	02	04	8 Moderate

Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status
CRR.18.05.14a	Undertake a review of the current training and development programme through engagement and consultation with elected members, to identify potential opportunities to further support attendance and participation levels.	The review has now been completed with new training programme delivered in April.	Head of Policy & Commissioning	31-Dec-2017	✅
CRR.18.05.14b	Embed Cross Party sounding Board and identify opportunities for all elected members to work together on issues of common interest and importance for the council and the Renfrewshire area.	Cross Party Sounding Board is in place and has already met on a few occasions. So far the board members discussed community level governance, Council and Community Plans and members development arrangements.	Head of Policy & Commissioning	31-Mar-2019	✅

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Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
CRR.18.05.15 Workforce Planning (BV) Context: The best value report published in August 2017 highlighted areas for improvement with regards to workforce planning, most of which have been progressed already and are now reflected within the current control measures. The current risk evaluation is therefore moderate	Recommended improvements in workforce planning arrangements should be implemented otherwise there will be an increased risk to how future services are delivered.	Director of Finance & Resources	**Top controls** (1) The Council Workforce Plan 2017-2020 (approved in August 2017) (2) Each service department has its own workforce plan with associated priorities aligned to the 5 key themes of the Council Workforce Plan (3) All services have embedded workforce planning into their Service Improvement Plans (4) A Strategic OD & Workforce Planning Board is now well established (5) A dedicated resource for workforce planning is in place to support monitoring and progress of service and Council workforce planning actions (6) Engagement with and reporting to a wide range of stakeholders including CMT, Policy Boards, Services, Trades Unions and Staff Panels (7) Managers are being developed in workforce planning. 233 managers are currently on development programmes with an anticipated 600 planned up until 2019. (8) The Renfrewshire Health and Social Care Partnership (HSCP) also has its own Workforce Plan and Oversight Group with representation of senior managers from HSCP and Council. (9) Children's Services has a workstream specifically focused on teacher recruitment	02	04	8 Moderate

Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status
CRR.18.05.15a	Progress the Council Workforce Plan's next 6 months' priorities	The Council Workforce Plan and all service workforce planning priorities are implemented and continue to be monitored through Service Improvement Plans and are updated on the Pentana Performance system. This ensures robust monitoring and that workforce planning is not seen as a standalone activity. The Council Workforce Plan progress and priorities for the next 6 months were also presented to the Finance, Resources and Customer Services (FRCS) Policy Board in June 2018, and through individual service workforce planning presentations to the CMT during June to August 2018. The next progress report outlining 6 month priorities is due to be presented to the FRCS Policy Board in November 2018.	Head of Transformation & OD	30-Sep-2018	✅
CRR.18.05.15b	Roll out workforce planning training for all staff (awareness)	Workforce planning workshops are embedded in the Council's leadership and management development programmes. As at October 2018 approximately 300 managers from across all services are participating in these programmes. In addition to the Workforce Planning Team Brief that was issued following the approval of the Council's Workforce Plan, an iLearn module for employees is being developed for launch in early 2019. This module will raise awareness of workforce planning, what it involves and its importance to the organisation.	Head of Transformation & OD	31-Mar-2019	✅
CRR.18.05.15c	Roll out performance development and review programme across the council	Following approval of the People, Performance and Talent Policy in June 2018, supporting guidance has been delivered for staff on the policy and individual training plans are being rolled out across services. A Talent Management approach will be embedded as part of the process to support succession planning across the workforce.	Head of Transformation & OD	31-Mar-2019	▶
CRR.18.05.15d	Implement new management arrangements to integrate existing HR, organisational development and programme management resources within one function to further strengthen the council's approach to managing change	New management arrangements have been implemented. Recruitment is underway for the new Head of Service.	Head of Transformation & OD	31-Mar-2019	✅

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Appendix 3 Top Service Risks

Chief Executive Services

Priority 1 Reshaping place, economy and future

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
CERR.18.01.01 Renfrewshire Events Strategy Our approach includes leading on the implementation of the Renfrewshire Visitor Plan 2018-2021 and coordinating the progress of the action plans for the seven strategic projects which teams across the council and partners are responsible for delivering. The key element of that will be to lead on the provision of an events management service for the Council and the delivery of the Renfrewshire Events Strategy including bidding for new national events and designing, commissioning and delivering a programme of events and festivals across Renfrewshire.	If the council doesn't support all local activity to maximise the benefits from the legacy of the 2021 bidding process, we won't be able to attract new visitors and to change the reputation of Paisley and Renfrewshire.	Head of Marketing & Communications	**Top controls** (1) A Multi Agency Events Group meets on a monthly basis. Our multi agency partners include Police Scotland, Scottish Fire and Rescue, Ambulance Scotland. A number of internal departments represented; Events, Health and Safety, Civil Contingencies, Community Resources - street scene, roads and occasional representation from Members Services when required. The remit of the group is to plan and deliver safe and successful events. The group primarily review council run events but also consider community events jointly plan that could have implications for any of the service represented. A contingency manual is prepared for each council run event, circulated to all members of the group for comment and feedback. The document contains timelines, key contacts, site maps, permissions and is designed to provide event control room with a single document containing all strategic information required to inform decisions on the day. Each event is supported by a consumer marketing and media campaign that enables up-to-the minute event information to be provided to event goers and visitors. The group also review all events on completion and log any issues in a lessons learned to inform planning and development for future events. (2) Events Guidance Manual in operation (3) Considerable pre-event liaison with in house teams and the emergency services (4) The events team and in-house specialists have considerable experience and a good track record in organising and managing events (5) Suppliers procured in accordance with Contract Standing Orders, with indemnity limits agreed and insurance covers checked. **Other controls** Accredited and experienced stewards are employed and Paramedic and trained first aiders are on site at all large scale events. There is events cancellation insurance cover in place for higher cost events	03	04	12 High

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Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status
CE.SIP.18.01.05	Deliver a range of diverse and exciting events to increase visitor numbers to our town centre and grow local event attendances	The Events Strategy sets out a target of attracting 400,000 attendees to the events we deliver by 2022. This target includes existing, Paisley 2021 legacy and new events the team will bid to bring to Renfrewshire. The target for 2018/19 is 190,000, quarter one events included St Mirren league celebration, Food and Drink Festival, British Pipe Band Championships and Renfrew and Barshaw Gala days. The average audience profile for these events are 66% local and 34% visitors. Q2, 3 and 4 events include hosting of the Scottish Album of the Year Awards and Pagliacci, Sma Shot and Weave Festival, Fire Engine Rally, Doors Open Days, The Spree, Halloween, Fireworks and the Christmas Lights switch ons. Within the strategy we gave an undertaking to enhance our existing events, review out programming approach and secure external funding. This has been delivered for the Spree with a new partnership with Synergy music and a fresh programming approach. Over the last few we have been developing an augmented programme for Halloween and have been successful in securing £48.5k form Event Scotland's Signature Event Fund, the programming approach reflects Scotland's Year of Young People with ambitious targets to engage a minimum of 550 young people across our programme.	Comms & PA Manager; Events Team	31-Mar-2021	▶
CE.SIP.18.01.05	Deliver a range of diverse and exciting events to increase visitor numbers to our town centre and grow local event attendances	The Events Strategy sets out a target of attracting 400,000 attendees to the events we deliver by 2022. This target includes existing, Paisley 2021 legacy and new events the team will bid to bring to Renfrewshire. The target for 2018/19 is 190,000, quarter one events included St Mirren league celebration, Food and Drink Festival, British Pipe Band Championships and Renfrew and Barshaw Gala days. The average audience profile for these events are 66% local and 34% visitors. Q2, 3 and 4 events include hosting of the Scottish Album of the Year Awards and Pagliacci, Sma Shot and Weave Festival, Fire Engine Rally, Doors Open Days, The Spree, Halloween, Fireworks and the Christmas Lights switch ons. Within the strategy we gave an undertaking to enhance our existing events, review out programming approach and secure external funding. This has been delivered for the Spree with a new partnership with Synergy music and a fresh programming approach. Over the last few we have been developing an augmented programme for Halloween and have been successful in securing £48.5k form Event Scotland's Signature Event Fund, the programming approach reflects Scotland's Year of Young People with ambitious targets to engage a minimum of 550 young people across our programme.	Comms & PA Manager; Events Team	31-Mar-2021	▶
CE.SIP.18.01.06	Implement the Renfrewshire Visitor Plan	Progress continues to be made in seven portfolios and highlights include: Two tourism business networking events, both with support from VisitScotland and attendance from Regional Director, as well as Chamber of Commerce and Paisley First. Development and launch of Paisley Welcomes – online training portal for product familiarisation and customer service excellence, public realm and infrastructure strategy in progress, development of visitor campaign and new marketing materials, Paisley visitor survey completed for second year, annual Visitor Attraction Monitor commissioned, exhibited at VisitScotland EXPO 2018, Scotland's largest travel trade event.	Comms & PA Manager; Events Team	31-Mar-2021	▶
CE.SIP.18.01.09	Deliver the events strategy to 2022. This will include bidding for new events and delivering an enhanced events programme on an annual basis as part of the Paisley 2021 Legacy plan	2018 events currently in delivery, working towards strategy targets. Signature events Food and Drink Festival, British Pipe Bands and Weave delivered. External funding from Event Scotland Signature fund received for Halloween festival.	Comms & PA Manager; Events Team	31-Mar-2021	▶

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| | | We have successfully hosted year one of a three year contract for the British Pipe Band Championships. Scottish Album of the Year Awards were held 6th September with a record attendance and secured national publicity.

Project initiation has commenced on Legacy projects including Glen Cinema, Radical War and Paisley Festival. We will be working with Glasgow Life on the bid to secure the Giro in 2020. A largescale cycling event is in the inaugural business case planning stage. | | | |

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
CERR.18.01.02 Public affairs and marketing The service is leading on producing high quality campaigns and promotional materials which position Renfrewshire positively in digital and traditional media. Campaigns will be designed to raise awareness of council services, policy changes and promote positive behavioural change leading to improved lives. The risk will also be managed through the provision of professional marketing and graphical design services, the development and implementation of the Council's marketing strategy and provision of external communications, media and public relations to protect the council's reputation, reinforce the corporate vision and build the profile of the council nationally.	If the council doesn't engage with local citizens and communities to enhance awareness and understanding of the Council and the services, we won't be able to promote and enhance the council's reputation and celebrate our achievements.	Head of Marketing & Communications	**Top controls** (1) Head of Marketing and Communications and the Marketing Manager and Corporate Communications Manager liaise with Services/ Senior Management Teams on the co-ordination and timing of information communications, communication strategies, action plans and key milestones (2) Head of Marketing and Communications is full member of Corporate Management Team (3) Media protocol in place (4) Communications database (Gorkana) is used to track and manage media enquiries (5) Council information channels such as; website, social media, magazine are used effectively to promote council initiatives (6) All content on website and intranet have review dates set so that checks can be made on currency of information (7) Crisis Communications Strategy and on call rota in place (8) All employees are required to comply with council guidelines when using approved social media applications such as Facebook and Twitter (9) The Communications team monitors all social media accounts	03	04	12 High

Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status
CE.SIP.18.01.04	Implement our destination marketing plan	Implementation of the destination marketing plan is on track Destination website paisley.is and dedicated social media channels launched. Positive PR coverage and social media activity has performed well in terms of reach and engagement. Key highlights include: BBC Scotland Call Kaye – Cat Harvey's big day out, Scots Magazine, Indy Eats and Olive magazine. Q1 positive opportunities to see and hear were 255million. Combined reach to date is over 271million. Paisley.is achieved 75K unique visits in Q1 which exceeds our target for year one with 150K visits to the website. Q1 total social media followers were 5,440 and on target for the year. Combined social media followers to date is 6,154.	Comms & PA Manager; Events Team	31-Mar-2021	▶
CE.SIP.18.01.07	Create a positive destination brand to drive positive perceptions of Paisley and Renfrewshire as a great place to live, work and visit, and implement the destination marketing strategy	Q1 positive opportunities to see and hear were 255million. Combined reach to date is over 271million. Paisley.is achieved 75K unique visits in Q1 which exceeds our target for year one with 150K visits to the website. Q1 total social media followers were 5,440 and on target for the year with our combined followers at 6,154. Q1 included planning for the implementation of the first visitor campaign, development of new visitor marketing materials and roll out of Paisley Welcomes – a new online visitor information and training hub. Key highlights in Q1 include: attended Visit Scotland Expo, partnership agreed with Chamber of Commerce, brand activated and support of marketing events programme (Food and Drink Festival, British Pipeband Championships and planning for the year ahead).	Comms & PA Manager; Events Team	31-Mar-2021	▶
CE.SIP.18.01.08	Establish a commercialisation model that reconnects the Paisley Pattern to Paisley	First formal partnership agreement signed and subsequently extended to include jewellery - due to launch in November 2018. Research into potential Digital Asset Management tool underway and tender for DAT being developed.	Comms & PA Manager; Events Team	31-Dec-2020	▶

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Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
CERR.18.01.03 Regeneration of Renfrewshire's Town centres Context: *Working with Housing Association partners to build more affordable homes in Renfrewshire. *Progressing Community Growth Areas across Renfrewshire *Delivering actions that will improve our Town and Village centres. *Delivering the Paisley Town Centre Heritage Asset Strategy. *Using new approaches to attract new development and investment.	The Council has plans for the regeneration of town centres throughout Renfrewshire which if not delivered effectively could result in reputational harm as well as the missed opportunities of improving the quality of life in Renfrewshire, particularly in the Town Centres. This includes investing in Renfrewshire's Heritage assets and the promotion of Renfrewshire and of Paisley as a destination town.	Head of Regeneration	**Town Centre Regeneration** . All regeneration projects are managed using the Councils Project Management Framework. . Regeneration projects are reported through a Programme Board chaired by the CE and Council Boards. . Progress against key milestones, and funding and other risks are regularly monitored. . A Strategic Economic Framework and 10 year vision and action plan for Paisley Town Centre were approved by the Council's Leadership Board in November 2016. . Funding of key regeneration projects supported through applications to appropriate funding sources. . In Sept 2017 stage 1 HLF funding of £4.9m was approved for the redevelopment of Paisley Museum with a Round 2 bid being developed for submission in 2019. An application was submitted to the Scottish Govt Regeneration Capital Grants Fund (RCGF) with £4m being approved in March 2018. . £4.5m funding for Phase 2 approved by HLF / HES for further townscape heritage priority projects in Paisley Town Centre (TH/CARS2 project). . Preparation and consultation on Town Centre Strategies for Linwood, Johnstone, Erskine, Braehead and Renfrew completed and agreed by Board. **Paisley Town Centre Heritage Asset Strategy (PTCHAS)** . Paisley Heritage Asset Strategy approved in January 2014. . Paisley BID (Business Improvement District) Steering Group established, the Council is represented on the BID. . The £5m refurbishment of the iconic Russell Institute was completed in Summer 2017. . £4.5m funding for Phase 2 approved by HLF / HES for further townscape heritage priority projects in Paisley Town Centre. . Building purchased at No.22 High Street, Paisley for the Learning & Cultural Hub incorporating the relocation of Paisley Central Library and £1.5m Scot Govt RCGF funding was secured.	03	04	12 High

Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status
CERR.18.01.03a	Deliver the Paisley Town Centre Action Plan 2016-2026.	Substantive progress made to conclude all short term actions identified within the Action Plan. Agreement reached with Scottish Government to commission and jointly fund a further commission to explore a renewed 'vision' for the centre that explores functionality and interdependencies between heritage regeneration projects, tourism and cultural development alongside transport infrastructure and property market changes. Commission will be made by the end of 2018.	Head of Regeneration	31-Mar-2019	▶

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Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
CERR.18.01.04 Advanced Manufacturing and Innovation District Scotland (AMIDS) Context: The National Manufacturing Institute of Scotland (NMIS) will be located on the key GAIA/AMIDs site, giving Renfrewshire the opportunity to build on this success to create an Advanced Manufacturing District creating many skilled jobs, significant investment and economic growth	Failure to maximise the impact of the National Manufacturing Institute of Scotland (NMIS) would be a missed opportunity to create skilled jobs and economic growth on a large scale resulting in reputational damage and less positive impact on the area's levels of poverty and deprivation.	Head of Regeneration	**Top controls** (1) The GAIA City Deal project will support the delivery of the infrastructure required to support the AMIDS. (2) The Council are working closely with partners including the Scottish Government, Scottish Enterprise and the University of Strathclyde to meet the programme for NMIS delivery. (3) The Renfrewshire City Deal team is leading on the Infrastructure, Planning & Building workstream for the delivery of NMIS. (4) The Renfrewshire City Deal team, with partners, is developing an overarching programme for the delivery of GAIA enabling infrastructure, NMIS delivery, other potential inward investments and the wider AMIDS – taking into account all partner requirements and interdependencies to ensure all stakeholders requirements are met with minimal impact on each other. (5) Leadership Board agreed to seek authority from the City Region Cabinet at its April 2018 meeting to materially review the existing business case for the CWRR project to maximise the economic potential and impact of the existing GAIA project, following the December 2017 announcement by the Scottish Government that the National Manufacturing Institute for Scotland (NMIS) was to be located within the Glasgow Airport Investment Area (GAIA). (6) A Planning Permission in Principle (PPIP) application for the development of GAIA will be submitted by the City Deal project team. The purpose of the PPIP application is to help deliver the vision of creating an internationally recognised centre for innovation, research and advanced manufacturing by addressing as many of the common planning, environmental and other statutory requirements as possible and assist in de-risking the delivery of NMIS and future investment opportunities.	02	05	10 High

Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status
CERR.18.01.04a	Assist in meeting NMIS construction milestone through commissioning of advanced works associated with AMIDS PPIP	Renfrewshire City Deal Project Director chairs NMIS Infrastructure workstream. Regular project update meetings with NMIS Project team also setup. Renfrewshire City Deal team are managing a series of advanced works to prepare the site for development including NMIS: Demolition works on Netherton Farm site are complete. Archaeological mitigation works commenced 24/09/18 with initial surveys, trial trenching commenced 02/10/18 with works due to complete on Netherton Farm by end of October 2018. Tender documents for site investigation are due to be issued w/c 08/10/18, with award expected by end of October due to commence early November (after archaeological mitigation works complete).	Head of Regeneration	31-Mar-2019	▶
CERR.18.01.04b	Submit PPIP for AMIDS	The Planning Permission in Principle (PPiP) application for the Netherton Farm site was submitted on 29 June 2018 and continues to be considered by Renfrewshire Council's planning department. It is currently expected that this application will be determined at the Communities, Housing & Planning Policy Board on 30 October 2018.	Head of Regeneration	31-Mar-2019	▶

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Communities, Housing and Planning Services

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
CHPRR.18.01.01 House building and community regeneration Context: . Working with Housing Association partners to build more affordable homes in Renfrewshire. . The Scottish Government have announced a target of 50,000 new affordable homes in Scotland. . Progressing Community Growth Areas across Renfrewshire . Using new approaches to attract new development and investment.	The Council has plans for regeneration throughout Renfrewshire which if not delivered effectively could result in reputational harm as well as the missed opportunities of improving the quality of life in Renfrewshire. The provision of high quality affordable housing is a key component of this and is an integral part of the regeneration strategy that must be delivered.	Head of Planning & Housing Services	Top controls House building and encouragement of investment (1) Promotion/Marketing of Renfrewshire as a place to invest. (2) Consultation on the new draft Strategic Housing Investment Plan 2017/18 - 2022/23 was carried out in September 2017. (3) Review of Council's land and property assets continues with marketing of sites as well as working with a range of partners to facilitate new development on more challenging sites with ongoing discussions with CPP partners on joint approaches to property solutions. (4) The Renfrewshire Local Housing Strategy 2016-2021 sets out the strategic vision for housing and housing related services and seeks to provide a clear direction for strategic housing investment. Projects (1) The Council has identified a number of priority regeneration projects in local residential communities through the SHIP process. These include:- . Paisley West End . Ferguslie Park Regeneration Plan . Orchard Street housing regeneration. . Johnstone Castle. . Bishopton. **Community Regeneration** (1) A programme management framework has been established to monitor progress of the Strategic Housing Investment Programme as well as the delivery of housing regeneration initiatives across Renfrewshire's communities. (2) The Local Housing Strategy 2016-2021 provides the policy context for ongoing investment and interventions. (3) Regular consultation and liaison with Scottish Government. (4) The Planning & Housing Section with the Service has been augmented and work programme aligned to ensure that resources are available to address the consultation, monitoring and delivery of regeneration activity.	03	04	12 High

Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status
CHPRR.18.01.01a	Consult on proposals for the regeneration of the Tannahill area of Ferguslie Park	Having reviewed further the options for the Regeneration of the Tannahill area of Ferguslie Park, officers from Planning and Housing Services have been consulting on updated proposals with tenants and residents of the Tannahill area. Details of the review and findings from the recent consultation will be presented to the Communities, Housing and Planning Policy Board in October 2018.	Planning & Housing Manager	31-Mar-2019	▶
CHPRR.18.01.01b	Promote the use of CPOs to facilitate Council housing new build development in Johnstone Castle	Officers are progressing the second CPO for the regeneration of Johnstone Castle. Demolition of the former tenements is ongoing to clear the sites, to date 33 blocks have been demolished with a further 15 to be demolished in due course. Following the appointment of the Councils new build contractor, 'ENGIE', ground works have now commenced for the construction of 95 new build Council Homes in Johnstone Castle.	Planning & Housing Manager	31-Mar-2019	▶

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CHPRR.18.01.01c	Promote the use of CPO to facilitate the regeneration of Paisley West End Masterplan	Paisley West End – Following the approval of the West End Masterplan by the Leadership Board in December 2017, officers from Planning and Housing Services continue to work with our RSL partner, Sanctuary Scotland and the Scottish Government to deliver the Regeneration Masterplan for the West End of Paisley. In order to facilitate the masterplan, officers are now progressing the promotion of a CPO for the Masterplan area to assist with the delivery of the regeneration proposals.	Planning & Housing Manager	31-Mar-2019	▶

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
CHPRR.18.01.02 Housing Investment Context: The Energy Efficiency Standard for Social Housing (EESSH) was introduced in April 2015 with the first milestone set for 31 December 2020. Scottish Government carried out a mid term review of EESSH during 2017 and the next milestone is expected to be announced during 2018. It is the Council's position that EESSH will be achieved through the capital funding plans for planned investment programmes, together with Government sourced supplementary funding (e.g. HEEPS:ABS) and other external funding sources such as ECO. There is also uncertainty over what recommendations will be made regarding investment in multi storey (high rise) blocks as a result of the inquiry into the Grenfell disaster which could involve significant funding challenges.	Delivery of the EESSH standard will require access to external funding sources to supplement the Council's capital funding. If the council does not secure sufficient funding to deliver all these measures, some properties may not meet the required standard. The current uncertainty around what recommendations may be made by Scottish Govt in relation to multi storey fire safety improvements mean it is difficult to plan for these from a funding and procurement perspective.	Head of Planning & Housing Services	**Top controls** Energy Efficiency Standard for Social Housing (EESSH) (1) The opportunities to secure external grant funding for energy improvements are being maximised, with over £11.6M HEEPS:ABS funding been secured over the last 5 years with a further £1.5M expected in 2018/19 (2) The Scottish Government has carried out a mid term review during 2017 to assess landlords' progress towards compliance with the 2020 milestone (3) Temporary exemptions may be possible where it can be demonstrated that the costs associated with meeting the standard are excessive and where external funding sources are not available to support the Council's capital programme (4) As a result, where EESSH measures cannot be applied in the short to medium term, some properties may not meet the required standard. This may cause issues for tenants of those properties in terms of higher costs to heat their homes Multi Storey Investment (1) Since Grenfell, the Council has chaired regular meetings with a group of key officers, including representatives from Scottish Fire & Rescue Service to review fire safety measures and agree any actions that may enhance the fire safety arrangements in the future (2) Communal Area fire alarm systems are in place in each of the 14 blocks (3) Fire Risk Assessments are in place for each of the 14 blocks, with an additional independent fire safety audit currently underway (4) The fire safety role carried out by the concierge and caretaking staff is under review with consideration of enhancing the cover provided by extending the hours that blocks are staffed (5) Fire rated doors which were previously installed in all council owned properties have now been offered to those private owners whose door did not meet the required fire safety standard and installations are underway (6) A programme of upgrades to smoke and heat detectors within each council property is underway (7) Regular update reports are presented to the Communities, Housing and Planning Policy Board	04	03	12 High
Action Codes	**Linked Actions**	**Latest Note**		**Assigned To**	**Due Date**	**Status**

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
CHPRR.18.01.03 Air Quality Context: Local authorities have a statutory duty to assess local air quality and, where necessary, declare Air Quality Management Areas (AQMA) and develop and Air Quality Action Plan	If council is not seen to be effectively working towards meeting statutory limit values for NO2, there is a risk of reputational damage and the potential for financial penalties, depending on UK and Scottish Government decisions on how to apportion EU fines should they be imposed on the UK for failing to comply with the EU Air Quality Directives.	Head of Public Protection	**Top controls** (1) A network of monitoring to measure Air Quality is undertaken throughout Renfrewshire. (2) The approved 2014 Paisley Town Centre Air Quality Action Plan is being updated and supplemented to produce a Renfrewshire wide Action Plan; reflecting the additional Air Quality Management Areas declared by the Council in 2016 (3) Effective action plan measures are implemented to address air quality issues within all the Air Quality Management Areas (4) Funding applications to the Scottish Government are submitted annually to assist with implementation of additional monitoring and action plan measures, where necessary	04	03	12 High

Action Codes	Linked Actions		Latest Note	Assigned To	Due Date	Status
CRSIP17.01.04.18	Deliver a refreshed Air Quality Action Plan to improve air quality for Renfrewshire ✅		The draft Renfrewshire Air Quality Action plan has been completed for the 3 Air Quality Management Areas in Paisley, Johnstone and Renfrew. This has been passed to the Scottish Government and SEPA for review as per requirements under legislation and once returned with comments, will go out to wider consultation in due course. The Action Plan details actions to reduce air pollutants within these areas.	Regulatory & Enforcement Manager	30-Sep-2017	✅

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Environment and Infrastructure Services

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
EIRR.18.01.01 FAI/Cemeteries Context: Many memorials and headstones within our cemeteries and churchyards have been erected many years ago. Although modern construction techniques are applied now, many of these have been erected without suitable foundations and dowling that connects the pieces of a memorial together. Even when these have been included, many of them will have failed over the course of time, compounded by the natural deterioration of the materials originally used. Although the memorial stones remain the sole property of the legal lair holder, Renfrewshire Council has a statutory duty to ensure the safety all of visitors, staff, funeral directors and contractors visiting and operating within our cemeteries and churchyards. In many cases, the legal 'owner' of the memorial or headstone will be deceased.	If large memorials in cemeteries are not checked at an appropriate frequency, there is an increased risk of potential accidents/ injuries. If repairs are not carried out to large memorials within an appropriate timescale when defects are noted, there is an increased risk of potential accidents/ injuries to members of the public visiting Renfrewshire cemeteries.	Head of Amenity Services	**Top controls** (1) Staff presence and visits to all of our operational cemeteries who will report anything that requires further inspection. (2) Routine/ programmed inspections of Renfrewshire cemeteries and churchyards to ascertain the condition of memorials, headstones, crypts, mausoleums and associated structures. Where defects are found, memorials are made safe by laying down. (3) Attempts are made to contact the last known lair holder that we have taken action to make the memorial safe.	03	05	15 High

Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status
EIRR.18.01.01a	Environment & Communities will work with the Scottish Government and Scottish Burials Benchmarking Group (SBBG) to implement any guidance and actions arising from the fatal accident inquiry into the death at Craigton Cemetery.	The guidance to be prepared by the Scottish Government has not yet been drafted. Renfrewshire Council are part of the working group alongside the Scottish Burial Benchmarking Group (SBBG) and will continue to review and monitor discussions. Once guidance published, this will be used by Renfrewshire Council	Head of Amenity Services	31-Mar-2019	▶
EIRR.18.01.01b	On publication of the guidance - undertake a robust training needs analysis to identify any skills gap and any additional staff resources in meeting the published guidance requirements - Identify and deliver suitable and sufficient staff training.	Currently awaiting finalised guidance from the Scottish Government. Work undertaken to discuss with other local authorities and Scottish Burial Benchmarking Group (SBBG). Approved training provider for memorial safety has been used previously by the Council and training will be undertaken in-house. An external contractor has been approached regarding the inspection and stability of memorials in Renfrewshire cemeteries.	Head of Amenity Services	31-Mar-2019	▶
EIRR.18.01.01c	Develop and implement a suitable software package for recording finding.	Investigations on-going for soft market testing. This is linked to the procurement of a contractor, training of staff and ensuring the finding can be linked to cemeteries management software. This work is currently on-going.	Head of Amenity Services	31-Mar-2019	▶

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	This will be required to link into the cemeteries management software suite.					
EIRR.18.01.01d	Continue to review and amend processes and continue to work with SG and SBBG on best practices and any subsequent amendments to the guidance.	Work remains on-going with the Scottish Burial Benchmarking Group (SBBG) to assist the Scottish Government with appropriate guidance to ensure consistency. Discussions been held with SBBG and other local authorities with regards to checks undertaken on memorials and this will be replicated in Renfrewshire.	Head of Amenity Services	31-Mar-2019		▶

Context		Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
EIRR.18.01.02 Roads Highway Code of Practice Context: New code of practice for highways - coming into effect in October 2018, requiring revised arrangements to be timeously implemented		Arrangements to support risk-based categorisation and inspection of highways (roads and footways), require to be implemented timeously or there may be an increased financial risk for the council.	Head of Amenity Services	**Top controls** Dedicated team and resources in place to prepare for and transition to new arrangements	03	05	15 High

Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status
EIRR.18.01.02a	Arrange risk management training for assessors, for applying the new risk based methodology agreed by SCOTS	All roads and footway inspectors fully trained for applying the new risk based methodology.	Head of Amenity Services	31-May-2018	✅
EIRR.18.01.02b	Risk assess and re-classify the highway network in line with the new methodology agreed with SCOTS	The re-classification of the highway network has been undertaken in Renfrewshire in line with the new methodology agreed with SCOTS. This however, needs further work to complete and tailor fully to Renfrewshire and this work remains on-going.	Head of Amenity Services	15-Jul-2018	🛑
EIRR.18.01.02c	Revise inspection policy and submit to Board for approval	A report on the new Roads Highway Code of Practice was taken to the Infrastructure, Land and Environment Policy Board on 29 August 2018 outlining the proposals. Unfortunately, the Policy couldn't be finalised and taken to Board for approval as the draft guidance being prepared by SCOTS for all local authorities has not been finalised. Once this is complete, Renfrewshire Council will translate to our own highways and present to the policy to the above Board.	Head of Amenity Services	07-Aug-2018	🛑
EIRR.18.01.02d	Go live with new procedures in October 2018	Due to the guidance from SCOTS still being in draft form, Renfrewshire Council will not be able to go live in October as planned. From discussions at SCOTS, no local authority will be able to go live in October 2018. Work continues to review the guidance and alter to the resources and needs of Renfrewshire. The Roads Service is currently going through roads and footways to see the correlation and differences from current inspection regimes.	Head of Amenity Services	31-Oct-2018	▶

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Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
EIRR.18.01.03 Linwood Moss landfill site	Failure to adequately manage the Linwood Moss Landfill Site could result in environmental impacts, reputational damage and failure to comply with licensing conditions.	Head of Amenity Services	**Top controls** (1) Regular monitoring of leachate and gas from the site (2) Manual inspection of all infrastructure and telemetric system to monitor leachate levels in place (3) Procurement of consultants to work with SEPA (Environmental Regulator) on the discharge of leachate and gas	03	04	12 High

Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status
CR.RR17.04.15a	Work with consultants and SEPA to assess if leachate can be discharged to watercourse	Tripartite meetings continue with SEPA and consultants (Atkins) and the Amenity Services – Waste Manager. Data on waterflow within the site is still being collected and analysed with SEPA requiring 2 years' worth of data before any decision is made on where the water will be discharged to.	Amenity Services (Waste) Manager	31-Mar-2018	▶
CRRR1617.02a	Continue to monitor Linwood Moss landfill site and rectify any faults found	Equipment on site and some materials (amoniacle nitrogen and iron levels) being removed. Tankering of leachate has been undertaken throughout 2017/2018 to ensure there is no overspill. Monitoring of Linwood Moss landfill site is undertaken on a daily basis.	Amenity Services (Waste) Manager	31-Mar-2018	▶

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Finance and Resources

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
FRRR.18.01.01 Oversight of induction procedures Context: Finance & Resources have responsibility for monitoring compliance with induction procedures	If people who are new to the council, or who are moving into new positions internally, are not aware/ reminded of key messages, information and expectations, then there is a risk of breach of council policies and procedures	Head of Transformation & OD	**Top controls** (1) First impressions - I learn induction course available to all staff, and incorporates all the mandatory information. (2) New start's Line manager carries out local induction and sends to Customer and Business Services to upload to Anite file (3) New starters induction checklist in use	03	04	12 High

Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
FRRR.18.01.02 Insurance cover for predecessor organisations Context: * Long tail industrial related disease claims * Limitation (Childhood Abuse) (Scotland) Act 2017	With insurance gaps identified for some predecessor organisations, and recent legislative changes relating to limitation periods, there is an increased financial risk arising from possible uninsured claims	Risk Manager	**Top controls** (1) Register of policies for Renfrewshire's predecessor organisations allow relevant insurers to be identified and notified wherever possible (2) An insurance archaeologist also undertook further work to identify insurers for known gaps (3) Where the council believes an insurer is 'on risk' they are put on notice timeously	03	04	12 High

Action Codes	Linked Actions	Latest Note	Assigned To	Due Date	Status

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Renfrewshire
Council

To: Audit, Risk and Scrutiny Board

On: 5 November 2018

Report by: LEAD OFFICER

Heading: Review of the newly introduced speed limit in Brookfield (A761)

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1.   **Summary**

1.1   At its meeting on 15 September 2017 members of the Audit, Risk and Scrutiny Board agreed the purpose and scope of this review. This report provides background information for the Board's interest and details of who will be attending the Board meeting to share relevant information and answer Board members' questions.

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2.   **Recommendations**

2.1   The Board is asked to:

- Note the progress of the review;
- Consider the information provided in this report and presented at this Board;
- Agree the next steps and advise of any further information or action required

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3.   **Background**

3.1   The scoping paper presented to the Board in August 2018 set out the specific context for this review. The next steps were agreed by the Board.

3.2   In 2006 the Scottish Government provided new guidance to Local Authorities regarding the speed limit on roads under their control. The guidance provided a detailed framework for how speed limits should be assessed and imposed. Within this guidance was an instruction for each Local Authority to carry out a "Speed Limit Review" on all A and B class roads by 2011.

3.2   In carrying out this review in 2011 the following information was gathered and considered for all A and B class roads in Renfrewshire:

- Accident records

- Traffic volumes

- Existing mean speeds

- Geographical layout and physical characteristics

- Location and type of existing speed limit

The review identified several locations where the existing speed limit did not meet the framework's criteria and requested consideration to reducing the speed limit on those locations. The review did identify some locations where a technical evaluation suggested a raised speed limit. At this time Council officers suggested that there was little or no support for raising speed limits and consequently proposed no increased speed limits.

3.3   In 2011 the Environment and Infrastructure Policy Board approved, subject to police agreement, a list of speed limit reductions on nine A and B class roads. This included the section of the A761 going through Brookfield being reduced to 30mph, from the original speed of 60 mph.

3.4   In the original proposal for this review it is suggested this reduction was excessive and 40 mph was quite adequate with the old restricted stretch through Brookfield village staying at 30 mph.

4. Information on A761 stretch going through Brookfield

4.1   An officer from Renfrewshire Council's Environment and Communities Services will attend this Board meeting as agreed. A short report has been prepared by the service in advance for the Board's information. This is attached as Appendix 1.

4.2   In terms of incidents, statistics are sourced from the "Crash Map" website. This site uses official data from incidents reported to the police and provides information about recorded injury collisions on the roads of Great Britain. Incident severity is graded at "slight", "serious" or "fatal".

For the stretch between the Deafhillock Roundabout to the Branscroft junction:

2005 -2011 -There were 10 "slight" incidents recorded. No serious or fatal.

2012 -2017 -There were 5 "slight" incidents recorded. No serious or fatal.

4.3   An officer from Police Scotland will also attend this Board meeting, offer its perspective verbally and answer any questions from the Board. The key message anticipated from Police Scotland is that the limit has been successfully implemented and there has been a reduction in incidents since its implementation. Therefore, increasing the limit is unlikely to be actively supported. Additionally, it is anticipated Police Scotland will recognise there was heightened enforcement of the limit during its initial implementation but in the last few years there has been little enforcement required. The Council officer's report states average speeds were recorded in June 2016. This showed speeds of 30 and 32mph.

4.4   It is anticipated that a representative and a view from the local Brookfield community will be available for the Board's consideration at its next meeting on 21 January 2019. This will be from Brookfield Community Council.

4.4   Following this, no further witnesses or exploration of information sources are planned. The Lead Officer will take direction from and respond to any further requests of the Board.

Implications of the Report

1.   **Financial**   - none
2.   **HR & Organisational Development**   - none
3.   **Community/Council Planning**   – none

4.   **Legal**   - none
5.   **Property/Assets**   - none

6.   **Information Technology**   - none

7.   **Equality & Human Rights**   - none

        (a) The Recommendations contained within this report have been
            assessed in relation to their impact on equalities and human rights.
            No negative impacts on equality groups or potential for infringement
            of individuals' human rights have been identified arising from the
            recommendations contained in the report. If required following
            implementation, the actual impact of the recommendations and the
            mitigating actions will be reviewed and monitored, and the results of
            the assessment will be published on the Council's website.

8.   **Health & Safety**   - none

9.   **Procurement**   - none

10.   **Risk**   - none

11.   **Privacy Impact**   - none

12.   **Cosla Policy Position** - none

List of Background Papers - none

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Report from Environment and Communities Services

Background

The Scottish Government provided guidance on how to set speed limits in 2006.

Renfrewshire Council completed its review of speed limits in 2011 and reported its recommendations to the Environment & Infrastructure Policy Board on the 8th June 2011. This included the reduction in the speed limit on the A761. From Linwood Toll to the west of Brookfield which was reduced to 30mph over its entire length.

The review considered

> Accident records
> Traffic volumes
> Average speeds
> Geographical layout
> Existing speed limits

It was reported in the Board Report, that there was no support for raising speed limits

For the length of the A761from the Glasgow City boundary in the east to the Inverclyde boundary in the west there are currently 8 separate sections of speed limit. The Scottish Government recommends that too many changes of speed limit should be avoided along a route. Some of these sections, whilst above the recommended minimum, are very short. In addition, the current limits do not accurately reflect the current road conditions.

The section of the A761 from west of Kilbarchan Road to Brookfield had an accident history.

The section of the A761 between Linwood and Linwood Toll is dual carriageway however the nature of the road and the accident history make the 30mph speed limit more appropriate. At the time new projects such as Linwood Lades, Barskiven Hill, and the ongoing developments at the Phoenix have resulted in increases in both pedestrian and vehicular traffic which makes the 30mph speed limit a more suitable one. The 30mph speed limit would also create a consistent limit within the urban area

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It was therefore proposed to rationalise the limits as follows:

A new 30mph would extend from the west of the Barnscroft junction through Brookfield and the Deafhillock Roundabout to the edge of the urban area at the new St Benedicts school and continuing through to Linwood Toll.

The new speed limit order was then promoted through the speed limit order process. There were no objections to this order and it was implemented.

Current Position

Since this new limit was implemented there has been 2 slight injury accidents there on the 5/12/15 and 13/8/16 on the section of the A761 near Brookfield in a 3 year period. Traffic volumes have been consistent over the last 10 years with traffic flows of between 8,000 and 9,000 a day.

Average speeds were recorded in June 2016 with speeds of 30 and 32mph. The road has been resurfaced therefore the carriageway condition has improved.

Recommendations

The Department would propose that the current speed limit is appropriate and should not be raised.

Andrew McNab
Transportation Manager
Environment and Communities
Renfrewshire Council