

Notice of Meeting and Agenda

Renfrewshire Health and Social Care Integration Joint Board Audit, Risk and Scrutiny Committee

Date	Time	Venue
Friday, 23 June 2023	10:00	Remotely by MS Teams,

MARK CONAGHAN
Clerk

Membership

Councillor Jacqueline Cameron: Councillor Fiona Airlie-Nicolson; Margaret Kerr: Ann Cameron Burns: Alan McNiven: Paul Higgins

Councillor Jacqueline Cameron (Chair): Margaret Kerr (Vice Chair):

Further Information - online meetings only

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Recording of Meeting

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To find the recording please follow the link which will be attached to this agenda once the meeting has concluded.

Recording

<https://youtu.be/sYrIFmf9GzU>

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.

- | | | |
|-----------|--|------------------|
| 1 | Minute | 5 - 12 |
| | Minute of meeting of the Integration Joint Board (IJB) Audit, Risk and Scrutiny Committee held on 24 March 2023. | |
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| 7 | Unaudited Annual Governance Statement 2022/23 | 63 - 72 |
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| 9 | Local Code and Sources of Assurance for Governance Arrangements | 107 - 124 |
| | Report by Head of Strategic Planning & Health Improvement. | |
| 10 | CIPFA Financial Management Code | 125 - 144 |
| | Report by Chief Finance Officer. | |

- 11 Update on Risk Register 145 - 170**
Report by Strategic Lead & Improvement Manager.
- 12 Audit Scotland: Local Government in Scotland Overview 171 - 216**
2023
Report by Head of Strategic Planning & Health Improvement.
- 13 Date of Next Meeting**
Note that the next meeting of this Committee will be held at 10.00 am on 18 September 2023.

At the conclusion of the meeting, in terms of the Committee's terms of reference, members of the Committee will meet with the Chief Internal Auditor without officers present.



Minute of Meeting

Renfrewshire Health and Social Care Integration Joint Board Audit, Risk and Scrutiny Committee

Date	Time	Venue
Friday, 24 March 2023	09:00	Remotely by MS Teams,

Present

Councillor Jacqueline Cameron and Councillor Fiona Airlie-Nicolson (Renfrewshire Council); Margaret Kerr and Ann Cameron Burns (Greater Glasgow & Clyde Health Board); Alan McNiven (third sector representative); and Paul Higgins (Health Board staff member involved in service provision).

Chair

Councillor Cameron, Chair, presided.

In Attendance

Sarah Lavers, Chief Finance Officer, Jackie Dougall, Head of Health & Social Care (West Renfrewshire), Carron O'Byrne, Head of Health & Social Care (Paisley), Frances Burns, Head of Strategic Planning & Health Improvement, David Fogg, Service Improvement Officer, James Higgins, Corporate Business Officer, John Miller, Communications Business Lead (Transformation) and Kevin Hampsay, Strategic Business Delivery Officer (all Renfrewshire Health and Social Care Partnership); Andrea McMahon, Chief Internal Auditor (for items 4 to 8 only) and Elaine Currie, Senior Committee Services Officer (both Renfrewshire Council); and Rob Jones, Partner and Grace Scanlin, Senior Manager (both Ernst & Young).

Recording of Meeting

Prior to the commencement of the meeting the Chair intimated that this meeting of the Committee would be recorded and that the recording would be available to watch on both the Council and HSCP websites.

Declarations of Interest

There were no declarations of interest intimated prior to the commencement of the meeting.

1 Minute

The Minute of the meeting of the Integration Joint Board (IJB) Audit, Risk and Scrutiny Committee held on 18 November 2022 was submitted.

DECIDED: That the Minute be approved.

2 External Auditor's Annual Audit Plan 2022/23

The Chief Finance Officer submitted a report relative to the Annual Audit Plan 2022/23 for the IJB which outlined Ernst & Young's proposed audit approach of the financial records for the year ended 31 March 2023, a copy of which was appended to the report.

The report intimated that, in terms of the Local Government (Scotland) Act 1973, the Accounts Commission for Scotland was responsible for appointing the external auditors for local government bodies and had appointed Ernst & Young as the external auditor for the IJB for the five-year period until 2026/2027.

The report further advised that the proposed audit fee for the 2022/23 audit was £31,470 and was consistent with the fees for all IJBs and had been determined in line with Audit Scotland's fee setting arrangement. Further, that the audit fee assumed receipt of the unaudited financial statements by 30 June 2023 and covered the cost of planning, delivery, reporting and the auditor's attendance at committees.

Rob Young and Grace Scanlin presented the Annual Audit Plan to members.

DECIDED:

(a) That it be noted that Ernst & Young had been appointed as the external auditor of Renfrewshire IJB; and

(b) That the Annual Audit Plan, appended to the report, be noted.

Order of Business

At this point in the meeting, in terms of Standing Order 4.1, the Chair intimated that she proposed to alter the order of business to facilitate the conduct of the meeting by considering items 7 and 8 of the agenda after item 2 of the agenda.

3 **Update on Risk Register**

Under reference to item 6 of the Minute of the meeting of this Committee held on 18 November 2022, the Strategic Lead & Improvement Manager submitted a report providing an update on the continued implementation of the IJB's updated Risk Management Framework and the updates made to the IJB's risk and issues register.

The report intimated that the Risk Management Framework set out the principles by which the HSCP and IJB identified and managed strategic and operational risks impacting upon the organisation and formed a key strand of the IJB's overall governance mechanisms. The framework set out how risks and issues should be identified, managed and reported.

DECIDED:

(a) That the further work undertaken to implement the revised Risk Management Framework across operational services within the HSCP, including the ongoing monitoring of the take-up of the online training module launched in August 2022 and the ongoing preparation with services for the planned internal audit of risk management arrangements commencing in late 2023, as detailed in section 4 of the report, be noted; and

(b) That the updates made to the existing risks and issues, following further assessment and engagement with the HSCP and partners, as detailed in section 5 of the report, be approved.

4 **Health and Safety Update**

Under reference to item 4 of the Minute of the meeting of this Committee held on 26 October 2022, the Head of Health & Social Care submitted a report providing an update on the HSCP's incident report position for the period 1 January to 31 December 2022.

The report provided information in relation to incident reporting; serious adverse events; RIDDOR; fire safety; health and safety compliance; and mandatory health and safety training.

DECIDED: That the content of the report be noted.

5 **Internal Audit Plan 2022/23 - Progress**

The Chief Internal Auditor submitted a report providing an update on the progress of the Internal Audit Plan for 2022/23, a copy of which was appended to the report.

The report intimated that the plan set out a resource requirement of 55 days, including governance work, reviewing the adequacy and compliance with the Local Code of Corporate Governance, time for follow-up of previous recommendations, ad-hoc advice and planning and reporting.

The report advised that the fieldwork for the information governance engagement and the annual review of the Local Code of Corporate Governance had been completed; the engagement on risk management processes was currently planned to commence

on 29 March 2023 with documentation provided to the contracted auditors Azets. Further, that the audit plan remained flexible and that these planned dates could change, in consultation with management.

The report noted that time for planning and reporting continued to be used for regular reporting to this committee.

DECIDED: That the progress against the Internal Audit Plan for 2022/23 be noted.

6 **Summary of Internal Audit Reports**

The Chief Internal Auditor submitted a report providing a summary of internal audit reports issued.

The report advised that a risk-based Internal Audit Plan for 2022/23 had been approved by this Committee at its meeting on 18 March 2022 and, in line with the Public Sector Internal Audit Standards, Internal Audit must report the results of each engagement to this Committee.

The appendix to the report provided details of those audit engagements completed with the overall assurance rating and the number of recommendations in each risk category. The committee summaries for each report were also appended.

DECIDED: That the content of the report be noted.

7 **Summary of Internal Audit Reports in Partner Organisations**

The Chief Internal Auditor submitted a report providing a summary of internal audit activity, relevant to the IJB, recently undertaken in partner organisations.

The report intimated that the IJB directed both Renfrewshire Council and NHSGGC to deliver services that enabled the IJB to deliver on its Strategic Plan. Both Renfrewshire Council and NHSGGC had internal audit functions and conducted audits across each organisation, the findings of which were reported to the respective audit committees. Members of the IJB had an interest in the outcomes of the audits at both Renfrewshire Council and NHSGGC that impacted upon the IJB's ability to deliver the Strategic Plan or support corporate functions.

In relation to internal audit activity within Renfrewshire Council, the report noted that there had been no recent Internal Audit reports to Renfrewshire Council which were relevant to the IJB.

In relation to internal audit activity within NHSGGC, the report provided detail on the Covid-19 recovery plan and the post implementation review of the Telecommunications Project.

DECIDED: That the content of the report be noted.

8 **Annual Internal Audit Plan 2023/24**

The Chief Internal Auditor submitted a report relative to the annual Internal Audit Plan 2022/23, a copy of which formed Appendix 1 to the report.

The report intimated that in line with the requirements of the Public Sector Internal Audit Standards, a risk-based Internal Audit Plan for 2022/23 had been developed. The plan set out a resource requirement of 35 days, including assurance and governance work, time for follow-up of previous recommendations, ad-hoc advice and planning and reporting.

The report advised that the allocation of internal audit resources was sufficient to allow emerging priorities and provide adequate coverage of governance, risk management and internal control to inform the annual assurance statement. It was noted that the plan might be subject to amendment during the course of the year due to the emergence of issues of greater priority, or for unforeseen circumstances which would be reported to the committee.

The report noted that the audit universe had been reviewed and updated during 2021/22 to ensure it covered all areas and reflected the maturity of the organisation and Appendix 2 to the report detailed the revised audit universe and the anticipated coverage over 2023/24 to 2027/28. It was intended that each engagement topic would be covered once in the five-year period.

DECIDED:

(a) That the Internal Audit Plan 2023/24 be approved; and

(b) That it be noted that the Internal Audit Plan would be shared with the local authority and the health board.

9 **Public Interactions Report**

Under reference to item 5 of the Minute of the meeting of this Committee held on 26 October 2022, the Lead Officer, Communications & Public Affairs submitted a report providing an update on public interactions for the period 1 April to 30 September 2022.

The report provided detail on complaints; enquiries; freedom of information requests; subject access requests; compliments received in relation to the mental health inpatients team, the district nursing team, older people's day services; and an overview of communication work and social media channel activity.

The report noted that the figures in this report included complaints, enquiries and subject access requests relating to Specialist Children's Services (SCS) and that as of 2023, SCS would become a hosted service across the NHSGGC area managed by East Dunbartonshire HSCP and would no longer be reported to this Committee. Partial year's figures would be reported in the full year report in September 2023.

DECIDED: That the content of the report be noted.

10 **Inspection of Care at Home Services by the Care Inspectorate**

The Head of Health & Social Care submitted a report relative to the inspection of the Care at Home services by the Care Inspectorate which concluded on 14 September 2022 with the follow-up inspection concluded on 1 December 2022.

The report intimated that social care services were subject to a range of audit and scrutiny activities to ensure that they were undertaking all statutory duties and were providing appropriate care and support to vulnerable individuals and groups. The Care Inspectorate were the official body responsible for inspecting standards of care in Scotland and used a quality framework which set out the elements that addressed key questions about the difference care was making to people and the quality and effectiveness of the aspects contributing to those differences. The quality framework was framed around six key questions with up to five quality indicators associated with each question evaluated against a six-point scale, as detailed in paragraphs 3.2 and 3.3 of the report.

The report advised that on conclusion of the inspection, the Care Inspectorate published a report which detailed feedback from families/carers; their observations throughout the inspection including strengths and areas for improvement; any requirements, recommendations, or enforcement; and an evaluation.

The report noted that Renfrewshire's Care at Home services were subject to an unannounced inspection on 5 September 2022 with the inspection concluding on 14 September 2022. The inspection period reviewed the service between September 2021 and September 2022, and it was noted that throughout this period, Care at Home services operated against varying restrictions aligned to COVID-19 and that the outbreak of the COVID-19 Omicron variant in November 2021 placed increased pressures on the services until cases reduced across Scotland in April 2022. Other restrictions such as self-isolation guidance being replaced by 'stay at home' advice in May 2022 placed increased pressures on services, however, HSCPs across Scotland continued to take a cautious approach to reducing any measures in social care and health settings, aimed at ensuring the continued safety of staff and service users. It was noted that this approach had a direct impact on engaging and developing the workforce face-to-face within this period.

The report provided a breakdown of the key questions considered during the inspection and the quality indicators in connection with the inspection.

The services were subject to a follow-up unannounced inspection on 28 November 2022 to 1 December 2022 which focussed on the key question of 'how well do we support people's wellbeing?' which had been graded weak (2) in September 2022. Following conclusion of this inspection, it was noted that three previous requirements set in September 2022 had been met and the breakdown of the key questions considered during the inspection and a revised indicator were detailed in paragraph 4.9 of the report. The Care Inspectorate made two areas for improvement for the key question 'how well do we support people's wellbeing?' and these were detailed in paragraph 4.12 of the report.

The report further advised that Care at Home services continued to be committed to the strategic vision where 'Renfrewshire is a caring place where people are treated as individuals and supported to live well' and acknowledged the points raised by the Care Inspectorate reports and had taken action to address these. The services were undertaking a range of development sessions to identify and implement improvements

to support the services against challenges of increasing demand, recruitment and retention whilst addressing the requirements and areas for improvement from the Care Inspectorate reports.

Members thanked Care at Home services staff for all the work undertaken during very difficult times and congratulated them for the work they continue to do.

DECIDED:

(a) That the performance of Renfrewshire Health & Social Care Partnership's Care at Home services be noted, with services graded on 14 September 2022 as adequate (3) for 'how good is our leadership?' and weak (2) for 'how well do we support people's wellbeing?'; and

(b) That it be noted that the follow-up inspection concluded on 1 December 2022 and that the revised grading for 'how well do we support people's wellbeing?' went from weak (2) to good (4) with 'how good is our leadership?' remaining as adequate (3) as this was not inspected during the follow-up as there were no requirements placed on this.

11 Audit Scotland Report 'NHS in Scotland 2022'

The Head of Strategic Planning & Health Improvement submitted a report relative to the Audit Scotland publication 'NHS in Scotland 2022' published on 23 February 2022 which considered the Government's progress against its NHS Recovery Plan published in August 2021. A copy of Audit Scotland's publication was appended to the report.

The report intimated that Audit Scotland had concluded that the 'Scottish Government must be clear on what progress is being made in reforming health and care services and what can realistically be achieved' and provided a summary of the findings.

DECIDED: That the content of the report and the Audit Scotland publication, appended to the report, be noted.

12 Proposed Dates of Meetings of the IJB Audit, Risk and Scrutiny Committee 2023/24

The Clerk submitted a report relative to proposed dates of the Committee in 2023/24.

DECIDED:

(a) That it be noted that the next meeting of the Committee would be held at 10.00 am on 23 June 2023 and that this meeting would be held remotely on MS teams;

(b) That meetings of the Committee be held at 10 am on Monday 18 September and Friday 17 November 2023 and Friday 15 March and Friday 21 June 2024; and

(c) That members be advised of the arrangements for future meetings.

13 **Date of Next Meeting**

DECIDED: That it be noted that the next meeting of this Committee would be held remotely on MS teams at 10.00 am on 23 June 2023.

To: Renfrewshire Health and Social Care Integration Joint Board Audit, Risk and Scrutiny Committee

On: 23 June 2023

Report by: Chief Internal Auditor

Heading: Internal Audit Plan 2022/2023 and 2023/24 - Progress

1. Summary

- 1.1 In March 2023, the Audit, Risk and Scrutiny Committee approved the Internal Audit Plan for 2023/2024, as detailed at Appendix 1 of this report.
 - 1.2 The plan sets out a resource requirement of 35 days, including governance work, reviewing the adequacy and compliance with the Local Code of Corporate Governance, time for follow up of previous recommendations, ad-hoc advice and planning and reporting.
 - 1.3 This report provides an update on the completion of the 2022/2023 audit plan and the progress of the internal audit plan for 2023/2024.
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2. Recommendations

- 2.1 That the Audit, Risk and Scrutiny Committee notes the progress against the Internal Audit Plan for 2022/23 and 2023/24.
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3. Background

- 3.1 The 2022/2023 engagement on risk management processes is currently being finalised by the contractor Azets, and the draft report is expected to be issued to management shortly. The 2022/2023 Internal Audit Annual Report is included on this agenda.
- 3.2 The 2023/2024 review of performance management will be scoped in the coming months, the exact timing of the review has still to be discussed with management. The annual review of the adequacy and compliance with the Local Code of Corporate Governance will be undertaken in quarter 4.

- 3.3 Time for planning and reporting continues to be used for regular reporting to the Audit, Risk and Scrutiny Board.

Implications of the Report

1. **Financial** - none.
2. **HR & Organisational Development** - none.
3. **Community Planning** - none.
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 subject matter of this report is the risk based Audit Plan for 2022 -2023 and 2023 – 2024.
11. **Privacy Impact** - none.

List of Background Papers – none.

Author: Andrea McMahon, Chief Internal Auditor

Revised Annual Audit Plan – 2023/24 Renfrewshire Integration Joint Board

Audit Category	Engagement Title	No. of days	Detailed work
Governance	Performance Management	20	<ul style="list-style-type: none"> The purpose of the audit is to review the arrangements in place for managing and monitoring organisational performance.
Governance	Local Code of Corporate Governance	5	<ul style="list-style-type: none"> Annual review of the adequacy and compliance with the Local Code of Corporate Governance to inform the governance statement.
Planning & Reporting	Annual Plan, Annual Report and Audit Committee reporting & training	7	<ul style="list-style-type: none"> The Chief Internal Auditor is required to prepare an annual plan and annual report for the Audit Committee, summarising the work undertaken by Internal Audit during the year and using this to form an opinion on the adequacy of the control environment of the IJB.
Contingency	Ad-hoc advice and Consultancy	3	<ul style="list-style-type: none"> Time for advice and consultancy on relevant priorities and risks or change related projects and following up on the implementation of internal audit recommendations.

To: Renfrewshire Health and Social Care Integration Joint Board Audit, Risk and Scrutiny Committee

On: 23 June 2023

Report by: Chief Internal Auditor

Heading: Summary of Internal Audit Activity in Partner Organisations

1. Summary

- 1.1 The Renfrewshire Health and Social Care Integration Joint Board directs both Renfrewshire Council and NHS Greater Glasgow and Clyde to deliver services that enable the Renfrewshire Integration Joint Board to deliver on its strategic plan.
 - 1.2 Both Renfrewshire Council and NHS Greater Glasgow and Clyde have Internal Audit functions that conduct audits across each organisation and report the findings of these to the respective audit committees.
 - 1.3 Members of the Integration Joint Board have an interest in the outcomes of audits at both Renfrewshire Council and NHS Greater Glasgow and Clyde that have an impact upon the Integration Joint Board's ability to deliver the strategic plan or support corporate functions.
 - 1.4 This report provides a summary to the Renfrewshire Integration Joint Board's Audit, Risk and Scrutiny Committee of the Internal Audit activity undertaken within these partner organisations.
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2. Recommendations

- 2.1 That the Integration Joint Board Audit, Risk and Scrutiny Committee are asked to note the contents of the report.
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3. Renfrewshire Council Internal Audit Activity

- 3.1 The following Internal Audit reports have been issued to the Renfrewshire Council, which are relevant to the Integration Joint Board from 1 October 2022 to 31 March 2023.

Audit Engagement	Assurance Level (note 1)	Number and Priority of Recommendations (note 2)			
		Critical	Important	Good Practice	Service Improvement
Creditors	Reasonable	0	2	1	0
Procurement Quick Quote Processes	Substantial	0	0	2	0
Creditors – Purchase to Pay	No Assurance	1	2	0	0

Note 1 – For each audit engagement one of four assurance ratings is expressed:

Substantial Assurance – The control environment is satisfactory

Reasonable Assurance – Weaknesses have been identified, which are not critical to the overall operation of the area reviewed

Limited Assurance – Weaknesses have been identified, which impact on the overall operation of the area reviewed

No Assurance – Significant weaknesses have been identified, which critically impact on the operation of the area reviewed

Note 2 – Each audit recommendation is assigned a priority rating:

Critical Recommendation - Addresses a significant risk, impacting on the area under review

Important Recommendation – Implementation will raise the level of assurance provided by the control system to acceptable levels

Good Practice Recommendation – Implementation will contribute to the general effectiveness of control

Service Improvement – Implementation will improve the efficiency / housekeeping of the area under review

3.1.1 Creditors

The objectives of the review were to ensure that:-

1. There were documented procedures for the creation of new creditors;
2. There were adequate controls to ensure that only valid creditors are created;
3. There was adequate segregation of duties in relation to the creation of new creditors.

The controls in place over the five procurement systems tested are generally satisfactory. There were documented procedures in place for four of the five systems tested and segregation of duties for the creation of new suppliers and their subsequent payment was found to be in place for three of the five systems tested.

There was no segregation of duties in place for the creation of new suppliers and their subsequent payment on one of the systems tested, although this subsidiary system does not contain any bank account details. It should be noted that this system has now been replaced.

Superuser access alongside operational access for one of the systems has the potential to create a lack of segregation of duties. Management have accepted that this risk is mitigated as far as possible with the superuser not undertaking those operational tasks.

3.1.3 Procurement Quick Quote Processes

The objectives of the review were to ensure that:-

1. For contracts with a total value within the quick quote thresholds, quotations are sought from a minimum of 4 suppliers who have the experience and expertise to meet the council's requirements for the goods and services.
2. Where a quote is sought for the same requirement, a different group of potential suppliers is selected where possible.
3. There is appropriate approval for a non-competitive action in cases where only one supplier bids for the work.
4. The returned quotes are evaluated against the criteria in the quick quote specification, the most economically advantageous quote is selected and that appropriate sign off is received from the Director or authorised representative using the Contract Authorisation report prior to issuing award letters.

The contract award is published on the Public Contracts Scotland website.

The audit identified that satisfactory arrangements are in place which ensure adherence to the quick quote process. The council's contracts standing orders were temporarily updated at the beginning of 2022 with one of the principal changes being the lower threshold for quick quotes increasing from £10,000 to £25,000. It was recommended that a timescale should be agreed for

when the full review of the contract standing orders, including consideration of the increased threshold, will be completed and presented for approval by the Council.

3.1.4 Creditors – Purchase to Pay

The objectives of the review were to ensure that:-

1. Manual payments are only processed for valid suppliers/providers listed on the Exception List and are supported by the appropriate documentation.
2. There are monitoring processes in place to ensure that manual creditor payments made to suppliers/providers are reported to the relevant Service.
3. Services take appropriate action to investigate reasons for manual payments being made and where necessary ensure that any future payments are made in line with correct council approved payment methods.
4. The absence of recorded commitment information, as a result of manual payments, is not impacting budgets.

Manual creditor payments have not led to Contract Standing Orders being breached.

The current process in place for the passing and payment of manual invoices are not sufficient in several areas and creates several risks, particularly in relation to possible breaches of the Council's Contract Standing Orders.

The auditor has made recommendations to address these issues. Mainly, that council management should set a date to implement a 'No Purchase Order, No Payment' policy to ensure that the only manual payment invoices administered by the Purchase to Pay team are those with valid exemption codes. This will reduce the numbers of manual payment being processed, allow more checks to be carried out, and mitigate the risks associated with manual creditor payments. This will also provide the required time to reduce the number of manual payments being made and to notify all suppliers and staff of the change in policy.

Due to covid and other resourcing pressures, management have not sought corporate approval and support to implement this approach. Procurement staff and Business World staff have put procedures in place over the last 10 years to encourage budget holders to raise orders through the council's approved purchasing system, with a valid Purchase Order number. However, budget holders are still allowed to raise large numbers of manual creditor payments, resulting in an increased workload for Purchase to Pay staff to process them.

4. NHS Greater Glasgow and Clyde Internal Audit Activity

- 4.1 The following Internal Audit reports have been issued to the NHS Greater Glasgow and Clyde Audit and Risk Committee from 1 October 2022 to 31 December 2022, which are relevant to the Integration Joint Board. A summary has been provided for those reports, with recommendations graded from limited risk exposure to very high risk exposure and improvements graded from effective to major improvement required. The internal audit service is provided by Azets.

Audit Review	Audit Rating (note 1)	Risk Exposure and Number of Recommendations (note 2)			
		Very High	High	Moderate	Limited
Financial Systems Health Check (Payroll)	Minor Improvement Required	0	1	4	0
Sustainability and Value Programme	Minor Improvement Required	0	0	2	0
Capital / Estates Planning Neurological Science Project	Minor Improvement Required	0	0	2	1
Waiting List Management	Minor Improvement Required	0	0	2	0

Note 1 – For each audit review one of four ratings is used to express the overall opinion on the control frameworks reviewed during each audit:

Immediate major improvement required – Controls evaluated are not adequate, appropriate, or effective to provide reasonable assurance that risks are being managed and objectives should be met.

Substantial improvement required - Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.

Minor improvement required - A few specific control weaknesses were noted; generally however, controls evaluated are adequate, appropriate and effective to provide reasonable assurance that risks are being managed and objectives should be met.

Effective - Controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.

Note 2 – Each audit recommendation is assigned a risk exposure rating:

Very high risk exposure - major concerns requiring immediate senior management attention.

High risk exposure - absence / failure of key controls.

Moderate risk exposure - controls not working effectively and efficiently.

Limited risk exposure - controls are working effectively but could be strengthened.

4.1.1 Financial Systems Health Check (Payroll)

The objectives of the review were to ensure that:

1. Appropriate policies and procedures are in place, detailing the whole payroll process.
2. Changes to payroll standing data, including addition of starters, removal of leavers and processing of salary changes, are authorised and processed on a timely basis.
3. Payroll payments are made to valid employees only, at the correct and authorised rate.
4. Payroll payments are appropriately reviewed and approved prior to release and are reconciled for accuracy on a timely basis.

Overall, NHS Greater Glasgow and Clyde has robust and well-understood processes in place to ensure that payroll is processed accurately and on a timely basis.

Assurance was gained over the high level of accuracy within underlying employee records, as a result of the data analysis carried during this audit. Most notably, the analysis of Payroll data for the period September 2021 to August 2022 allowed confirmation that:

- Of 1059 new starts, 94% received their first pay in line with expectation. Detailed sample testing was undertaken of the remaining 6% and it was found that these related predominantly to employees where there was late notification on eESS by the Line Manager, resulting in a delay to their first payment. It was confirmed that for all new starts, Payroll processed these within 48 hours post notification and actioned in advance of the following pay run cut-off date.

- It was confirmed that 1045 of 1091 leavers in the period (96%) received their final pay in line with expectation, with exceptions identified for the remaining 46 (4%). In common with the testing of new starts, it was found that these exceptions were mostly due to late notification on eESS by the relevant Line Manager. Instances were identified of both underpayments (all subsequently rectified) and overpayments (all in the process of being recovered) to employees as a result. At the outset of the audit, management advised that timeliness of eESS processing by Line Managers was a known issue. During the audit work, it was confirmed that a series of briefing sessions for Line Managers was underway as a means of addressing the issue, with improvements already being realised.

As such, the key area for improvement identified from the audit relates to maintaining pace with current efforts to ensure line managers' adherence to eESS procedures for starters, leavers and payroll amendments. A number of less significant recommendations were also made concerning the strengthening of procedures and the elimination of paper forms, to make full use of the eESS system.

4.1.2 Sustainability and Value Programme

The objectives of the review were to ensure that:

1. The S&VP is clearly linked to the delivery of strategic and operational objectives, as well as wider national-level priorities required by Scottish Government;
2. Viable savings targets were proposed, appropriately scrutinised and approved that reflect the current financial environment and are underpinned by reasonable assumptions;
3. There is appropriate monitoring of the S&VP at both a Directorate and organisation wide level, with actions agreed to remediate areas of concern;
4. Directors and management teams have appropriate measures in place to ensure they can identify and deliver savings for their budgetary area, with appropriate communication and processes; and
5. Progress reports are prepared for the Board and management team on a regular basis that clearly articulate S&VP performance and illustrate the implications of current/forecast performance for the overall financial position.

As part of wider recovery from the Covid-19 pandemic, NHS Greater Glasgow and Clyde (NHSGGC) has reinvigorated the Financial Improvement Programme (FIP). The component financial plan for 2022/23 identified an overall financial gap of £174.5 million, with the FIP (recently rebranded as Sustainability and Value Programme) for 2022/23 setting out a recurring savings target of £54 million and the remaining £120 million due to be delivered through non-recurring solutions during the year.

From detailed review of a sample of four sector/directorate areas, it was found that NHSGGC has generally robust and effective arrangements in place to identify these savings and subsequently monitor progress towards their achievement, with an effective project/programme management approach being taken. As of month 9, £38.76m of recurring savings had been achieved against the £53.79m target (72%). The forecast to year end 2022/23 estimates achievement of £52.85m in recurring savings (98% of the target), which is a strong outcome and provides a good reduction in baseline for future periods. On a non-recurring basis, £137.91m of savings have been achieved, clearly exceeding the target and representing savings of 79% when viewed against the Boards overall financial challenge of £174.5m. The Acute Division have achieved £19.74m of savings and the Corporate areas have achieved £20.4m of savings. Other Board & Corporate expenditure has seen the greatest level of savings, with £97.8m of savings realised. The forecast position is £139.72m, taking into account the remaining pipeline of savings and the removal of high-risk projects.

Particularly good practice, was noted within Estates and Facilities who have demonstrated strong performance both in their achievement of targets and management of savings projects, with robust project management discipline consistently applied throughout. Two low risk opportunities for improvement were identified, most notably in ensuring operational teams are meeting and discussing schemes and savings on a regular basis as a means of ensuring those targets are realised.

4.1.3 Capital / Estates Planning Neurological Science Project

The objectives of the review were to ensure that:

1. A robust assessment of capacity and capability within NHSGGC to oversee the Neurological Science project was undertaken as part of the business case preparation;
2. Any gaps identified through this process were appropriately addressed prior to submission of the business case to the Scottish Government Health Directorate's Capital Investment Group;
3. The business case was properly costed using reliable forecasting methods and/or scenario planning. This included an assessment of opportunity cost;

4. The business case for the Neurological Science project was subject to appropriate internal scrutiny prior to submission, following consultation with external advisors where necessary;
5. There are clear governance structures in place to support ongoing governance and scrutiny of the project once it transitions from planning to implementation.

NHS Greater Glasgow and Clyde (NHSGGC) has undertaken the first stage of the capital investment process, known as the Initial Agreement for the Recovery and Renewal: Transformation of Specialist Neurosciences, OMFS and Spinal Injuries services in the West of Scotland, which was prepared for submission to the Scottish Government's Capital Investment Group. It was confirmed that this submission was aligned with the Scottish Capital Investment Manual and set out the case for change to transform, enhance and redevelop an extensive range of national, supra regional and clinical services currently delivered by NHSGGC.

There was an effective evaluation process which set out a long list of potential service delivery options and shortlisted to three delivery options to be considered in more detail at the Outline Business Case stage.

The improvement actions identified within this report largely relate to the Scottish Government Health Directorate Capital Investment Group's delay in approving the Initial Agreement and the lack of formal assessments relating to resourcing. Implementation of the improvement actions identified within the Management Action Plan will better support the capital planning arrangements.

4.1.4 Waiting List Management

The objectives of the review were to ensure that:

1. NHSGGC has policies and procedures in place for management of patient waiting lists that are consistent with national guidance and legislation;
2. These policies, in particular the Board's Access Policy, are applied consistently across sectors;
3. Controls are in place to ensure that individual patient records are accurate and comply with guidelines;
4. Reporting of waiting times performance is accurate and consistent at every level of the organisation.

Performance against waiting times targets for planned care continues to be a significant area of focus across the NHS. The demand for services has returned to and in some cases exceeded pre-pandemic levels, resulting in long wait times for patients and intense media and political scrutiny.

In common with the national picture, NHS Greater Glasgow and Clyde (NHSGGC) has found achievement of waiting times targets challenging as it recovers and remobilises from the impacts of the pandemic. There are challenging and complex issues underpinning performance against waiting times standards, notably a mismatch between supply and demand for planned care services. We recognise that strategic discussions are ongoing across the sector as a whole regarding the range of potential changes that would be required to drive improvement in patient waiting times.

These issues notwithstanding, this audit focused on the underpinning processes and controls over waiting list management within the current environment in which NHSGGC are operating. It was confirmed that NHSGGC has generally robust and effective arrangements in place to both manage waiting lists and ensure that patient care is prioritised in line with the Scottish Government's national Clinical Prioritisation Framework.

Three opportunities for improvement were identified, most notably in ensuring that underlying patient records are consistently updated to ensure that they are complete and accurate. Implementation of

these improvement actions will allow NHSGGC to more reliably monitor waiting times performance and identify areas where targeted intervention is required.

1. **Financial** - none.
 2. **HR & Organisational Development** - none.
 3. **Community Planning** - none.
 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 subject matter of this report is the matters arising from the risk based Audit Plan's for Renfrewshire Council and NHSGGC in which the IJB would have an interest.
 11. **Privacy Impact** - none.
-

List of Background Papers – none.

Author: Andrea McMahon, Chief Internal Auditor

To: Renfrewshire Health and Social Care Integration Joint Board Audit, Risk and Scrutiny Committee

On: 23 June 2023

Report by: Chief Internal Auditor

Heading: Internal Audit Annual Report 2022/2023

1. Summary

- 1.1 The Public Sector Internal Audit Standards (PSIAS) requires that the Chief Internal Auditor must deliver an annual internal audit opinion, on the overall adequacy and effectiveness of the internal control environment, that can be used by the organisation to inform its governance statement. The purpose of this report is to advise the Committee of the Internal Audit Annual Report including the annual opinion.
- 1.2 The Internal Audit Annual Report outlines the internal audit work we have carried out for the year ended 31 March 2023. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- 1.3 The report attached, includes the Chief Internal Auditor's independent and objective opinion as to the adequacy and effectiveness of the internal control environment. In forming the opinion, the Chief Internal Auditor has conducted a review of the Internal Audit reports issued to the IJB in the year and the internal audit annual report from Renfrewshire Council and internal audit progress reports from NHS Greater Glasgow and Clyde.

2. Recommendations

- 2.1 Members are asked to consider and note the contents of the IJB's Internal Audit Annual Report for 2022/2023.

Implications of the Report

1. **Financial** - none
2. **HR & Organisational Development** - none.

3. **Community Planning** - none.
 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 report provides an opinion on the overall internal control environment including governance and risk management of the Integration Joint Board.
 11. **Privacy Impact** - none.
-

List of Background Papers – none.

Author: Andrea McMahon, Chief Internal Auditor

Renfrewshire Health and Social Care Integration Joint Board

Internal Audit Annual Report 2022-2023

June 2023

Renfrewshire Health and Social Care Integration Joint Board
Internal Audit Annual Report 2022/2023

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Renfrewshire Health and Social Care Integration Joint Board

Internal Audit Annual Report

1 April 2022 – 31 March 2023

1. Introduction

1.1 Renfrewshire Council provides an internal audit service to the Renfrewshire Health and Social Care Integration Joint Board (IJB). This includes:

- The compilation of an annual audit plan following consideration and evaluation of those areas of greatest risk in the organisation's operation, and consultation with the Chief Officer and Senior Management;
- Delivery of the planned audit assignments;
- Follow up of previous audit recommendations;
- Provision of any ongoing advice support and training on audit and risk related matters;
- Provision of an Annual Report and Assurance Statement to the IJB.

1.2 The Service operates in accordance with the Public Sector Internal Audit Standards which defines Internal Audit's role as:

".....an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

1.3 In line with the Standards, the purpose of this Annual Report is to report on:

- The outcome of the planned Internal Audit reviews 2022/23 relating to the IJB;
- The outcome of Internal Audit reviews undertaken by partner bodies;
- Internal audit performance;
- Planned audit work for 2023/24;
- The annual assurance statement which provides an opinion on the overall adequacy and effectiveness of the IJB's internal control environment.

1.4 The operational delivery of services within the Health Board and Local Authority on behalf of the Integration Joint Board will be covered by their respective internal audit arrangements. In concluding on the overall opinion, the Chief Internal Auditor has conducted a review of the internal audit reports issued to the IJB in the year, the internal audit annual report from Renfrewshire Council and progress summaries from NHS Greater Glasgow and Clyde. (Appendix 1)

2. Responsibilities of Management and Internal Audit

- 2.1 It is the responsibility of management to ensure that the areas under their control are adequate and effective and that there is a sound system of internal control which facilitates the effective exercise of the organisation's functions and which includes arrangements for the management of risk.
- 2.2 Internal Audit is not a substitute for effective control exercised by management as part of their responsibilities. Internal Audit's role is to independently assess the adequacy of the risk management, internal controls and governance arrangements put in place by management and to undertake sufficient work to evaluate and conclude on the adequacy of those controls for the period under review.

3. Internal Audit Activity during 2022/2023

- 3.1 The Internal Audit Plan for the IJB for 2022/2023 provided for reviews of information governance, risk management and the annual review of the adequacy and compliance with the Local Code of Corporate Governance. The review of risk management has been issued in draft to management and will be reported to the IJB Audit, Risk and Scrutiny Board once the action plan has been completed. The other reviews have been completed and the summaries of the work undertaken and the internal audit findings were submitted to the IJB Audit, Risk and Scrutiny Board on 24 March 2023.
- 3.2 The Annual Report for 2021/2022 was submitted to the Integration Joint Board on 24 June 2022.
- 3.3 There were no outstanding recommendations that required to be followed up during 2022/23 follow up exercise.

4. Review of Internal Audit Performance

- 4.1 Internal Audit produces regular reports on its performance during the year to Renfrewshire Council's Audit, Risk and Scrutiny Board, against a range of measures set annually by Renfrewshire Council's Director of Finance and Resources. These targets are set for all internal audit engagements and include Renfrewshire Council and other associated bodies, for which the team provides internal audit services. Table 1 shows the actual performance against targeted performance for the year.

Table 1

Internal Audit Performance 2022/23		
Performance measure	Target 2022/23	Actual 2022/23
% completion of audit plan for the year*	95%	93%
% engagements completed by target date	95%	97%

% engagements completed within time budget	95%	98%
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* this measures the completion percentage as at 31 March. 100% of the plan is ultimately delivered through the finalisation of the outstanding elements in the new financial year.

- 4.2 The percentage completion of the audit plan is slightly below the target set for the year. This was due to the level of unplanned leave and the additional time attributed to unplanned work. The actual performance for the year for the two other indicators, is above the target performance level.
- 4.3 The Chief Auditor is required to develop and maintain a quality assurance and improvement programme that covers all aspects of internal audit including conformance with the PSIAS. The review did not identify any areas of non-conformance that require to be addressed.
- 4.4 The PSIAS require the Chief Auditor to develop and maintain a quality assurance and improvement programme (QAIP) that covers all aspects of the internal audit activity. The QAIP must include both periodic internal self-assessments and five-yearly external assessments, carried out by a qualified, independent assessor from outwith the organisation.
- 4.5 We continued to participate in the Scottish Local Authorities Chief Internal Auditors' Group peer review process and our external assessment has recently been completed by the Chief Internal Auditor from South Ayrshire Council. The report concluded that the internal audit service fully conforms with the PSIAS. The report included 7 recommendations for improvement, 3 of which had already been identified through the internal self-assessment process. An action plan has been agreed to implement those recommendations by March 2024.
- 4.6 External Audit's review of the internal audit service concluded that overall the service operates in accordance with the PSIAS.

5. Planned Work for 2023/24

- 5.1 Following a risk-based assessment of the activities of the IJB and consultation with the senior management team, the Internal Audit Plan for 2023/2024 provides for 35 days of Internal Audit resource to undertake:
 - A review of the performance management arrangements in place; and
 - The annual review of the adequacy and effectiveness of the Local Code of Corporate Governance.

The plan also provides time for planning and reporting, follow up on previous recommendations, ad-hoc advice and consultancy. The Internal Audit Plan for 2023/2024 was approved by the IJB Audit, Risk and Scrutiny Committee on 24 March 2023.

6. Audit Assurance Statement

- 6.1 The audit work performed in relation to the 2022/23 internal audit plan has been reported to the Chief Officer. Relevant audit work undertaken by partner organisations is reported to the Audit, Risk and Scrutiny Committee. Where areas for improvement in internal control have been identified, appropriate recommendations have been made and accepted for action by management.
- 6.2 There are no significant matters arising in relation to those audit engagements specific to the IJB and there have been no impairments impacting on the Chief Auditor's independence and the team has been adequately resourced during the year.
- 6.3 It is not feasible for the system of internal control to be without any weakness. It is important to balance the risks involved in accepting systems limitations with the consequences if a problem emerges. Internal Audit recognises this and assesses this in its reporting mechanism.
- 6.4 The audit plan is always intended to be flexible and contingency time was utilised to undertake additional work on areas of emerging risk. Within the Council, the gross operational internal audit days were reduced by 9% due to unplanned absence. The IJB Internal Audit Plan has been fully delivered.
- 6.5 In this context, it is considered that a reasonable level of assurance can be placed upon the adequacy and effectiveness of the Integration Joint Board's internal control, risk management and governance arrangements, as evidenced by:-
- The results of the audit work in 2022/23 and the opinion's contained in the Internal Audit Annual Reports of the Local Authority and progress reports from the Health Board.
 - Management self-assessment of internal control, risk management and governance arrangements.
 - Management action to respond to audit recommendations.

Chief Internal Auditor

23 June 2023

Appendix 1

Summary of Internal Audit Assurances for the IJB and Partner Organisations, Renfrewshire Council and NHS Greater Glasgow and Clyde

Integration Joint Board		
Audit Engagement	Assurance Level	Significant Matters
Local Code of Corporate Governance	Substantial	• None
Information Governance	Reasonable	• None
Renfrewshire Council		
Audit Engagement	Assurance Level	Significant Matters
Creditors	Reasonable	• None
Procurement Quick Quote Processes	Substantial	• None
Creditors – Purchase to Pay	No Assurance	• Although the IJB may process payments through the manual payments system, the issues identified relate specifically to capital payments and do not impact on the IJB.
NHS Greater Glasgow and Clyde		
Audit Engagement	Overall Audit Rating	Significant Matters
Covid 19 Recovery Plan	Minor Improvement Required	• None
Telecommunications Project – Post Implementation Review	Minor Improvement Required	• None
Financial Systems Health Check (Payroll)	Minor Improvement Required	• None
Sustainability and Value Programme	Minor Improvement Required	• None
Capital / Estates Planning Neurological Science Project	Minor Improvement Required	• None
Waiting List Management	Minor Improvement Required	• None

To: Renfrewshire Health and Social Care Integration Joint Board Audit, Risk and Scrutiny Committee

On: 23 June 2023

Report by: Chief Internal Auditor

Heading: Internal Audit – External Quality Assessment

1. Summary

- 1.1 The Public Sector Internal Audit Standards (PSIAS) are a mandatory set of standards applying to all internal audit service providers in the public sector.
 - 1.2 The PSIAS require the Chief Internal Auditor to develop and maintain a quality assurance and improvement programme (QAIP) that covers all aspects of the internal audit activity. The QAIP must include both periodic internal self-assessments and five-yearly external assessments, carried out by a qualified, independent assessor from outwith the organisation.
 - 1.3 The external assessment of the Internal Audit Service has been carried out by South Ayrshire's Council's Internal Audit and Corporate Fraud service utilising this framework. The review concluded that the Internal Audit service fully conforms with the PSIAS, although there are some recommendations to be addressed, the report is attached at Appendix 1.
-

2. Recommendations

- 2.1 The Audit, Risk and Scrutiny Committee are asked to note the external assessors report on Internal Audit's conformance with the Public Sector Internal Audit Standards.
 - 2.2 The Audit, Risk and Scrutiny Committee are also asked to note the actions to be taken to implement the recommendations made.
-

3. Background

- 3.1 To assist its members to meet the five-yearly external assessment requirement, the Scottish Local Authorities Chief Internal Auditors' Group (SLACIAG) established a collaborative system of formal peer reviews. To support the peer review process, SLACIAG developed a comprehensive External Quality Assessment (EQA) framework.

- 3.2 Prior to the external assessment being undertaken the Chief Auditor self-assessed Internal Audit's conformance against the EQA Checklist and submitted relevant evidence to the external assessor. This assessment noted 3 areas for improvement and the external assessment included those along with a further 4 recommendations.
-

Implications of the Report

1. **Financial** - none.
 2. **HR & Organisational Development** - none.
 3. **Community Planning** - none.
 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** - Conformance with the PSIAS mitigates the risk of the Internal Audit Service being ineffective.
 11. **Privacy Impact** - none.
-

List of Background Papers – none.

Author: Andrea McMahon, Chief Internal Auditor

EXTERNAL QUALITY ASSESSMENT 2 OF RENFREWSHIRE COUNCIL INTERNAL AUDIT SERVICE

Report Recipients:

Alan Russell, Chief Executive
Alastair MacArthur, Director of Finance and Resources
Andrea McMahon, Chief Audit Executive
Cllr Andrew Doig, Chair of the Audit, Risk and Scrutiny





EXECUTIVE SUMMARY

1. INTRODUCTION

- 1.1 The mandatory Public Sector Internal Audit Standards (PSIAS), published initially in April 2013 and updated most recently in March 2017, apply to all internal audit service providers in the UK public sector, whether in-house, provided via a shared service arrangement or outsourced. To supplement the PSIAS and provide specific guidance surrounding its application within a local government setting, the Chartered Institute of Public Finance and Accountancy (CIPFA) compiled a Local Government Application Note, which was last updated in 2019.
- 1.2 The objectives of the PSIAS are to define the nature of internal auditing within the UK public sector; set a basic principles for carrying out internal audit; establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations; establish the basis for the evaluation of internal audit performance and drive improvement planning.
- 1.3 The PSIAS require the Chief Audit Executive (the Chief Auditor in Renfrewshire Council) to develop and maintain a quality assurance and improvement programme (QAIP) that covers all aspects of the internal audit activity. The QAIP must include both periodic internal self-assessments and five-yearly external assessments, carried out by a qualified, independent assessor from outwith the organisation, and enable evaluation of the internal audit activity's (Internal Audit Service in Renfrewshire Council) conformance with the PSIAS, including the Mission of Internal Audit, Definition of Internal Auditing and Code of Ethics. In addition, the QAIP should also assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement.
- 1.4 To assist its members to meet the five-yearly external assessment requirement, the Scottish Local Authorities Chief Internal Auditors' Group (SLACIAG) established a collaborative system of formal peer reviews. This approach not only assists with ensuring that independent assessors, and their teams, have appropriate knowledge and experience of the local government internal audit environment but also removes the financial burden from councils, associated with procuring these services externally. The allocation of assessors / assessment teams to councils participating in the peer review process was undertaken autonomously, ensuring that, amongst other governing principles, local authorities with perceived / known conflicts of interest could not review one another. At the outset, assessors were required to formally declare any interests so that these could be appropriately addressed during the allocation process. South Ayrshire Council was selected to carry out the external assessment in Renfrewshire Council.
- 1.5 To support the peer review process, SLACIAG developed a comprehensive External Quality Assessment (EQA) framework, including an EQA Checklist for Assessing Conformance with the PSIAS and the Local Government Application Note (EQA Checklist) and a key Stakeholder Questionnaire proforma. The external assessment of Renfrewshire Council's Internal Audit Service has been carried out by South Ayrshire's Council's Internal Audit and Corporate Fraud service utilising this framework.
- 1.6 This report provides a high level summary of requirements for each standard per the PSIAS and CIPFA Local Government Application Note and sets out the findings, conclusions and recommendations from the external assessment, which involved discussions with key members of staff, including the Chief Audit Executive, review of the most recent self-assessment carried out utilising the EQA Checklist and consideration of other relevant supporting documentation / information (Evidence Pack) including working paper files and completed stakeholder questionnaires. A comprehensive list of supporting documentation / information and completed stakeholder questionnaires considered as part of the assessment can be found at appendices B and C respectively.

2. OVERALL CONCLUSION

- 2.1 The overall conclusion of the external assessment is that Renfrewshire Council's Internal Audit Service **fully conforms** with the PSIAS. There were some components within standards 1100 – Independence and Objectivity and 1200 – Proficiency and Due Professional Care assessed as “generally conforms”. We have highlighted improvements in these areas in 2.2 below. It should be noted that four areas for improvement were identified by the Chief Auditor during their self-assessment but have been included here for completeness. A full summary of assessment, per assessment area, can be found at Appendix A. A summary of totals is as follows:

	Fully Conforms 	Generally Conforms 	Partially Conforms 	Does Not Conform 
TOTALS	12	2	0	0

- 2.2 The main areas for improvement highlighted in the report are as follows:

- Updating the Internal Audit Charter to include the definition of consulting services. The updated Charter should be shared with Senior Management.
- Completing the performance appraisal process for the Chief Auditor *(Identified during self-assessment)*
- Including confirmation within the Annual Assurance statement that there are no significant threats to the independence of the Internal Audit activity.
- Completing the Competency Framework exercise for the Internal Audit team. *(Identified during self-assessment)*
- Commencing the six monthly update meetings with senior management. *(Identified during self-assessment)*
- Updating engagement plans to include risks relevant to the audit assignment.
- Completing a data cleansing exercise for audit files held on Galileo *(Identified during self-assessment)*

- 2.3 Full details of the assessment recommendations and management responses can be found in the Action Plan at Appendix D.

3. SECTION A – MISSION OF INTERNAL AUDIT AND CORE PRINCIPLES

The PSIAS state that the Mission of Internal Audit articulates what internal audit aspires to accomplish within an organisation, which is 'to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight'.

Taken as a whole, the Core Principles for the Professional Practice of Internal Auditing, as set out in the PSIAS, articulate internal audit effectiveness. For an internal audit Service to be considered effective, all Core Principles should be present and operating effectively. Failure to achieve any of the Core Principles would imply that an internal audit activity was not as effective as it could be in achieving the Mission of Internal Audit.

- 3.1 Evidence obtained from assessing conformance with other standards in the PSIAS has been used, along with specific consideration surrounding the achievement of the Core Principles, to conclude that the Internal Audit Service at Renfrewshire Council **fully conforms** with accomplishing the Mission of Internal Audit as detailed above.

4. SECTION B – DEFINITION OF INTERNAL AUDITING

The PSIAS state that internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

- 4.1 Evidence obtained from assessing conformance with other standards in the PSIAS has been used to conclude that the Internal Audit Service at Renfrewshire Council **fully conforms** with the definition of Internal Auditing as detailed above. The main reason for this assessment is that across all the standards a high level of compliance was noted with the Internal Audit function operating in line with expectations overall. This was evidenced through a variety of means including the Internal Audit Charter, Financial Codes and audit manual, examination of audit documents and consideration of the regular reporting of Internal Audit progress and performance to key stakeholders. Stakeholder Questionnaires support this conclusion.

5. SECTION C – CODE OF ETHICS

The PSIAS state that the purpose of the Institute of Internal Auditor's Code of Ethics is to promote an ethical culture in the profession of internal auditing. A code of ethics is necessary and appropriate for the profession of internal auditing, founded as it is on the trust placed in its objective assurance about risk management, control and governance.

Internal auditors in UK public sector organisations must conform to the Code of Ethics as set out in the PSIAS. If individual internal auditors have membership of another professional body then he or she must also comply with the relevant requirements of that organisation.

- 5.1 Evidence obtained from assessing conformance with other standards in the PSIAS, in particular the Attribute Standards 1000 – Purpose Authority and Responsibility, 1100 – Independence and Objectivity, 1200 – Proficiency and Due Professional Care and Professional Standards 2000 – Managing the Internal Audit Activity and 2300 – Performing the Engagement, has been used to conclude that Renfrewshire Council's Internal Audit Service **fully conforms** with the requirement to comply with the Code of Ethics. Stakeholder Questionnaires support this conclusion. There is scope to further improve existing arrangements in this area through implementation of the actions included within the action plan at Appendix D.

6. SECTION D – ATTRIBUTE STANDARDS

Attribute Standards apply to organisations and individual internal auditors providing the internal audit services in a local authority.

6.1 1000 - Purpose, Authority, and Responsibility

The PSIAS state that the purpose, authority and responsibility of the internal audit activity must be formally defined in an Internal Audit Charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval. The internal audit charter must also:

- define the terms ‘board’ and ‘senior management’ for the purposes of internal audit activity;*
- cover the arrangements for appropriate resourcing;*
- define the role of internal audit in any fraud-related work; and*
- describe safeguards to limit impairments of independence or objectivity if internal audit or the chief audit executive undertakes non-audit activities.*

6.1.1 The current Renfrewshire Council’s Internal Audit Charter was last approved by the Audit, Risk and Scrutiny Board on 23 August 2021. The Internal Audit Charter is periodically reviewed with the most recent review taking place in September 2022. There were no changes made to the Charter following this review which was reported to the Audit, Risk and Scrutiny Board on 14 November 2022. The Chief Auditor advised that, given the climate at the time when the Internal Audit Charter was last approved (August 2021) and the minimal changes made to it at that point, it was not communicated separately to the Corporate Management Team.

6.1.2 The Internal Audit Charter sets out the purpose, authority and responsibility of the Internal Audit service in Renfrewshire Council. It also defines the nature of assurance services, internal audits’ position in the organisation and information in relation to the relationship between the Chief Auditor and the Audit, Risk and Scrutiny Board. However it does not include a definition of consulting activities.

6.1.3 It is recommended that the Internal Audit Charter is updated to include the definition of consulting activities and, once approved by the Audit, Risk and Scrutiny Board, the updated Charter should be shared with the Corporate Management Team. (*Action 1*)

6.1.4 Having considered the findings above, it has been concluded that the Internal Audit Service at Renfrewshire Council **fully conforms** with Standard 1000 on Purpose, Authority and Responsibility.

6.2 1100 - Independence and Objectivity

The internal audit activity must be independent and internal auditors must be objective in performing their work. Various aspects of independence and objectivity are covered in this standard as well as 1200, including reporting functional lines of the CAE, the relationship between the CAE and the board and any impairment to individual internal auditors’ objectivity or independence. Reporting and management arrangements must be put in place that preserve the CAE’s independence and objectivity, in particular with regard to the principle that the CAE must be independent of the audited activities.

6.2.1 The Internal Audit Service reports functionally to the Audit, Risk and Scrutiny Board and administratively to the Director of Finance and Resources, who is a member of the Council’s Corporate Management Team. The Chief Auditor has direct and unrestricted access and the Chair of the Audit, Risk and Scrutiny Board and the Chief Executive regarding any matters of concern that could place the Council in a position where the risks it faces are unacceptable and this has been confirmed through the completed

Stakeholder Questionnaires. These reporting / access arrangements are clearly defined in the Internal Audit Charter as are safeguards to limit impairment of independence or objectivity.

- 6.2.2 It was confirmed that the Chief Internal Auditor's independence is supported by Council arrangements to prevent inappropriate influence by those subject to audit including; a Recruitment Policy, Employee Code of Conduct, Disciplinary Procedures and a Performance Appraisal processes. However it was established that the performance appraisal for the Chief Auditor has not been completed since pre Covid (March 2020).
- 6.2.3 In support of organisational independence, the Chief Auditor attends the Audit, Risk and Scrutiny Board meetings to present all internal audit reports to Elected Members. The reports are all submitted in the Chief Auditor's name. Within the stakeholder questionnaires, both the Chief Executive and the Director of Finance and Resources stated Internal Audit was only partly considered to be a key strategic partner with a high profile with the organisation. However the Director of Finance and Resources also noted that they will be aiming to support the team in this over the coming months.
- 6.2.4 The Chief Auditor has operational responsibility for Risk Management. The Internal Audit Charter states "*Where the Chief Auditor has responsibility for operational activities the periodic review of these activities will be conducted by parties independent of the Internal Audit function*". The Risk Management Service was last reviewed in 2018 and evidence was provided that a third party completed this audit.
- 6.2.5 Although the Internal Audit Charter sets out the arrangements for independence, it was found that neither the Internal Audit Annual Report or the progress and performance reports to the Audit, Risk and Scrutiny Board, provide additional ongoing and explicit confirmation that there have been no significant threats to the independence of the internal audit activity, such as inappropriate scope or resource limitations. The Chief Auditor advised that threats to the independence of the internal audit activity is reported through the quarterly progress and performance reports to the Audit, Risk and Scrutiny Board. There were no such threats noted during the period of the assessment.
- 6.2.6 It was noted that within Renfrewshire Council the Chief Auditor is required to confirm any interests on an annual basis and this is recorded in a Register of Interests. All other employees within the Internal Audit service are required to comply with the Code of Conduct. The Internal Audit Manual states all staff must adhere to Renfrewshire Council's Employee Code of Conduct which details the process to be followed if a potential conflict of interest arises.
- 6.2.7 It is recommended that;
- A performance appraisal is completed for the Chief Auditor. The appraisal should include feedback from at least the Chief Executive and the Chair of the Audit, Risk and Scrutiny Board and should be countersigned by an independent party. (Action 2)
 - The Internal Audit Annual report should include explicit confirmation that there have been no significant threats to the independence of the internal audit activity, such as inappropriate scope or resource limitations.. (Action 3)
- 6.2.8 Renfrewshire Council's Internal Audit Service **generally conforms** with Standard 1100 on Independence and Objectivity.

6.3 1200 - Proficiency and Due Professional Care

The CAE must be professionally qualified, suitably experienced and responsible, in accordance with the organisation's human resources processes, for recruiting appropriate staff. He or she is responsible for ensuring that up-to-date job descriptions exist, reflecting roles and responsibilities, and that person specifications define the required qualifications, competencies, skills, experience and personal attributes.

The CAE should periodically assess individual auditors' skills and competencies against those set out in the relevant job descriptions and person specifications. Any training or development needs identified should be included in an appropriate ongoing development programme that is recorded and regularly reviewed and monitored. In addition, all internal auditors have a personal responsibility to undertake a programme of continuing professional development (CPD) to maintain and develop their competence. This may be fulfilled through requirements set by professional bodies or through the organisation's own appraisal and development programme. Auditors should maintain a record of such professional training and development activities.

The internal audit activity should be appropriately resourced to meet its objectives. It should have appropriate numbers of staff in terms of grades, qualifications, personal attributes and experience or have access to appropriate resources in order to meet its objectives and to comply with these standards. The PSIAS states that the CAE must obtain competent advice and assistance if the activity is unable to perform all or part of an engagement.

- 6.3.1 The Chief Auditor holds a relevant professional qualification and is suitably experienced, with over 20 years internal audit experience within a Scottish local government environment. The Chief Auditor is a member of SLACIAG and regularly attends and contributes to meetings. Renfrewshire Council's Internal Audit Service is represented on both SLACIAG Sub-groups, the Computer Audit Sub-Group (CASG) and the Scottish Local Authorities Investigators Group (SLAIG),.
- 6.3.2 To support the Chief Auditor in Renfrewshire Council's Internal Audit Service there is one Assistant Chief Auditor and 2 Senior Auditors these posts require to be CCAB or IIA qualified. There are a total of 6 members of staff in the Internal Audit Service, including the Assistant Chief Auditor and the 2 Senior Auditors. The Internal Audit Service delivers internal audit services to the Renfrewshire Integration Joint Board, the Renfrewshire Valuation Joint Board and to One ren. There are 3 dedicated Corporate Counter Fraud Officer within the service and where the service does not have the specialist skills for ICT audits a budget is available to the Chief Auditor to use external providers to undertake the assignments.
- 6.3.3 The Internal Audit Service has a competency framework in place which should be completed every two years. Supplementary questions have been added to the framework dependent on the employee's role with the audit team. The process results in a personal development plan for each member of staff. However we were advised that completion of this process was delayed due to Covid working restrictions as the refresher training which was identified through the competency framework could not be delivered. This training has now been delivered. The Chief Auditor advised that it is intended to issue competency frameworks to all Internal Audit Staff for completion in 2023/24 which will result in new personal development plans being prepared.
- 6.3.4 The Internal Audit Service is represented on a number of corporate groups, including the Corporate Risk Management Group, the Information Management Governance Group and the Prevent Sub-group.
- 6.3.5 Renfrewshire Council is an accredited employer for the professional accountancy bodies and all members of the Internal Audit Service who are members of a professional accountancy body have specific CPD requirements to adhere to.
- 6.3.6 It is recommended that the competency framework is reissued to the audit team in 2023/24 and every two years thereafter. (*Action 4*)
- 6.3.8 The Stakeholder Questionnaires confirmed that the Chief Auditor demonstrates sufficient knowledge and experience and that all members of the Internal Audit Service exercise due professional care.

6.3.9 Renfrewshire Council's Internal Audit Service **generally conforms** with standard 1200 on Proficiency and Due Professional Care.

6.4 1300 - Quality Assurance and Improvement Programme

The PSIAS state that the Chief Audit Executive must develop and maintain a quality assurance and improvement programme (QAIP) that covers all aspects of the internal audit activity.

The QAIP must include both periodic internal self-assessments and five-yearly external assessments, carried out by a qualified, independent assessor from outside the organisation, and enable evaluation of the internal audit activity's conformance with the PSIAS, including the Definition of Internal Auditing and Code of Ethics. In addition, the QAIP should also assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement.

The public sector requirement in the PSIAS states that results of the QAIP and progress against any improvement plans must be reported in the annual report.

6.4.1 Internal audit reports are reviewed by the Chief Auditor or Assistant Chief Auditor prior to issue and working papers are, in general, reviewed by one of the Senior Internal Auditors. Where the assignment is carried out by the Senior Internal Auditor, the Assistant Chief Auditor will review the working paper file.

6.4.2 Client feedback on the Internal Audit is actively pursued by the Internal Audit Service at audit planning meeting. In addition, the Chief Auditor advised that this will also be included in discussions with senior management during the six monthly meetings planned to commence in 2023.

6.4.3 A suite of KPIs are prepared and reported to the Director of Finance and Resources and the Audit, Risk and Scrutiny Board. The KPIs are designed to measure performance in the delivery of the assignments within audit plan and progress of the overall plan.

6.4.4 A self-assessment against the PSIAS was carried out by the Chief Auditor, utilising the EQA checklist in October 2022. The results of the self-assessment will be reported to the Audit, Risk and Scrutiny Board along with the EQA2 external assessment results.

6.4.5 Renfrewshire Council's Internal Audit Service **fully conforms** with Standard 1300 on Quality Assurance and Improvement Programme.

7. SECTION E – PERFORMANCE STANDARDS

Performance Standards describe the nature of the internal audit services being provided and provide criteria against which the performance of an internal audit function can be measured.

7.1 2000 - Managing the Internal Audit Activity

The chief audit executive must effectively manage the internal audit activity to ensure it adds value to the organisation. The internal audit activity is effectively managed when it achieves the purpose and responsibility included in the internal audit charter, it conforms with the PSIAS, its individual members conform with the Code of Ethics and the PSIAS and it considers trends and emerging issues that could impact the organisation. The internal audit activity adds value to the organisation and its stakeholders when it considers strategies, objectives and risks; strives to offer ways to enhance governance, risk management, and control processes; and objectively provides relevant assurance.

- 7.1.1 An annual Internal Audit Plan is compiled by the Chief Auditor outlining the planned programme of work to be undertaken. A Planning Protocol is in place to help guide the development of the annual plan. The protocol details the pre-plan preparation which includes review of the audit entities and audit universe and scrutiny of the strategic and corporate risk registers, other key Council documents e.g. the Council Plan, external audit and other assurance body reports and other Local Authority Internal Audit Plans. It also details the parties to be consulted on the plan which include the Chief Executive, the Corporate Management Team, external audit, Senior Managers for associated bodies and Audit, Risk and Scrutiny Board Members.
- 7.1.2 The Chief Auditor and Assistant Chief Auditor meets with service Senior Management Team prior to preparation of the annual plan.
- 7.1.3 The draft plan is shared with the Chief Executive and the Corporate Management Team for comment prior to being submitted for approval to the Audit, Risk and Scrutiny Board. Reports detailing progress towards completion of the Internal Audit plan are presented to the Audit, Risk and Scrutiny Board on a quarterly basis.
- 7.1.4 It was noted that it was the intention of the Chief Auditor to also have six monthly meeting with services Senior Management Team to discuss the progress against the plan. However due to Covid working restrictions and long term absences within the Internal Audit Service these meetings have not yet commenced.
- 7.1.5 Completed stakeholder questionnaires from the Chief Executive, the Director of Finance and Resources and the Chair and Vice Chair of Audit, Risk and Scrutiny Board confirm that they consider that the Internal Audit function adds value and that they are given appropriate opportunity to feed into the audit planning process.
- 7.1.6 It is recommended that the six monthly update meetings with services Senior Managers commence in 2023 as planned. (*Action 5*)
- 7.1.7 Renfrewshire Council's Internal Audit Service **fully conforms** with Standard 2000 on Managing the Internal Audit Activity.

7.2 2100 - Nature of Work

The internal audit activity must evaluate and contribute to the improvement of the organisation's governance, risk management, and control processes using a systematic, disciplined, and risk-based approach. Internal audit credibility and value are enhanced when auditors are proactive and their evaluations offer new insights and consider future impact.

More specifically, the internal audit activity must assess and make appropriate recommendations to improve the organisation's governance processes, evaluate the effectiveness and contribute to the improvement of risk management processes and assist the organisation in maintaining effective controls by evaluating their efficiency and effectiveness and promoting continuous improvement.

- 7.2.1 The Internal Audit Charter, Audit Manual and annual plan set out how the internal audit function will evaluate the adequacy and effectiveness of controls and delivery of the plan via individual audit reports and the annual assurance report confirms this approach is delivered in practice. The Council's Risk Manager reports to Chief Auditor who is a member of the Corporate Risk Management Group.
- 7.2.3 Renfrewshire Council's Internal Audit Service **fully conforms** with Standard 2100 on Nature of Work.

7.3 2200 - Engagement Planning

Internal auditors must develop and document a plan for each engagement, including the

engagement's objectives, scope, timing and resource allocations. The plan must consider the organisation's strategies, objectives and risks relevant to the engagement.

The CIPFA Local Government Application note states that for each engagement, a brief should be prepared, discussed and agreed with relevant managers. The brief should establish the objectives, scope and timing for the assignment and its resource and reporting requirements. Audit work should be undertaken using a risk-based audit approach.

- 7.3.1 An Engagement Plan is prepared and issued for each audit contained within the Annual Audit Plan. This sets out the objectives, scope, timetable and resources allocated for the assignment. The client service is provided with an opportunity to comment on the proposed brief prior to the start of the audit.
- 7.3.2 An audit management system, Galileo, is used to by Renfrewshire Council's Internal Audit Service. The system is used to create risk matrices for each assignment which details the risks, controls and test programme for each assignment. The auditors record the findings of the tests into Galileo and attach all relevant documentation.
- 7.3.3 A review of the documentation provided during this assessment confirmed this process.
- 7.3.4 PSIAS requires the engagement plan to consider the organisation's strategies, objectives and risks relevant to the engagement. Links to the organisations strategies are included within the annual plan, however, although risks are recorded within the assignment risk matrix within Galileo, they are not included within the engagement plan.
- 7.3.5 It is recommended that consideration is given to including the risks relevant to the audit assignment within the engagement plans. (*Action 6*)
- 7.3.6 Renfrewshire Council's Internal Audit Service **Fully conforms** with Standard 2200 on Engagement Planning.

7.4 2300 - Performing the Engagement

Internal auditors must identify, analyse, evaluate and document sufficient information to achieve the engagement's objectives.

At each stage of the audit, auditors should consider what specific work needs to be conducted and evidence needs to be gathered to achieve the engagement objectives and support an independent and objective audit opinion. Systems should be in place to ensure that auditors obtain and record, within the working papers, sufficient evidence to support their conclusions, professional judgements and recommendations. Working papers should always be sufficiently complete and detailed to enable an experienced internal auditor with no previous connection with the audit to ascertain what work was performed, re-perform it if necessary and support the conclusions reached. The CAE should also specify how long all audit documentation should be retained, whether held on paper or electronically. All audit work should be subject to an appropriate internal quality review process.

Internal auditors must be alert to the possibility of intentional wrongdoing, errors and omissions, poor value for money, failure to comply with management policy and conflicts of interest when performing their individual audits. They must also have sufficient knowledge to identify indicators that fraud or corruption may have been committed.

- 7.4.1 The Internal Audit Manual, October 2021, sets out the procedure in relation to undertaking a planned audit, including preparing working papers and setting up working paper files. The manual also included details for dealing with other types of work including investigations and consultancy assignments.
- 7.4.2 Standard electronic working papers are used and are held together with supporting information in the audit management system Galileo.

7.4.3 Through examination of documentation provided during this assessment it was confirmed that there are adequate arrangements for performing and supervising audit work are in place. Audit files are reviewed by Senior Auditors and a final review is carried out by either the Chief Auditor or the Assistant Chief Auditor prior to issue of the draft report.

7.4.4 A Council Wide Records Management Policy and an Internal Audit Retention Schedule is in place. The Chief Auditor advised that files stored on the Internal Audit network drive have been deleted in line with the Retention Schedule but that no records have been deleted from the Galileo system as yet. The Chief Auditor advised that further investigation regarding archiving the files held on Galileo is required.

7.4.5 It is recommended that a data cleansing exercise is undertaken on the files within Galileo to ensure the Internal Audit service is complying with the Council's Records Management Policy and the Internal Audit Retention Schedule. (*Action 7*)

7.4.6 Renfrewshire Council's Internal Audit Service **fully conforms** with Standard 2300 on Performing the Engagement.

7.5 2400 - Communicating Results

The basic aims of every internal audit report should be to:

- give an opinion on the risk and controls of the area under review, building up to the annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control;*
- prompt management to implement the agreed actions for change leading to improvement in the control environment and performance; and*
- provide a formal record of points arising from the audit and, where appropriate, of agreements reached with management, together with appropriate timescales.*

Each report should include the scope and purpose of the audit to help the reader to understand the extent, or limitations, of the assurance(s) provided by the report. During the course of the audit, key issues should be brought to the attention of the relevant manager to enable them to take corrective action and to avoid surprises at the closure stage. Before issuing the final report, the internal auditor should normally discuss the contents with the appropriate levels of management to confirm the factual accuracy, to seek comments and to confirm the agreed management actions. A draft report is useful for this purpose. Recommendations should be prioritised according to risk. The recommendations and the resultant management action plans should be agreed prior to the issue of the final report. Any areas of disagreement between the internal auditor and management that cannot be resolved by discussion should be recorded in the action plan and the residual risk highlighted. Those weaknesses giving rise to significant risks that are not agreed should be brought to the attention of a more senior level of management and the board.

As set out in the PSIAS, the CAE must deliver an annual internal audit opinion and report that can be used by the organisation to inform its annual governance statement. This must include the annual internal audit opinion concluding on the overall adequacy and effectiveness of the organisation's governance, risk and control framework, a summary of the audit work from which the opinion is derived (including reliance placed on work by other assurance bodies); and a statement of conformance with the PSIAS and the results of the internal audit QAIP.

7.5.1 The Internal Audit service prepares draft reports which include details of the objectives and scope of the audit, an audit opinion, recommendations which include a risk rating against each recommendation. Reports are reviewed by either the Chief Auditor or the Assistant Chief Auditor before being issued.

- 7.5.2 Prior to the issue of the draft report, exit meetings are held with operational staff within the service to confirm the factual accuracy of the findings and to ensure recommendations made are feasible. Draft reports are issued to the client service management who are given one month to respond to confirm the factual accuracy, provide any comments on the report and provide management responses including responsible officers and implementation dates for agreed actions. Final reports are issued to the appropriate service Director and Head of Service, and other relevant officers are required. A Report Issue Process is in place which lists the relevant officers who should receive copies of final reports. A Summary of Internal Audit Reports issued is submitted to the Audit, Risk and Scrutiny Board on a quarterly basis. This report provides Members with a summary of the findings and conclusions of completed audit engagements. The report includes a Committee Summary for each assignment which details the audit objectives and scope, the key audit assurances and risks, the overall audit opinion and the management commentary.
- 7.5.3 An Internal Audit Annual Report including the Annual Assurance Statement is presented to the Audit, Risk and Scrutiny Board and includes details of the individual audit assignments undertaken during the year which contributes to the opinion presented in the report.
- 7.5.4 All Stakeholder's who complete a questionnaire agreed that Internal Audit findings and recommendations were valued by stakeholders and helped the Council achieve its objectives.
- 7.5.5 Renfrewshire Council's Internal Audit Service **fully conforms** with Standard 2400 on Communicating Results.

7.6 2500 - Monitoring Progress

The PSIAS place responsibility for monitoring progress with the CAE to ensure that management actions have been effectively implemented or, if not, that senior management have accepted the risk of not taking action. The CAE must, therefore, implement a follow-up process for ensuring the effective implementation of audit results or ensuring senior management are aware of the consequences of not implementing an action point and are prepared to accept the risk of such consequences occurring. The results of this process should be communicated to the board. The CAE should develop escalation procedures for cases where agreed actions have not been effectively implemented by the date agreed. These procedures should ensure that the risks of not taking action have been understood and accepted at a sufficiently senior management level. The effective involvement of the board in the follow-up process is critical to ensuring that it works. The CAE should consider revising the internal audit opinion in light of findings from the follow-up process. The findings of follow-up reviews should inform the planning of future audit work.

- 7.6.1 The process for monitoring progress of internal audit recommendations is detailed within the Internal Audit Manual. All recommendations are recorded in the Internal Audit management system, Galileo and an annual exercise is undertaken to identify the actions status. The results of this exercise and details of recommendations not yet implemented are communicated to service Directors. The overall results of the exercise along with the details of the critical recommendations not implemented by the due date are reported to the Corporate Management Team and Members of the Audit, Risk and Scrutiny Board by the Chief Auditor.
- 7.6.2 The 2022-23 Annual Internal Audit Plan included an allocation of time for follow up engagements.
- 7.6.4 Renfrewshire Council's Internal Audit Service **fully conforms** with Standard 2500 on Monitoring Progress.

7.7 2600 - Communicating the Acceptance of Risks

When the chief audit executive concludes that management has accepted a level of risk that may be unacceptable to the organisation, they must discuss the matter with senior management. If the chief audit executive determines that the matter has not been resolved, they must communicate the matter to the board. It is not the responsibility of the chief audit executive to resolve the risk.





7.7.1 As detailed in the Audit Manual the Chief Auditor or Assistant Chief Auditor should be notified by the Senior Auditor where management are willing to accept a level of risk. If the Chief Auditor is of the opinion that this may be unacceptable to the organisation, they will discuss the matter with the appropriate Service Director and any other appropriate member of the Corporate Management Team. If the Chief Auditor determines the matter has not been resolved, the Chief Auditor will communicate the matter to the Audit, Risk and Scrutiny Board.

7.7.2 Renfrewshire Council's Internal Audit Service **fully conforms** to the Standard on Communicating the Acceptance of Risk.

Cecilia McGhee
Chief Internal Auditor
South Ayrshire Council

April 2023

APPENDIX A – SUMMARY OF ASSESSMENT

REF	PAGE No.	ASSESSMENT AREA	Fully Conforms 	Generally Conforms 	Partially Conforms 	Does Not Conform 
Section A		Mission of Internal Audit and Core Principles	✓			
Section B		Definition of Internal Auditing	✓			
Section C		Code of Ethics	✓			
Section D		ATTRIBUTE STANDARDS				
1000		Purpose, Authority and Responsibility	✓			
1100		Independence and Objectivity		✓		
1200		Proficiency and Due Professional Care		✓		
1300		Quality Assurance and Improvement Programme	✓			
Section E		PERFORMANCE STANDARDS				
2000		Managing the internal Audit Activity	✓			
2100		Nature of Work	✓			
2200		Engagement Planning	✓			
2300		Performing the Engagement	✓			
2400		Communicating Results	✓			
2500		Monitoring Progress	✓			
2600		Communicating the Acceptance of Risks	✓			
TOTALS					□	

APPENDIX B – EVIDENCE PACK

- The Internal Audit Charter 2021
- Internal Audit Manual
- Annual Internal Audit Plan 2022 -23
- Internal Audit Annual Report 2021-22
- Report Issue Protocol
- Annual Governance Statement
- Scheme of delegated functions
- Financial Regulations
- Financial Codes November 2018
- Defalcation Procedures
- Disciplinary Procedures
- Code of Conduct for all Renfrewshire Employees 2018
- Code of Conduct for Officers on acceptance of gifts and hospitality
- Data protection policy
- Information security policy
- Counter Fraud and Corruption Policy
- Expressing Concerns outwith line management (Whistleblowing)
- Board Report Guidance
- Audit, Risk and Scrutiny Board Agendas and Minutes and Internal Audit progress/update board reports
- Recruitment policy
- Audit staff job descriptions and person specifications
- Other information reviewed included; standard templates used throughout the audit process, audit working papers, reports and correspondence with audit clients in relation to audit assignments.

APPENDIX C – STAKEHOLDER QUESTIONNAIRES

Stakeholder questionnaires were completed by the following key members of staff and Elected Members:

- Alan Russell, Chief Executive
- Alastair Macarthur, Director of Finance and Resources
- Councillor Andrew Doig, Chair of Audit, Risk and Scrutiny Board
- Councillor Kevin Montgomery, Vice Chair of Audit, Risk and Scrutiny Board

APPENDIX D – ACTION PLAN

No.	Para	Recommendation	Management Response	Responsible Officer / Agreed Completion Date
1	6.1.3	The Internal Audit Charter should be updated to include the definition of consulting activities and, once approved by the Audit, Risk and Scrutiny Board, the updated Charter should be shared with the Corporate Management Team.	The Internal Audit Charter has now been updated to include the definition of consulting activities. The updated charter will be presented to the CMT on 2 May 2023 and to the ARSB on 22 May 2023.	Chief Auditor May 2023
2	6.2.7	A performance appraisal is completed for the Chief Auditor. The appraisal should include feedback from at least the Chief Executive and the Chair of the Audit, Risk and Scrutiny Board and should be countersigned by an independent party.	The corporate framework for performance appraisal is currently being reviewed and future appraisals will be conducted following any revised methodology. In the meantime, a review of the current objectives and personal development plan will be undertaken by the Director of Finance and Resources and feedback will be sought from the Chief Executive and the Chair of the ARSB.	Chief Auditor and Director of Finance & Resources March 2024
3	6.2.7	The Internal Audit Annual report should include explicit confirmation that there have been no significant threats to the independence of the internal audit activity, such as inappropriate scope or resource limitations..	The Annual Report for 2022/23 includes a statement that there have been no threats to the independence of Internal Audit and that the section has been adequately resourced. The Annual Report will be presented to the CMT on 2 May 2023 and to the ARSB on 22 May 2023.	Chief Auditor May 2023
4	6.3.6	The competency framework should be reissued to the audit team in 2023/24 and every two years thereafter.	Further risk based auditing training is planned for the forthcoming months, thereafter, the competency framework will be issued to the team for completion and individual personal development plans will follow. This process will resume to be completed every two years	Assistant Chief Auditor March 2024
5	7.1.6	Six monthly update meetings with services Senior Managers should commence in 2023 as planned.	Meetings will be arranged with all Senior Management Teams on a 6 monthly basis. It is planned that the meetings will be August and February each year.	Chief Auditor August 2023

6	7.3.5	Consideration should be given to including the risks relevant to the audit assignment within the engagement plans.	As stated previously further risk based auditing training is planned and thereafter risks will be included on engagement plans.	Chief Auditor March 2024
7	7.4.5	A data cleansing exercise on the files within Galileo should be undertaken to ensure the Internal Audit service is complying with the Council's Records Management Policy and the Internal Audit Retention Schedule	A data cleansing exercise will be undertaken to ensure that Internal Audit complies with the Council and Section Retention Schedules.	Chief Auditor December 2023

	Critical
	Significant
	Routine

To: Renfrewshire Health and Social Care Integration Joint Board Audit, Risk and Scrutiny Committee

On: 23 June 2023

Report by: Chief Internal Auditor

Heading: Internal Audit Charter

1. Summary

- 1.1 The Internal Audit Charter was approved in September 2016.
 - 1.2 This report presents a revised Internal Audit Charter (Appendix 1) that has been updated to take account of the recommendation arising from our External Quality Assessment to include the definition of consulting activities.
 - 1.3 Committee and Board titles have also been updated. No other changes are required to the Internal Audit Charter at this time.
-

2. Recommendations

- 2.1 The Audit, Risk and Scrutiny Committee are asked to approve the revised Internal Audit Charter.
-

Implications of the Report

- 1. **Financial** - none.
- 2. **HR & Organisational Development** - none.
- 3. **Community Planning** - none.
- 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** - Conformance with the PSIAS mitigates the risk of the Internal Audit Service being ineffective.
 11. **Privacy Impact** - none.
-

List of Background Papers – none.

Author: Andrea McMahon, Chief Internal Auditor

INTRODUCTION:

Internal Audit is an independent and objective assurance and consulting activity designed to add value and improve the operations of the Integration Joint Board. It assists the Integration Joint Board (IJB) in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation's risk management, control, and governance processes.

MISSION:

To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

DEFINITION OF ROLES:

The Public Sector Internal Audit Standards require that the Internal Audit Charter defines the terms 'board', 'senior management' and 'Chief Audit Executive' in relation to the work of Internal Audit. For the purposes of the Internal Audit function for the Integration Joint Board:

- the 'board' refers to the IJB Audit, Risk and Scrutiny Committee which has delegated responsibility for overseeing the work of Internal Audit;
- 'senior management' is defined as the Chief Officer of the IJB, to whom the work of Internal Audit shall be reported; and
- 'Chief Audit Executive' refers to the Chief Auditor of Renfrewshire Council who has been nominated as the Chief Internal Auditor of the IJB.

PROFESSIONALISM:

The Internal Audit service will comply with the PSIAS which encompasses the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), including the *Definition of Internal Auditing*, the *Core Principles for the Professional Practice of Internal Audit*, the *Code of Ethics*, and the *International Standards for the Professional Practice of Internal Auditing (Standards)*. This mandatory guidance constitutes the principles of the fundamental requirements for the professional practice of internal auditing in the public sector and for evaluating the effectiveness of the internal audit activity's performance.

The internal audit service will adhere to Renfrewshire Council's relevant policies and procedures and the internal audit manual which sets out the internal audit activity's standard operating procedures.

A programme of Continuous Professional Development (CPD) is maintained for all staff working on audit engagements to ensure that auditors maintain and enhance their knowledge, skills and audit competencies.

AUTHORITY:

The authority of Internal Audit is set out in the IJB's Financial Regulations and Codes. Internal Audit will safeguard all information obtained in the carrying out of its duties and will only use it for the purposes of an audit, investigation, or consultancy work. Internal Audit has authorised full, free, and unrestricted access to any and all of the IJB's records, physical properties, and personnel pertinent to carrying out any engagement. Internal Audit will make no disclosure of any information held unless this is authorised or there is a legal or professional requirement to do so. All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities. The internal audit activity will also have free and unrestricted access to the Audit, Risk and Scrutiny Committee, the Chief Officer and the Chief Financial Officer.

ORGANISATION:

The Chief Internal Auditor will report functionally to the Audit, Risk and Scrutiny Committee and administratively (i.e. day to day operations) to the Director of Finance and Resources, Renfrewshire Council. The Chief Internal Auditor will communicate and interact directly with the Audit, Risk and Scrutiny Committee, including in Committee meetings and between Committee meetings as appropriate. The Chief Internal Auditor may report direct to the Chief Officer, Chief Financial Officer, IJB Board members regarding any matters of concern that could place the IJB in a position where the risks it faces are unacceptable or the independence of Internal Audit is under threat. The Chief Internal Auditor will share relevant reports and information with the Chief Auditor for Renfrewshire Council, the Head of Internal Audit for NHS Greater Glasgow and Clyde, Renfrewshire Council's Audit, Risk and Scrutiny Board and Renfrewshire Council's Senior Management.

INDEPENDENCE AND OBJECTIVITY:

Internal Audit is an independent review activity. In conducting its activities, Internal Audit activity will remain free from any undue influence or other pressure affecting its actions and reporting. This includes matters of audit selection, scope, procedures, frequency, timing, or report content.

Internal Audit is not a substitute for effective control exercised by management as part of their responsibilities. It is the responsibility of the Council's managers to ensure that the management of the areas under their control is adequate and effective and that their services have a sound system of internal control which facilitates the effective exercise of the organisation's functions and which includes arrangements for the management of risk.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Where the Chief Internal Auditor has responsibility for operational activities the periodic review of these activities will be conducted by parties independent of the Internal Audit function.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors

must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Chief Internal Auditor will confirm to the Audit, Risk and Scrutiny Committee, at least annually, the organisational independence of the internal audit activity.

RESPONSIBILITY:

The Internal Audit Service adds value to the IJB by providing objective and relevant assurance, and contributing to the effectiveness and efficiency of governance, risk management and control processes.

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management, and internal control processes as well as the quality of performance in carrying out assigned responsibilities to achieve the organisation's stated goals and objectives. This includes:

- Independent review and appraisal of the control environment throughout the organisation.
- Providing assurance to management and the Audit, Risk and Scrutiny Committee that the established systems ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organisation.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating the effectiveness and efficiency with which resources are employed.
- Evaluating operations or projects to ascertain whether results are consistent with established objectives and goals and whether the operations or projects are being carried out as planned.
- Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information.
- Supporting the IJB to improve its internal control, governance and risk management processes.
- Evaluating the extent to which risks have been identified and managed to achieve the IJB's objectives.
- Working in partnership with Health Board Internal Auditors, external auditors and other review bodies to coordinate activities with internal audit to avoid duplication and seek to rely on the work of these other assurance providers where professional standards and the nature and quality of the work they have undertaken would make it appropriate to do so.
- Undertaking consulting and advisory services related to governance, risk management and control as appropriate for the organisation.

- Supporting the Chief Officer and the Chief Financial Officer in the discharge of their statutory duties;
- Encouraging a culture of personal and corporate responsibility and accountability through the promotion of anti-fraud and corruption and ethical values.
- Having the right of access to examine the accounts and other financial records and data of external organisations as set out in the conditions of funding or other agreement.
- Investigating any suspicion of fraud, irregularity or corrupt practice in accordance with the relevant procedures.

CONSULTANCY SERVICES

The PSIAS defines consulting services as ‘Advisory and client related service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation’s governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training’.

- Consultancy and advice services, may be undertaken from time to time at the request of senior management. A provision is included in the annual audit plan for this type of work;
- when undertaking such work auditors will maintain their independence and objectivity and will not take on management responsibility for the project; and
- any significant consultancy assignments will be reported separately to the Audit, Risk and Scrutiny Committee. Any significant consulting exercise, not included in the annual audit plan, will be approved by the Audit, Risk and Scrutiny Committee. Significant is defined as any single assignment equivalent to 10 unplanned days.

INTERNAL AUDIT PLAN:

The authority for the production and execution of the audit plan rests with the Chief Internal Auditor. The internal audit plan will be developed based on a prioritisation of the audit universe using a risk-based methodology, including input of senior management and the Audit, Risk and Scrutiny Committee. At least annually, the Chief Internal Auditor will submit to senior management and the Audit, Risk and Scrutiny Committee an internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as resource requirements for the next financial year.

The Chief Internal Auditor will communicate the impact of any resource limitations and any significant deviation from the approved internal audit plan will be communicated to senior management and the Audit, Risk and Scrutiny Committee as appropriate.

REPORTING AND MONITORING:

A written report will be prepared and issued by the Chief Internal Auditor or designee following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the Chief Officer and the Audit, Risk and Scrutiny Committee in the format agreed.

The internal audit report may include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response, whether included within the original audit report or provided thereafter (i.e. within 3 weeks) by management of the audited area should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

The internal audit activity will be responsible for appropriate follow-up on engagement findings and recommendations.

PERIODIC ASSESSMENT:

The Chief Internal Auditor will at least annually, report to the Chief Officer and the Audit, Risk and Scrutiny Committee on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its plan. Annual reporting will also provide an annual audit opinion on the overall adequacy and effectiveness of the IJB's internal control environment, and include details of any significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Chief Officer and the Audit, Risk and Scrutiny Committee.

In addition, the Chief Internal Auditor will communicate to the Chief Officer and the Audit, Risk and Scrutiny Committee on the internal audit activity's quality assurance and improvement programme, including results of internal assessments and external assessments conducted at least every five years.

APPROVAL

The Internal Audit Charter will be approved by the IJB Audit, Risk and Scrutiny Committee and shall be subject to regular review by the Chief Internal Auditor in consultation with the Chief Officer.

Effective date 23 June 2023

To: Renfrewshire Integration Joint Board Audit, Risk and Scrutiny Committee

On: 23 June 2023

Report by: Chief Finance Officer

Heading: Unaudited Annual Governance Statement 2022/23

1. Purpose

1.1 To present to the IJB Audit, Risk and Scrutiny Committee, the Unaudited Annual Governance Statement for the Renfrewshire Integration Joint Board for 2022/23 and:

- To provide the Audit, Risk and Scrutiny Committee, with the opportunity to provide comment on and approve the annual governance statement; and,
- To agree that assurances on the governance framework can be provided to Renfrewshire Council and NHS Greater Glasgow and Clyde (NHSGGC).

2. Recommendation

It is recommended that the IJB Audit, Risk and Scrutiny Committee:

- Approve the draft Annual Governance Statement, as set out in Appendix 1.

3. Background

3.1. The Integration Joint Board (IJB) is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The IJB also aims to foster a culture of continuous improvement in the performance of the IJB's functions and to make arrangements to secure best value.

3.2. In discharging these responsibilities, the Chief Officer has a reliance on Renfrewshire Council and NHSGGC's systems of internal control which support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the IJB.

3.3. The IJB has adopted governance arrangements consistent, where appropriate, with the principles of CIPFA and the Society of Local Authority Chief Executives (SOLACE) framework "Delivering Good Governance in Local Government" and the CIPFA Financial Management Code 2019 (FM Code). The Annual Governance statement explains how the IJB has complied with these governance arrangements and meets the requirements of the Code of Practice on Local Authority Accounting in the UK, which includes the requirement for an Annual Governance Statement.

3.4. In addition, the annual governance statement which forms a key part of the annual accounts provides readers of the accounts with assurance that the governance framework is fit for purpose.

- 3.5. The Annual Governance Statement for 2022/23 is attached and has been prepared in accordance with the relevant regulation and guidance taking account of the Internal Audit Annual Report and the Chief Officer's evaluation of the operation of the governance arrangements within each service area.
- 3.6. The Governance Statement is subject to statutory audit by the Council's External Auditors as part of their review of the annual accounts.

Implications of the Report

1. **Financial** – none
2. **HR & Organisational Development** – none
3. **Strategic Plan and Community Planning** – none
4. **Wider Strategic Alignment** – none
5. **Legal** – none
6. **Property/Assets** – none
7. **Information Technology** – none
8. **Equality & Human Rights** – none
9. **Fairer Scotland Duty** – none
10. **Health & Safety** – none
11. **Procurement** – none
12. **Risk** – The Annual Governance Statement provides information on the effectiveness of the IJB Governance Framework. Specific risks identified from the Chief Auditor's Annual Report and the assessments of the CO are disclosed in the statement.
13. **Privacy Impact** – none.

List of Background Papers – none

Author: Sarah Lavers, Chief Finance Officer

Any enquiries regarding this paper should be directed to Sarah Lavers, Chief Finance Officer (sarah.lavers@renfrewshire.gov.uk)

Annual Governance Statement 2022/23

The Annual Governance Statement explains the IJB's governance arrangements and reports on the effectiveness of the IJB's system of internal control.

Scope of Responsibility

The IJB is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. The IJB also aims to foster a culture of continuous improvement in the delivery of the IJB's functions and to make arrangements to secure best value.

To meet this responsibility, the IJB has established arrangements for governance which includes a system of internal control. The system is intended to manage risk to support the achievement of the IJB's policies, aims and objectives. Reliance is also placed on the Renfrewshire Council and NHSGGC systems of internal control which support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives.

This system can only provide reasonable and not absolute assurance of effectiveness.

The IJB has adopted governance arrangements consistent, where appropriate, with the principles of CIPFA¹ and the Society of Local Authority Chief Executives (SOLACE) framework "Delivering Good Governance in Local Government" and the CIPFA Financial Management Code 2019 (FM Code). This statement explains how the IJB has complied with the governance arrangements and meets the requirements of the Code of Practice on Local Authority Accounting in the UK, which details the requirement for an Annual Governance Statement.

Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the IJB is directed and controlled. It enables the IJB to monitor the achievement of the objectives set out in the IJB's Strategic Plan. The governance framework is continually updated to reflect best practice, new legislative requirements, and the expectations of stakeholders.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the IJB's objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively.

Governance Framework and Internal Control System

The Board of the IJB comprises the Chair and seven other voting members. Overall, four are Elected Members nominated by Renfrewshire Council, and four are non-executive members of NHSGGC Board. There are also a number of non-voting professional and stakeholder members on the IJB including representatives from the third and independent sector bodies, carers, service users and trade unions. Professional members include the Chief Officer, Chief Finance Officer, and the Chief Social Work Officer. The IJB, via a process of delegation from Renfrewshire Council and NHSGGC, and its Chief Officer, has responsibility for the planning, resourcing and operational delivery of all delegated health and social care services within its geographical area.

The main features of the governance framework in existence during 2022/23 were:

¹ CIPFA – The Chartered Institute of Public Finance and Accountancy

- Principles
 - The IJB follows the principles set out in CoSLA's Code of Guidance on Funding External Bodies and Following the Public Pound for both resources delegated to the IJB by the Health Board and Local Authority and resources paid to its Local Authority and Health Service partners.
- Formal frameworks
 - The IJB is formally constituted through the Integration Scheme agreed by Renfrewshire Council and NHSGGC as approved by Scottish Ministers.
 - The IJB operates within an established procedural framework. The roles and responsibilities of Board members and officers are defined within: Standing Orders; Contract Standing Orders; Scheme of Delegation, and Financial Governance arrangements; these are subject to regular review.
 - A Local Code of Corporate Governance and Sources of Assurance was approved by the IJB early in 2017 which is subject to ongoing updates as required. In addition, Internal Audit reviews a sample of the elements of the local code annually and reports on the adequacy of compliance to the IJB Audit, Risk and Scrutiny Committee (ARSC).
 - At its meeting of 24 June 2022 Board members approved a revised Code of Conduct, based on the revised Model Code for Members of Devolved Public Bodies as approved by the Scottish Parliament in October 2021. The revised Code highlights the need for Board members to take personal responsibility for their behaviour and to have an awareness of the policies and guidance in relation to a number of areas including social media, equality, diversity and bullying and harassment. The revised Code was approved by the Scottish Government on 29 June 2022.
 - Board members are supported by induction and ongoing training and development. Staff 'Personal Development Plans' (PDP) schemes are also in place, the aim of which is to focus on performance and development that contributes towards achieving service objectives.
 - The HSCP has a robust Quality, Care and Professional Governance Framework and supporting governance structures which are based on service delivery, care and interventions that are: person centred, timely, outcome focused, equitable, safe, efficient, and effective. This is reported annually to the IJB and provides a variety of evidence to demonstrate the delivery of the core components within the HSCP's Quality, Care and Professional Governance Framework and the Clinical and Care Governance principles specified by the Scottish Government. The most recent report – covering the period April 2021 to March 2022 - was reviewed by the IJB in September 2022. It noted that governance arrangements are in place to support enhanced multidisciplinary arrangements to support care home and care at home settings. This aims to provide granular scrutiny, support and oversight of care home and care at home services.
- Strategic planning
 - The overarching strategic vision and objectives of the IJB are detailed in the IJB's Strategic Plan 2022-25 which sets out the key outcomes the IJB is committed to delivering with its partners.
 - The Strategic Planning Group sets out the IJB's approach to engaging with stakeholders. Consultation on the future vision and activities of the IJB (such as the development of the IJB's Strategic Plan) is undertaken with this group which includes

stakeholders from NHSGGC, Renfrewshire Council, Renfrewshire Carers Centre and third sector organisations. Further engagement with the IJB's partners Renfrewshire Council and NHSGGC is through agreed governance structures. As part of the strategic planning approach, services also utilise Care Planning Groups to support engagement with stakeholders. The IJB also considers and publishes information about its performance regularly as part of its public performance reporting. This information is available through the IJB's published papers.

- The Medium-Term Financial Plan 2022-25 is aligned to and complements the Strategic Plan 2022-25 and highlights the key financial challenges the IJB faces, as well as the strategic aims that it aspires to deliver and the community priorities that it strives to meet.
 - The IJB published its Workforce Plan 2022-25 in November 2022, in line with Scottish Government timescales. The Plan aligns with the IJB's Strategic Plan and Medium-Term Financial Plan covering the same period. It reflects national ambitions to deliver the recovery, growth, and transformation of our workforce in coming years, and is underpinned by the Scottish Governments five pillars to guide workforce development actions: (i) Plan; (ii) Attract; (iii) Employ; (iv) Train; and (v) Nurture. A supporting delivery plan has been developed and is monitored through the HSCP's Workforce Planning and Organisational Development group.
 - In September 2022, the IJB published its Palliative and End of Life Care Strategy 2022-25. The Strategy, complementary to the Strategic Plan 2022-25, describes how we will endeavour to improve the quality of life of patients and their families in Renfrewshire who are living and dealing with a life limiting illness, ensuring everyone receives person-centred, dignified, and compassionate care which reflects individual choices.
 - Also, in September 2022 the IJB published its Unpaid Adult Carers' Strategy 2022-25, Short Breaks Services Statement for Adult Carers 2022, and Adult Carer Eligibility Criteria 2022. These publications reaffirm the value we place on unpaid carers and the contribution they make to the wider community of Renfrewshire and reflect the feedback received in consultation with carers, staff, and partners.
- Oversight
 - Effective scrutiny and service improvement activities are supported by the formal submission of reports, findings and recommendations by Inspectorates and the appointed Internal Audit service to the HSCP's SMT, the IJB and the IJB ARSC, as appropriate.
 - Performance management, monitoring of service delivery and financial governance is provided by the HSCP to the IJB, who are accountable to both the Health Board and the Local Authority. It reviews reports on the effectiveness of the integrated arrangements including the financial management of the integrated budget. This ensures there is regular scrutiny at senior management, committee, and Board level. Performance is linked to delivery of objectives and is reported regularly to the IJB. Information on performance can be found in the Annual Performance Report published on the IJB website.
 - Risk management

- The IJB's risk management processes are well developed. The Risk Management Framework was last reviewed in early 2021 and was approved by the Audit, Risk and Scrutiny Committee in March 2021.
 - The framework sets out the principles by which the HSCP and IJB identify and manage strategic and operational risks impacting upon the organisation and forms a key strand of the IJB's overall governance mechanisms. This Risk Framework is reviewed every two years. At the time of writing an internal audit review on the IJB's Risk strategy, policy and framework is scheduled for March 2023, following which the bi-annual review by the HSCP will be undertaken, allowing for the inclusion of any pertinent audit recommendations.
 - The IJB's approach to managing its obligations with regards public records as set out in the Public Records (Scotland) Act 2011 is outlined in the IJB Records Management Plan.
 - Staff are made aware of their obligations to protect client, patient, and staff data. The NHS Scotland Code of Practice on Protecting Patient Confidentiality has been issued to all staff.
 - Staff are also required to undertake annual mandatory training on information security.
- Financial control
 - Responsibility for maintaining and operating an effective system of internal financial control rests with the Chief Finance Officer. The system of internal financial control is based on a framework of regular management information, Financial Regulations and Standing Financial Instructions, administrative procedures (including segregation of duties), management and supervision, and a system of delegation and accountability. Development and maintenance of these systems is undertaken by managers within the HSCP supported by Renfrewshire Council and NHSGGC in relation to the operational delivery of health and social care services.
- Recovery and Renewal
 - Ensuring we can continue to deliver sustainable, safe, and effective services which meet the needs of our communities remains a central principle of the HSCP. Accordingly, the HSCP continues to progress with its Recovery and Renewal programme, established in the summer of 2020, with a focus on new ways of working and transforming how we deliver services in order to mitigate the risk of financial instability. 2022/23 has seen further refinement of the HSCP's approach to recovery and renewal, building on the previously established two-tier process of delivering in-year savings and longer-term reform, and aligning to the Strategic Plan theme of Sustainable Futures.

COVID-19 Supplementary Governance Arrangements

During the first two years of the pandemic a number of key meetings were established to enable regular dialogue on key and emerging issues, in response to the significant public health challenge presented by COVID-19. At Board level, this included the Strategic Executive Group (SEG) and Chief Officers (HSCP) Tactical Group to consider and agree arrangements for HSCPs and IJBs within the NHSGGC area. At a local level, an Emergency Management Team (EMT) was established by Renfrewshire Council and a Local Response Management Team (LRMT) was established by the HSCP.

Three years after the initial outbreak the majority of these supplementary fora have now been stood down, with their associated actions and oversight having been embedded into business as usual. At the time of writing, the SEG and Chief Officers Tactical Group remain operational.

Renfrewshire IJB continues to work with partners to participate in the wider response to the pandemic at Health Board and national level and is a key participant in the Council family and Greater Glasgow and Clyde governance structures working with other HSCPs to manage the impact of the pandemic.

Roles and Responsibilities

The Chief Officer is the Accountable Officer for the IJB and has day-to-day operational responsibility to monitor delivery of integrated services, with oversight from the IJB.

The IJB complies with the CIPFA Statement on “The Role of the Chief Finance Officer in Local Government 2014”. The IJB’s Chief Finance Officer has overall responsibility for the HSCP’s financial arrangements and is professionally qualified and suitably experienced to lead the IJB’s finance function and to direct finance staff.

The IJB complies with the requirements of the CIPFA Statement on “The Role of the Head of Internal Audit in Public Organisations 2019”. The IJB’s appointed Chief Internal Auditor has responsibility for the IJB’s internal audit function and is professionally qualified and suitably experienced to lead and direct internal audit staff. The purpose, authority and responsibility of Internal Audit has been formally defined in an internal audit charter

Board members and officers of the IJB are committed to the concept of sound internal control and the effective delivery of IJB services. The IJB’s Audit Risk and Scrutiny Committee operates in accordance with CIPFA’s Audit Committee Principles in Local Authorities in Scotland and Audit Committees: Practical Guidance for Local Authorities.

The Committee’s core function is to provide the IJB with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance arrangements.

Review of Adequacy and Effectiveness

The IJB has responsibility for conducting, at least annually, a review of effectiveness of the system of internal control and the quality of data used throughout the organisation. The review is informed by the work of the SMT (who have responsibility for the development and maintenance of the internal control framework environment), the work of the internal auditors and the Chief Internal Auditor’s annual report, and reports from external auditors and other review agencies and inspectorates.

The Internal Audit service operates in accordance with the CIPFA “Public Sector Internal Audit Standards 2017” which require the Chief Internal Auditor to deliver an annual opinion and report to inform the IJB’s governance statement.

The review of the IJB’s governance framework is supported by a process of self-assessment and assurance certification by the Chief Officer. The Chief Officer completes “Self-assessment Checklists” as evidence of review of key areas of the IJB’s internal control framework, these assurances are provided to Renfrewshire Council and NHSGGC. The SMT has input to this process through the Chief Finance Officer. In addition, the review of the effectiveness of the governance arrangements and systems of internal control within the Health Board and Local Authority partners places reliance upon the individual bodies’ management assurances in relation to the soundness of their systems of internal control. There were no internal control issues identified by the review. In addition, the Chief Officer

and Chief Finance Officer are satisfied that the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

Internal Audit undertakes an annual programme of reviews following an assessment of risk completed during the strategic audit planning process. The appointed Chief Internal Auditor provides an annual report to the Audit, Risk and Scrutiny Committee and an independent opinion on the adequacy and effectiveness of the governance framework, risk management and internal control.

Due to the nature of IJB Membership, a conflict of interest can arise between an IJB Members' responsibilities to the IJB and other responsibilities that they may have. The IJB has arrangements in place to deal with any conflicts of interest that may arise. It is the responsibility of Board and Committee Members to declare any potential conflicts of interest, and it is the responsibility of the Chair of the relevant Board or Committee to ensure such declarations are appropriately considered and acted upon.

The arrangements continue to be regarded as fit for purpose in accordance with the governance framework and the FM Code.

Internal audit opinion

No system of internal control, nor Internal Audit, can provide absolute assurance. On the basis of audit work undertaken during the reporting period and the assurances provided by the partner organisations, the Chief Internal Auditor is able to conclude that a reasonable level of assurance can be given that the system of internal control, risk management and governance is operating effectively within the organisation as evidenced in the Internal Audit Annual Report for 2022/23.

Certification

On the basis of assurances provided, we consider that the internal control environment operating during the reporting period provides reasonable and objective assurance that any significant risks impacting upon the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the internal control environment and the following action plan is in place to identify areas for improvement.

Action Plan

Following consideration of the review of adequacy and effectiveness the following action plan has been agreed to ensure continual improvement of the IJB's governance. Regular updates on progress of the agreed actions will be monitored by the IJB Audit, Risk and Scrutiny Committee. Two previous outstanding actions have been consolidated into business-as-usual activity and consequently removed from our outstanding actions. These are i) updates to the Audit, Risk and Scrutiny Committee on our Recovery and Renewal programme, and ii) the rolling review of key IJB governance documents.

A copy of the agreed Action Plan is included in the following table:

Agreed Action	Responsible Person	Date
Working with our partners, explore and implement new ways of working to effect change and reform in HSCP service delivery, to assist in addressing the budget gap projected in the medium term and to ensure financial sustainability.	Chief Officer	Ongoing
Develop and implement the Strategic Delivery Plan for Year 2 of the Strategic Plan - informed by relevant Care Planning Groups –	Head of Strategic Planning and	September 2023

setting out success measures and milestones, to evidence how the agreed strategic objectives will be progressed each year.	Health Improvement	
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Actions Completed in 2022-23

Agreed Action	Responsible Person	Status
Develop the Strategic Delivery Plan for Year 1 of the Strategic Plan - informed by relevant Care Planning Groups – setting out success measures and milestones, to evidence how the agreed strategic objectives will be progressed each year.	Head of Strategic Planning and Health Improvement	Complete
Develop a new three-year workforce plan to help address challenges in recruitment and retention, providing detail on how the IJB will endeavour to ensure that the workforce is adequately resourced and has the qualifications, knowledge, skills, and resilience required to deliver safe, fit for purpose services that deliver real improvements to the health and wellbeing of Renfrewshire's population.	Head of Strategic Planning and Health Improvement	Complete
Reprofile scheduling of 2020/21 savings targets and transformational activity for period to 2022/23 in response to COVID-19 crisis and implement robust programme and benefits management to ensure continued financial control.	Chief Finance Officer	Complete

Outstanding Actions

Agreed Action	Progress	Responsible Person	Date
Assess the implications of agreed recommendations taken forward following the Independent Review of Adult Social Care (Feeley Review), with a particular focus on implications for IJB governance, and provide regular assessments to the IJB.	Draft legislation on the creation of the National Care Service was published by the Scottish Parliament in June 2022 and at the time of writing, the Bill remains at Stage 1 of the parliamentary process. This action remains on hold pending further updates from the Scottish Government.	Chief Officer	Ongoing
Carry out a review of the Renfrewshire Integration Scheme in line with the Public Bodies (Joint Working) (Scotland) Act 2014).	At the time of writing, work is ongoing between Renfrewshire Council, the other five Local Authorities within Greater Glasgow and Clyde and NHS GGC to confirm the timescales for consultation, and subsequent approval of, Integration Schemes. The existing	Chief Officer	Ongoing

	Integration Scheme will remain in place until this time.		
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Conclusion and Opinion on Assurance

While recognising the importance of continuous improvement, as detailed above, it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the IJB's governance arrangements.

We consider that the internal control environment provides reasonable and objective assurance that any significant risks impacting on the IJB's principal objectives will be identified and actions taken to avoid or mitigate their impact.

Systems are in place to regularly review and improve the internal control environment and the implementation of the action plan will be monitored by the HSCP Senior Management Team throughout the year.

John Matthews OBE, Chair, Renfrewshire Integration Joint Board

Date: _____

Christine Laverty, Chief Officer Date: _____



To: Renfrewshire Integration Joint Board Audit, Risk and Scrutiny Committee

On: 23 June 2023

Report by: Chief Finance Officer

Heading: Review of Integration Joint Board Financial Governance Arrangements

1. Summary

- 1.1. The purpose of this report is to present the Integration Joint Board (IJB) Audit, Risk and Scrutiny Committee with updated Financial Regulations, for consideration and approval.
-

2. Recommendation

It is recommended that the IJB Audit, Risk and Scrutiny Committee:

- Approve the updated Financial Regulations (Appendix 1); and
 - Note there has been no change to the IJB Reserves Policy, formerly approved by IJB in June 2020.
-

3. Background

- 3.1. In line with the provisions set out in the Public Bodies (Joint Working)(Scotland) Act 2014, the IJB is required to have its own set of Financial Governance Arrangements.
- 3.2. The IJB's Financial Governance Arrangements - comprising Financial Regulations and the Reserves Policy - were first approved by the Shadow IJB on 18 September 2015 for implementation from 1 April 2016. The most recent revision to the Financial Governance Arrangements was approved by the IJB on 19 June 2020.
- 3.3. The Financial Governance Arrangements are part of the governance arrangements established to support the IJB. These arrangements set out the financial governance regulations under which the IJB operates and identifies the roles and responsibilities of the IJB, Chief Officer and Chief Finance Officer (CFO).

3.4. Included within the IJB Financial Governance Arrangements are:

3.4.1. *Financial Regulations*

As a separate legal entity, Renfrewshire IJB requires its own set of Financial Regulations which incorporate an appropriate set of controls. The IJB's Financial Regulations reference but do not cover aspects which relate to operational service delivery as these continue to be reflected in the Financial Regulations of Renfrewshire Council and the Standing Financial Instructions of NHS Greater Glasgow and Clyde (NHSGGC).

3.4.2. *Reserves Policy*

Section 106 of the Local Government (Scotland) Act 1973 as amended, empowers the IJB to hold reserves which must be accounted for in the financial accounts and records of the Partnership Board. The IJB Reserves Policy provides the detail to support the governance of IJB reserves.

4. **Proposed Changes**

4.1. The attached Financial Regulations (appendix 1) have been reviewed, and changes made to the following sections:

Sections 1.8-1.10 clarifying key responsibilities of both the CFO and the IJB

Section 7.10 confirming requirements in relation to budget setting, and

Sections 17.8-17.9 updating details in relation to risk management.

4.2. Additionally, some of the terms used have been updated, for example the Information Services Division has been replaced by Public Health Scotland.

Implications of the Report

1. **Financial** – This report and attached appendix supports the financial governance framework within which the IJB operates.
2. **HR & Organisational Development** – none
3. **Strategic Plan and Community Planning** – none
4. **Wider Strategic Alignment** – none
5. **Legal** – The Financial Regulations support the provisions of the Public Bodies (Joint Working) (Scotland) Act 2014.
6. **Property/Assets** – none
7. **Information Technology** – none
8. **Equality & Human Rights** – none

9. **Fairer Scotland Duty** – none
10. **Health & Safety** – none
11. **Procurement** – none
12. **Risk** – Effective financial governance and assurance is a key component of good risk management.
13. **Privacy Impact** – none.

List of Background Papers – Financial Governance Arrangements (Shadow IJB, 19 June 2015), Financial Governance Arrangements (IJB, 19 June 2020).

Author: Sarah Lavers, Chief Finance Officer

Any enquiries regarding this paper should be directed to Sarah Lavers, Chief Finance Officer (Sarah.Lavers@renfrewshire.gov.uk)



Renfrewshire IJB Financial Regulations June 2023

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Renfrewshire Integration Joint Board positively promotes the principles of sound corporate governance within all areas of its business. These Financial Regulations are an essential component of the corporate governance of Renfrewshire Integration Joint Board.

Section A: Introduction and General Issues

1. What the Regulations Cover

- 1.1. The Public Bodies (Joint Working)(Scotland) Act 2014 established the framework for the integration of health and social care in Scotland. Renfrewshire Health and Social Care Partnership (HSCP) is governed by Renfrewshire Integration Joint Board (IJB), which was established by Parliamentary Order on 27 June 2015 following approval of the Renfrewshire Integration Scheme by the Scottish Ministers.
- 1.2. Renfrewshire Council and NHS Greater Glasgow & Clyde (NHSGGC) have delegated functions and resources to the IJB. The IJB will direct Renfrewshire Council and NHSGGC on how resources will be spent in line with the approved Strategic plan, and, allocate resources back to Renfrewshire Council and NHSGGC in accordance with this direction. The IJB will retain responsibility for oversight and management of expenditure within the allocated budgets.
- 1.3. Both Renfrewshire Council and NHSGGC operate under Financial Regulations/Standing Orders for the operational delivery of services. As this service delivery will continue to be carried out within Renfrewshire Council and NHSGGC, these Financial Regulations relate specifically to the affairs of the IJB, and, therefore are more limited and focused in scope. All operational and transactional finance matters for the delivery of Renfrewshire HSCP will comply with Renfrewshire Council's Financial Regulations and NHSGGC's Standing Financial Instructions (SFIs) both of which are subject to regular review and update. These Financial Regulations should be read in conjunction with Renfrewshire Council's Financial Regulations and NHSGGC's SFIs.
- 1.4. As detailed in paragraph 1.1., above, the IJB is a legal entity in its own right created by Parliamentary Order, following ministerial approval of the Integration Scheme. It is accountable for the stewardship of public funds and is expected to operate under public sector best practice governance arrangements, proportionate to its transactions and responsibilities. Stewardship is a major function of management and, therefore, a responsibility placed upon the appointed members and officers of the IJB.
- 1.5. The main objective of these Financial Regulations is to detail the financial responsibilities and policies and procedures that govern the IJB. Representatives and Committees of the IJB must comply with these Financial Regulations in dealing with the financial affairs of Renfrewshire IJB.
- 1.6. The IJB has appointed a Chief Officer who will be the accountable officer of the IJB in all matters except finance where there will be joint accountability with the Chief Finance Officer. The Chief Officer is accountable to the Chief Executives of Renfrewshire Council and NHSGGC.

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- 1.7. The IJB has appointed a Chief Finance Officer who is the proper officer for the purposes of Section 95 of the Local Government (Scotland) Act 1973. The Chief Finance Officer has a statutory duty to ensure that proper financial administration of the financial affairs of the IJB is maintained. The IJB has regard to the current CIPFA [guidance](#)¹ on the role of the Chief Finance Officer in Local Government.
- 1.8. The CIPFA document confirms that the following key responsibilities should form part of the CFO's role:
- Lead development of a medium-term financial strategy and the annual budgeting process to ensure financial balance and a monitoring process to ensure its delivery;
 - As holders of the 'red card', the CFO must exercise a professional responsibility to intervene in spending plans in order to maintain the balance of resources so that the authority remains in sound financial health;
 - Ensuring that opportunities and risks are fully considered, and decisions are aligned with the overall financial strategy; and
 - Providing professional advice and objective financial analysis enabling decision makers to take timely and informed business decisions.
- 1.9. In addition, it also confirms that the organisations Board in this case, the IJB, has the following key responsibilities:
- Establish a medium-term business and financial planning process to deliver the organisation's strategic objectives, including:
 - a medium-term financial strategy to ensure sustainable finances
 - a robust annual budget process that ensures financial balance
 - The IJB is collectively responsible for setting the strategic direction for the organisation, its implementation, and the delivery of public services;
 - The IJB have collective responsibility in relation to the organisation's financial health and long-term viability; and
 - The IJB collectively needs to set the tone that financial management is core to achieving strategic aims, and to demonstrate that public money is used well.
- 1.10. Under the Scottish Government Regulations, for all IJB's in Scotland, the Chief Officer, supported by the Chief Finance Officer must ensure that there are adequate systems and controls in place for the proper management of its financial affairs, to ensure best practice and good governance this should include the areas highlighted in section 1.8 and 1.9 as per the CIPFA [guidance](#) on the role of the Chief Finance Officer in Local Government.
- 1.11. These Financial Regulations detail the responsibilities of the IJB for its own financial affairs.

¹ <http://www.cipfa.org/policy-and-guidance/reports/the-role-of-the-chief-financial-officer-in-local-government>

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- 1.12. These Financial Regulations also set out the respective responsibilities of the Chief Officer and the Chief Finance Officer of the IJB, who will follow these Regulations at all times in relation to the conduct of the IJB's own financial affairs.
 - 1.13. The IJB will give Directions to Renfrewshire Council and NHSGGC which are designed to ensure resources are spent in accordance with the Strategic Plan and Integration Scheme.
 - 1.14. If it is believed that anyone has broken, or may break, these Regulations, this must be reported immediately to the Chief Finance Officer, who may then discuss the matter with the Chief Officer to determine what action should be taken. Any breach or non-compliance with these Regulations must, on discovery, be reported immediately to the Chief Officer or the Chief Finance Officer of the IJB. They must then consult with the Renfrewshire Council and NHSGGC Chief Executive or another nominated or authorised person as appropriate, to decide what action should be taken.
 - 1.15. For the avoidance of doubt the breach of or non-compliance with these Regulations may result in disciplinary action being taken against the relevant individuals in line with the policies of the employing organisation.
 - 1.16. The Chief Officer and other authorised persons will ensure that all expenditure within the Integration budget meets proper accounting standards.
 - 1.17. The IJB or the IJB's Audit, Risk and Scrutiny Committee will consider and approve any alterations to these Financial Regulations on an ad hoc basis as required for specific issues. The Financial Regulations will be the subject of regular review and/ or updated with any relevant legislative changes.

2. Corporate Governance

2.1. Corporate governance is about the structures and processes for decision-making, accountability, controls and behaviour throughout the IJB. The basic principles of corporate governance are as follows:

- **Openness** Anyone with an interest in the affairs of the IJB should have confidence in the decision-making and management processes and the individuals involved in them. This confidence is gained through openness in its affairs and by providing full, accurate and clear information which leads to effective and timely action and scrutiny.
- **Integrity** There should be honesty, selflessness, and objectivity and high standards of conduct in how the IJB's funds and affairs are managed. Integrity depends on the effectiveness of the control framework and on the personal standards and professionalism of Board members and officers involved in the running of its affairs.
- **Accountability** There needs to be a clear understanding by everyone involved in the IJB's affairs of their roles and responsibilities. There should also be a process which provides appropriate independent examination of the decisions and actions of those involved, including how the IJB's funds and performance are managed.

2.2. These financial regulations are an essential part of the corporate governance of the IJB.

2.3. Members of the IJB are required to follow any formally agreed national codes of conduct.

3. Responsibilities under these Financial Regulations

IJB Responsibilities

3.1. In addition to the duties set out in section 1.9, the IJB are responsible for ensuring that proper accounting records are kept, which disclose at any time, the true and fair financial position and enable the preparation of financial statements that comply with the applicable Code of Practice. The IJB are also responsible for ensuring that procedures are in place to ensure compliance with all statutory obligations.

3.2. The IJB will continuously work to secure best value for money, economy, efficiency and effectiveness in how the organisation directs its resources.

Chief Officer Responsibilities

3.3. The Chief Officer is the accountable officer of the IJB. The Chief Officer will discharge their duties in respect of the delegated resources to the IJB by:

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- Ensuring that the Strategic Plan meets the requirement for economy, efficiency and effectiveness; and
 - Giving Directions to Renfrewshire Council and NHSGGC that are designed to ensure resources are spent in accordance with the Strategic Plan.
- 3.4. The Chief Officer has a direct line of accountability to the Chief Executives of Renfrewshire Council and NHSGGC for the delivery of integrated services. The Chief Officer is responsible for ensuring that progress is being made in achieving the national outcomes and for any locally delegated responsibilities for health and wellbeing and for measuring, monitoring and reporting on the underpinning measures and indicators (including financial) that will demonstrate progress.
- 3.5. The Chief Officer is responsible for ensuring that the decisions of the IJB are carried out.
- 3.6. The Chief Officer shall ensure that the Financial Regulations and all associated documents are made known to appropriate staff members and shall ensure full compliance with them.
- 3.7. The Chief Officer shall prepare budgets following consultation with the Chief Finance Officer. The Chief Officer is also responsible for the preparation of Service Plans and relevant business cases relating to the Services. The Chief Officer shall ensure that the Chief Finance Officer is informed of financial matters that will have a significant impact on the Services, seeking financial advice where necessary.

Chief Finance Officer Responsibilities

- 3.8. Further to the duties set out in section 1.8 and those included in Appendix 1, the Chief Finance Officer is responsible for governance of the IJB's financial resources, ensuring the Partners utilise these in accordance with the Strategic Plan and that the Strategic Plan delivers best value.
- 3.9. The Chief Finance Officer shall ensure that suitable accounting records are maintained and is responsible for the preparation of the Board's Financial Statements following the Code of Practice on Local Authority Accounting in the UK.
- 3.10. The Chief Finance Officer shall ensure that these Financial Regulations are reviewed and kept up-to-date.
- 3.11. The Chief Finance Officer shall provide the Chief Officer and the IJB with an Annual Governance Statement.
- 3.12. The Chief Finance Officer shall be entitled to report upon the financial implications of any matter coming before the IJB. To allow the Chief Finance Officer to fulfil this obligation, the Chief Officer will consult with the Chief Finance Officer on all matters involving a potential financial implication that is likely to result in a report to the IJB.

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- 3.13. The Chief Finance Officer shall ensure that arrangements are in place to properly establish the correct liability, process and accounting for VAT. For major works, service transformation and other changes in service delivery, the Chief Finance Officer must be consulted on the financial impacts, including VAT implications.
 - 3.14. The Chief Finance Officer (in consultation with the Chief Officer) will advise the IJB on the financial implications of the IJB's activities. The Chief Finance Officer will ensure that budget holders receive impartial advice, guidance and support and appropriate information to enable them to effect control over expenditure and income.

4. The Framework for Financial Administration

- 4.1. The Financial Regulations set out the responsibilities of IJB Members, the Chief Officer and the Chief Finance Officer within the context of the IJB's financial management framework.
- 4.2. The Chief Finance Officer will monitor how the Financial Regulations operate within the IJB, and, will provide the IJB with a written framework which governs its financial affairs.

5. Reviewing the Financial Regulations

- 5.1. The IJB, or the IJB's Audit, Risk and Scrutiny Committee will consider and approve any alterations to these Financial Regulations. The IJB may also withdraw any elements of these Financial Regulations. If so, this will come into force from the first working day after the end of the IJB meeting at which the change or withdrawal was approved.

6. Legal Advice

- 6.1. Renfrewshire Council and NHSGGC will provide legal advice regarding these Financial Regulations as required in relation to the functions delegated to the IJB.

Section B: Specific Areas

7. Strategic Plan and Integrated Budget / Financial Plan

- 7.1 Legislation requires that the IJB produces a Strategic Plan which sets out the services for Renfrewshire over the medium term (3 years). Aligned to the Strategic Plan should be a Medium-Term Financial Plan for the resources within the scope of the Strategic Plan, which will comprise both the Integrated Budget and the Set Aside budget for large hospital services used by the IJB population.
- 7.2 The format of the Strategic Plan will be determined by the Chief Officer taking into account legislative requirements in terms of consultation and approval processes and national guidance in terms of content.
- 7.3 The IJB will approve the Strategic Plan which sets out arrangements for planning and directing the functions delegated to it by Renfrewshire Council and NHSGCC. The Strategic Plan will cover a three-year period linked to the budgets allocated to each operational partner for operational service delivery in line with the Plan, recognising that these may need to be indicative. The IJB will publish its Strategic Plan as soon as practicable after it has been approved by the IJB.
- 7.4 The Chief Officer and the Chief Finance Officer will prepare the integrated budget based on the Strategic Plan and present it to Renfrewshire Council and NHSGCC for consideration, and, agreement as part of the annual budget setting process.

Determination of Budgets

- 7.5 Delegated baseline budgets were the subject of due diligence in the shadow year of the IJB. These were based on a review of recent past performance, and, existing and future financial forecasts for the Health Board, and the Council, for the functions which were delegated.
- 7.6 In the case of any additional functions to be delegated to the IJB, after the original date of integration, these services will also be the subject of due diligence, based on a review of recent past performance and existing and future financial forecasts for Renfrewshire Council and NHSGCC for the functions which are to be delegated. This is required to gain assurance that the associated delegated budgets will be sufficient for the IJB to fund these additional delegated functions.
- 7.7 The Chief Finance Officer will develop a draft proposal for the Integrated Budget based on the Strategic Plan and forecast pressures, and present it to Renfrewshire Council and NHSGCC for consideration as part of their respective annual budget setting process. The draft proposal will incorporate assumptions on the following:
- Activity changes
 - Cost inflation
 - Efficiencies
 - Performance against outcomes
 - Legal requirements
 - Transfer to or from the amounts set aside by the Health Board

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- 7.8 This will allow Renfrewshire Council and NHSGGC to determine the final approved budget for the IJB. This should be formally advised in writing by the respective Directors of Finance to the IJB by 11th March each year.
- 7.9 Any material in-year budget changes proposed by either Party must be agreed by the IJB.
- 7.10 The IJB will approve a budget allocation and provide direction to the Parties in line with Scottish Government Guidance. In line with good practice, and as noted by Audit Scotland in the Integration Joint Boards Financial Analysis 2021/22, IJBs should agree a balanced budget by 31 March each year. Renfrewshire IJB should therefore ensure that its budget is set by 31 March each year, with this being a key consideration when agreeing the timetable of meetings.
- 7.11 The IJB has strategic planning responsibility along with the Health Board for Set Aside. The method for determining the amount set aside for hospital services will follow guidance issued by the Integrated Resources Advisory Group and be based initially on the notional direct costs for the relevant populations use of in scope hospital services as provided by Public Health Scotland. The NHSGGC Board Director of Finance and IJB Chief Finance Officer will keep under review developments in national datasets or local systems that might allow timelier, or, more locally responsive information, and if enhancements can be made, propose this to the IJB. A joint strategic commissioning plan will be developed and will be used to determine the flow of funds as activity changes:
- Planned changes in activity and case mix due to interventions in the Joint Strategic Commissioning Plan;
 - Projected activity and case mix changes due to changes in population need;
 - Analysis of the impact on the affected hospital budget, taking into account cost-behaviour i.e. the lag between reduction in capacity and the release of resources.
- 7.12 The process for making adjustments to the set aside resource to reflect variances in performance against plan will be agreed by the IJB and NHSGGC. That process shall include prior consultation with Renfrewshire Council. In the event that the process identifies adjustments that will affect the cost of adult social care and Renfrewshire Council's financial contribution to the budget of the IJB, those adjustments cannot be made without Renfrewshire Council's prior written approval"

Unplanned Costs

- 7.13 Neither Party may reduce the payment in-year to the IJB to meet exceptional unplanned costs within either the Council or the Health Board without the express consent of the IJB and the other Party

8. Management of Integrated Budgets - Guiding Principle

Background

- 8.1 Renfrewshire IJB is responsible for managing Renfrewshire Council and NHSGGC service budgets and will be accountable to each agency for their management. The majority of these service budgets are from general funding allocations and are therefore governed by the SFIs/Financial Regulations of each partner agency, however, some require to be managed separately.
- 8.2 This section establishes a set of principles which should be applied within the context of the established budget and service planning process currently operated by Renfrewshire Council and NHSGGC, which will take into account the IJB Strategic Plan.
- 8.3 A number of considerations are key in establishing these guiding principles:
- Budget responsibility should where possible, follow the ability to commit resources/control expenditure. The CFO will have a key responsibility in ensuring that budget holders are fully aware of their responsibilities;
 - The requirement for policies and procedures in respect of control, routine monitoring and reporting of performance in line with IJB and partner expectations. Financial performance will be a standing item on the IJB agenda;
 - The need to provide for budget flexibility in the event of changes in demand;
 - Where ring-fencing restrictions are in place, there may be limited scope for virement of these resources;
 - The need to have clear and proportionate arrangements which support effective service delivery within the budget available;
 - The need to manage the business of the IJB and the implementation of its Strategic Plan ensuring best value in the use of its resources and safeguarding its assets;
 - The SFIs and/or Financial Regulations of each partner organisation and those of the IJB will cover virement within and across agency boundaries.

Budget Categories

- 8.4 A range of budget categories are allocated to the IJB, these are as follows:

Directly Managed

Budgets where NHSGGC and/or Renfrewshire Council have allocated budget management responsibility to the IJB, and, where there are no specific conditions attached due to the nature of the funding source.

Directly Managed Ring fenced

Budgets where NHSGGC and/or Renfrewshire Council have allocated budget management responsibility to the IJB, but where there are specific conditions

attached. The nature of the funding source and the conditions attached dictate that the use of funding is ring fenced for specific purposes.

Hosted Services

Budgets where NHSGGC and/or Renfrewshire Council have allocated budget management responsibility to the IJB, but where one Joint Board is responsible for managing the service on behalf of one or more other Joint Boards. Where this arrangement applies, the responsible IJB will be expected to manage overall service expenditure within available funds. An example of a budget which is managed within Renfrewshire HSCP under a hosted arrangement is podiatry.

Centrally Managed

Budgets which continue to be managed centrally by either NHSGGC and/or Renfrewshire Council due to type and/or scale.

Set Aside

The budget for in-scope hospital services used by the partnership population for NHSGGC.

9. Non-Recurring Funding

9.1 HSCP's may receive non-recurring funding in any one year from either parent body which will relate to a specific activity and must account for such funding as required. It must not be utilised for purposes other than the basis of the funding, nor should HSCP's plan for any recurrence of such funding. Typical examples include:

- Project funding, including any invest to save initiatives; and
- One-off allocations to assist with specific cost pressures such as the impact of winter pressures, specific utility or fuel cost spikes.

10. Accounting Arrangements / Financial Reporting

Accounting Arrangements and Annual Accounts

10.1 All accounting procedures and records of the IJB will be as specified in applicable legislation and regulations. Financial Statements will be prepared following the Code of Practice on Local Authority Accounting in the UK. Statements will be signed as specified in regulations made under Section 106 of the Local Government (Scotland) Act 1973.

10.2 The financial statements must be completed to meet the audit and publication timetable specified in regulations made under section 106 of the Local Government (Scotland) Act 1973. It is the primary responsibility of the Chief Finance Officer to meet these targets and of the Chief Officer to provide any relevant information to

ensure that NHSGGC and Renfrewshire Council meet their respective statutory audit and publication requirements for their individual and group financial statements.

- 10.3 The Chief Finance Officer will prepare the Annual Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (The CODE), reporting the IJB's financial performance for the year to 31 March to the IJB. The approved Accounts must also be forwarded to the Controller of Audit no later than the 30th June of the same year, or such date as decided by the Controller of Audit.
- 10.4 The accounts of the IJB will be hosted by Renfrewshire Council.
- 10.5 The Chief Finance Officer must provide any information necessary for the closure of the Accounts and within prescribed timescales. The format of the Accounts and the relevant notes to the Accounts of Renfrewshire Council and NHSGGC will be in line with national CIPFA and/or LASSAAC guidance.
- 10.6 Recording of all financial information in respect of the IJB will be in the financial ledger of the Council.
- 10.7 Any transaction specific to the IJB e.g. expenses, will be processed via the Council ledger, with specific funding being allocated by the IJB to the Council for this.
- 10.8 The transactions relating to operational delivery will continue to be reflected in the financial ledgers of the Council and Health Board with the information from both sources being consolidated for the purposes of reporting financial performance to the IJB.
- 10.9 The Chief Officer and Chief Finance Officer will be responsible for the preparation of the annual accounts and financial statement in line with proper accounting practice, and financial elements of the Strategic Plan and such other reports that the IJB might require.
- 10.10 The IJB Chief Finance Officer will provide reports to the Chief Officer on the financial resources used for operational delivery and strategic planning. In order to agree the in-year transactions and year-end balances between Renfrewshire Council, NHSGGC and the IJB, the Chief Finance Officer will engage with the Directors of Finance of Renfrewshire Council and NHSGGC to agree an appropriate process.

11. Managing Financial Performance

Introduction

- 11.1 The purpose of this section is to outline provisions for managing the in-year financial performance of the Integrated Budget. This includes the requirement that

the Chief Officer receives financial performance information for their operational role in Renfrewshire Council and NHSGGC as well as their strategic role in the IJB.

Budget Management

- 11.2 The IJB will direct the resources it receives from Renfrewshire Council and NHSGGC in line with its Strategic Plan, ensuring that planned activity can reasonably be met from the available resources viewed as a whole and achieve a year end breakeven position. This is essential for the financial stability of the IJB itself and for Renfrewshire Council and NHSGGC.
- 11.3 Budget holders will be accountable for all budgets within their control as directed by the IJB in line with the Strategic Plan. The IJB will ensure appropriate arrangements are in place to support good financial management and planning.
- 11.4 The Chief Finance Officer with relevant HSCP finance staff will use the financial ledger and other IT systems within Renfrewshire Council and NHSGGC to produce financial reports and forecasts in order to monitor the overall financial performance of the IJB's functions, in relation to the approved Revenue Budgets.

Budget Monitoring

- 11.5 The Directors of Finance of Renfrewshire Council and NHSGGC, and, the IJB Chief Officer and Chief Finance Officer will establish a process of regular in-year reporting and forecasting to provide the Chief Officer with management accounts for both arms of the operational budget and for the IJB as a whole.
- 11.6 Monthly financial monitoring reports will be issued by the Chief Finance Officer to the Chief Officer. Financial Reports will include subjective and objective analysis of budgets and actual/projected outturn, and such other financial monitoring reports as might be required.
- 11.7 Whilst Renfrewshire Council and NHSGGC will each continue with their own schedule of in-year financial reporting and forecasting requirements, reporting to the IJB will be in line with the schedule of IJB meetings.
- 11.8 The Chief Finance Officer will provide each meeting of the IJB with budget monitoring reports along with explanations for any significant variations from budget and the actions planned to deal with them. Budget monitoring reports will also be provided to Renfrewshire Council and NHSGGC from an operational perspective, as required.
- 11.9 The IJB will receive a financial report at each IJB meeting. These reports will be timely, relevant and reliable and will include information, analysis and explanation in relation to:
- Reviewing budget savings proposals;
 - Actual income and expenditure;

- Projected outturns and annual budget;
- Explanations of significant variances;
- Reviewing action required in response to significant variances;
- Identifying and analysing financial risks;
- Use of reserves; and
- Any adjustments to the annual budget (e.g. new funding allocations).

Reports to IJB

- 11.10 All reports to the IJB and sub-committees thereof must specifically identify the extent of any financial implications. These must have been discussed and agreed with the IJB Chief Finance Officer prior to lodging of reports.

Managing Overspends

- 11.11 The Chief Officer will deliver the outcomes within the total delegated resources and where there is a forecast overspend against an element of the operational budget, the Chief Officer should take immediate and appropriate remedial action to endeavour to prevent the overspend and to instruct an action plan. If this does not resolve the overspend position, then the Chief Officer, the Chief Finance Officer of the IJB and the Directors of Finance of Renfrewshire Council and NHSGGC must agree a recovery plan to balance the overspending budget, which should be approved by the IJB. This plan should include clear options and target savings with named persons responsible for delivering them, which are closely monitored and controlled.
- 11.12 In the event that the recovery plan is unsuccessful and an overspend materialises at the year-end, uncommitted reserves held by the IJB, in line with the reserves policy, would firstly be used to address any overspend. If after application of reserves an overspend remains, Renfrewshire Council and NHSGGC may consider making additional funds available, on a basis to be agreed taking into account the nature and circumstances of the overspend, with repayment in future years on the basis of the revised recovery plan.
- 11.13 If the revised plan cannot be agreed or is not approved by the IJB, mediation will require to take place in line with the dispute resolution arrangements set out in the Integration Scheme.

Managing Underspends

- 11.14 Where an underspend materialises against the agreed budget, with the exception of ring fenced budgets, this will be retained by the IJB and will be used to either fund additional capacity in-year, in line with its Strategic Plan or be carried forward to fund capacity in subsequent years of the Strategic Plan subject to the terms of the IJB's Reserves Strategy.

12. Role of Budget Holders

- 12.1 The Chief Finance Officer will ensure that budget holders receive impartial advice, guidance and support and are provided with accurate, timeous and appropriate information to enable them to effect control over expenditure and income.
- 12.2 Budget holders are ultimately responsible for the budgets assigned to them and will be held accountable for all such budgets within their control.
- 12.3 The IJB will ensure arrangements are put in place to hold budget holders to account, particularly where financial problems or potential overspends have been identified. This should consist of formal meetings held on a regular basis chaired by the Chief Officer and/or Chief Finance Officer, where the Budget Holder will be expected to report on areas of concern and propose corrective actions.
- 12.4 Budget holders have a responsibility to formally report any major financial problems identified within the service to the Chief Finance Officer who can instruct appropriate action and report to the IJB if required.
- 12.5 Budget holders should alert and consult the Chief Finance Officer where no budget is available but where expenditure is essential to the discharge of the functions of the IJB.
- 12.6 Budget holders should at all times comply with Renfrewshire Council and NHSGGC's Financial Regulations/SFIs, standing orders, schemes of delegation etc.

13. Virement

Background

- 13.1 Virement is defined by CIPFA as “the transfer of an underspend on one budget head to finance additional spending on another budget head in accordance with the Financial Regulations”. In effect, virement is the transfer of budget from one main budget heading (employee costs, supplies and services etc) to another, or a transfer of budget from one service to another.
- 13.2 The retention of existing organisational frameworks in Scotland means that Renfrewshire Council and NHSGGC will continue to exist as separate legal entities with statutory responsibility for the management of the resources allocated to them under the agreed governance arrangements of the IJB.
- 13.3 To support the establishment of joint working arrangements, there is a need to provide a scheme of virement for the IJB to allow flexible use of resources across agency boundaries where this is required, in line with the joint strategic plan. The current mechanism used for resource transfer will be followed for this purpose.

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- 13.4 The purpose of this framework is to promote the flexible use of resources in support of the achievement of service aims and objectives while maintaining overall financial stability for the IJB, Renfrewshire Council and NHSGGC.

Proposed Scheme of Virement

Range of services and budgets

- 13.5 The services which come within the scope of this scheme of virement are: resources covered by the Strategic Plan of the IJB; this includes the amount in respect of delegated adult social care services, the amount covered by delegated primary and community health care services; and, for those delegated hospital services and the amount set aside by NHSGGC for services provided in large hospitals for the population of the IJB.
- 13.6 The IJB budget will comprise both new and existing funds. In the short term there will be limited room for manoeuvre where costs are fixed in nature (e.g. permanent staffing budgets), however, there is a need to provide for the option to use resources flexibly where the opportunity arises.
- 13.7 Where budgets have specific conditions attached to their use by the Scottish Government, the operation of virement arrangements will require to ensure that funding continues to be deployed in a way which satisfies these conditions.

Exercise of Virement

- 13.8 Decisions regarding the deployment of new monies and the redeployment, if applicable, of existing monies including any sustained underspend(s), will typically be made in the context of the annual budget setting process with respect to the Strategic planning process. These may reflect policy decisions agreed by the IJB to change the balance of care from the joint strategic plan or to reengineer services in a more limited way.
- 13.9 The outcome may be that the IJB seek to vire resources across partners, to enable implementation of strategic plans. The payment mechanism will be the current resource transfer arrangements.

Guiding Principles

- 13.10 The guiding principles of this scheme are set out below:
- Budget responsibility should as far as possible, follow ability to commit resources/control expenditure;
 - The need to achieve real delegation of responsibility to appropriate level, but also to recognise the statutory responsibilities of Renfrewshire Council and NHSGGC to manage the overall envelope(s) of resources available to them;

- The need to provide for sufficient short-term financial stability for services experiencing sudden changes in demand, to allow these to respond flexibly to such changes; and
- The need to limit ring-fencing restrictions where possible to allow scope for genuine virement of resources where appropriate.

Procedural Arrangements

- 13.11 Where the decision to vire may have an impact on service provision by another HSCP, virement proposals will require the support and commitment of the head of that service along with the relevant Chief Finance Officer as a necessary precondition of submission. It is important that all parties are agreed to what is being proposed. Commitment of all parties, evidenced by authorised signatures, will be necessary before virement proposals are submitted for processing.
- 13.12 Any proposal impacting on the balance of funding between the partner organisations will require approval of the IJB, and the Directors of Finance of Renfrewshire Council and NHSGGC.

Overspends/Underspends

- 13.13 Where resources have been vired from one partner to another, and an overspend arises in relation to the resources transferred, it is the responsibility of the IJB's Chief Officer and Chief Finance Officer to manage this within the context of the IJB's overall services budget and advise each partner, as appropriate, regarding how this overspend will be managed or contained.
- 13.14 Where resources have been vired from one partner to another and an underspend arises in relation to resources transferred, it is the responsibility of the IJB's Chief Officer and Chief Finance Officer to manage this within the context of the IJB's overall services budget and advise each partner, as appropriate, regarding how this underspend will be managed taking into account the reserves policy in place for the IJB.
- 13.15 All virement proposals should take cognisance of existing contractual arrangements and any other conditions attached to funding.

14. Capital: Assets, Planning and Expenditure

- 14.1 The IJB does not receive a capital funding allocation. Capital projects are funded by either Renfrewshire Council or NHSGGC, therefore, any Capital expenditure will be controlled in accordance with their financial regulations. In addition, no property assets will transfer to the IJB and will remain in the ownership of the parent body i.e. Capital and assets and their associated running costs will continue to sit with the Parties.

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- 14.2 As the IJB will not directly own any property or assets, nor receive any capital allocations, grants or have the power to borrow or invest in capital expenditure, the Chief Officer of the IJB is recommended to consult with Renfrewshire Council and NHSGGC to make best use of existing resources and develop capital programmes.
- 14.3 The Strategic Plan considers all of the resources available to deliver the objectives approved within the Integration Scheme, including assets owned by the Health Board on behalf of Scottish Ministers, and local authority.
- 14.4 The Chief Officer (when relevant) should attend and/or be a member of both partners' Capital Planning Groups.
- 14.5 Where new capital investment is required to deliver the Strategic Plan both partners should consider the relevant Business Plan.

Business Case Preparation and Guidance

- 14.6 Where the Chief Officer identifies the need for new investment within the Strategic Plan, a business case should be developed for the proposal for both partners to consider. Options may include one or both of the partners approving the project from its capital budget or where appropriate using the hub initiative as the procurement route to deliver the capital investment. This is a matter for local agreement.
- 14.7 Existing documented procedures for developing business cases to source capital funding should be utilised. Where a project is funded via NHSGGC, their documentation and process will be followed. Where a project is funded via Renfrewshire Council their documentation and process will be followed. Where joint bids are being made, the approval of both partners through their respective processes will be required. Approval levels with the partner organisations will be determined by the appropriate Schemes of Delegation.
- 14.8 Business Cases will be prepared by the Chief Officer and Chief Finance Officer and submitted to Renfrewshire Council's Capital Planning Group or NHSGGC's Capital Planning Group for approval.

Control of Capital Expenditure

- 14.9 As the IJB does not receive a capital funding allocation, Capital projects are funded by either Renfrewshire Council or NHSGGC and expenditure will be controlled in accordance with their financial regulations.
- 14.10 The IJB will receive financial monitoring reports from both partners which will include information on capital expenditure against approved schemes relevant to the services delegated to the IJB.

15. Legality of Expenditure

- 15.1 The Chief Officer and the Chief Finance Officer will ensure that the IJB only commits to expenditure that it is legally able to commit to and is within scope of the approved Integration Scheme and Strategic Plan. Where this is not clear, the Chief Finance Officer will consult the Accountable Officer of NHSGGC and and/or the Director of Finance and Resources of Renfrewshire Council.
- 15.2 The Chief Officer should ensure that no expenditure is incurred or included within the Strategic Financial Plan unless it is within the power of the IJB. In cases of doubt, the Chief Officer should consult the respective legal advisers of Renfrewshire Council or NHSGGC before incurring expenditure. The legality of expenditure on new service developments, initial contributions to other organisations and responses to emergency situations which require expenditure must be clarified prior to being incurred.
- 15.3 No expenditure will be incurred by the IJB unless it has been included within the approved Integration budget and Strategic Plan except:
- Where additional funding has been approved by the NHSGGC and/or Renfrewshire Council and the integrated budget/strategic plan has been updated appropriately;
 - Where a supplementary budget has been approved by the IJB; and
 - In emergency situations in terms of any scheme of delegation.

16. Financial Assurance

Audit Committee

- 16.1 The IJB is required to make appropriate and proportionate arrangements for overseeing the system of corporate governance and internal controls. For this purpose, the IJB has established an audit committee (the Audit, Risk and Scrutiny Committee). This Committee should operate in accordance with Financial Reporting Council professional guidance for Audit Committees, and, should ensure that an effective assurance process is in place that assesses the objectives, risks and performance of the Partnership. This will include consideration of any reports from auditors.
- 16.2 It will be the responsibility of the IJB to agree the membership having regard to the agreed remit, skills and good practice for an audit committee. It is anticipated that members of the IJB will serve in this capacity.

Internal Audit

- 16.3 It is the responsibility of the IJB to establish adequate and proportionate internal audit arrangements for review of the adequacy of the arrangements for risk management, governance and control of the delegated resources.

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- 16.4 Renfrewshire Council and NHSGGC shall decide upon the internal audit service to review internal control systems operated within the IJB and decide upon which Chief Internal Auditor and internal audit team from either Renfrewshire Council or NHSGGC shall be the incumbent. Internal audit shall independently and objectively examine, evaluate and report on the adequacy of internal control, governance and risk management arrangements within the IJB. The guidance developed on Internal Audit for the partnerships across the Board area should be followed.
- 16.5 The operational delivery of internal audit services within Renfrewshire Council and NHSGGC will be covered by their respective internal audit arrangements.
- 16.6 A Chief Internal Auditor will be appointed to act as the IJB Chief Internal Auditor, in addition to their role as Chief Internal Auditor of their respective authority.
- 16.7 The Internal Audit Service will undertake their work in compliance with the Public Sector Internal Audit Standards.
- 16.8 On, or before the start of each financial year, the IJB Chief Internal Auditor will prepare and submit a strategic risk-based Audit Plan, to the IJB for approval. The internal audit plan will consider:
- The Strategic Plan and planning process;
 - The financial plan underpinning the Strategic Plan; and
 - Relevant issues raised from the NHSGCC and Renfrewshire Council.
- 16.9 The IJB Chief Internal Auditor will report to the IJB on the annual audit plan, delivery of the plan and recommendations and will provide an annual internal audit report including the audit opinion.
- 16.10 Internal audit reports carried out as part of the IJB internal audit plan will be submitted to the Chief Officer and the IJB Audit, Risk and Scrutiny Committee for review.
- 16.11 Relevant internal audit activity carried out by partners will also be submitted to the IJB Audit, Risk and Scrutiny Committee for information and noting. This activity will be agreed with partner auditors.

External Audit

- 16.12 The Accounts Commission will appoint the External Auditors to the IJB. This is specified under Section 13 of the legislation.
- 16.13 The Chief Finance Officer will ensure the presentation of all External Audit reports including reports on the audited Annual Accounts to the IJB and/ or the IJB's Audit, Risk and Scrutiny Committee, to ensure that they are compliant with relevant statutory provisions and Accounting Codes of Practice.

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- 16.14 The Chief Finance Officer will make appropriate arrangements for the public inspection of the IJB's Accounts.
- 16.15 The External Auditor appointed to the IJB, will be required to submit an annual report to the IJB's Audit, Risk and Scrutiny Committee.
- 16.16 In order to carry out their functions in full the External Auditor will be given access to:
- All records, assets, personnel and premises, including those of partner organisations where it relates to their business with the IJB;
 - All records, documents and correspondence relating to any financial and other transactions of the IJB and those of partner organisations where it relates to their business with the IJB; and
 - Require and receive such explanations as are necessary concerning any matter under examination.

17. Risk Management and Insurance

Responsibility for Insurance and Risk

- 17.1 The IJB, while being a legal entity in its own right, has neither replaced nor assumed the rights or responsibilities of either Renfrewshire Council or NHSGGC as the employers of the staff delivering integrated services; or for the operation of buildings or services under the operational remit of those staff. Renfrewshire Council and NHSGGC will continue to indemnify, insure and accept responsibility for the staff that they each employ; their particular capital assets that integrated services are delivered from or with; and the respective functions themselves that each has delegated to the IJB.
- 17.2 The IJB will make appropriate insurance arrangements for all activities of the IJB in accordance with the risk management strategy.
- 17.3 The Chief Officer will arrange, taking such specialist advice as may be necessary, that adequate insurance cover is obtained for all normal insurable risks arising from the activities of the IJB for which it is the general custom to insure. This will include the provision of appropriate insurance in respect of members of the IJB acting in a decision-making capacity.
- 17.4 The Chief Officer is responsible for ensuring that there are adequate systems in place for the prompt notification in writing to the Chief Finance Officer of any loss, liability, damage or injury which may give rise to a claim, by or against the IJB.
- 17.5 The NHSGGC Director of Finance and Director of Finance and Resources of Renfrewshire Council will ensure that the Chief Officer has access to professional support and advice in respect of risk management.

Indemnity Insurance / Clinical and Medical Negligence

- 17.6 The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding IJB Board member and officer responsibilities through the Scottish Government CNORIS scheme. Renfrewshire Council and NHSGGC have responsibility for claims in respect of the services for which they are statutorily responsible and that they provide.
- 17.7 Unlike NHS Boards, the IJB does not have any 'shared risk' exposure from participation in CNORIS. The IJB's participation in the Scheme is, therefore, analogous to normal insurance arrangements.

Risk Strategy and Risk Register

- 17.8 The Chief Officer is responsible for the establishment of the IJB risk strategy and profile, and developing the risk reporting arrangements; including arrangements for the risk register. The Risk Management Policy and Strategy was last updated in March 2021 in recognition of the impact of COVID-19 on all aspects of the IJB's responsibilities. It will be reviewed again during 2023/24 to reflect further developments in the last two years.
- 17.9 An updated Risk and Issue Register is presented to each meeting of the IJB Audit, Risk and Scrutiny Committee to support IJB members in the application of the approved Risk Management Policy and Strategy.
- 17.10 Renfrewshire Council and NHSGGC will continue to identify and manage within their own risk management arrangements any risks they have retained under the integration arrangements. The partners will continue to report risk management to the existing committees including the impact of the integration arrangements.

Notification of Insurance Claims

- 17.11 The Chief Officer and the Chief Finance Officer will put in place appropriate procedures for the notification and handling of any insurance claims made against the IJB.

18. Economy, Efficiency and Effectiveness (Best Value)

- 18.1 The Chief Officer will ensure that arrangements are in place to maintain control and clear public accountability over the public funds delegated to the IJB. This will apply in respect of:
- the resources delegated to the IJB by Renfrewshire Council and NHSGGC; and
 - the resources paid to Renfrewshire Council and NHSGGC by the IJB for use as directed and set out in the Strategic Plan.

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- 18.2 The IJB has a duty to put in place proper arrangements for securing Best Value in the use of resources and delivery of services. There will be a process of strategic planning which will have full board member involvement, in order to establish the systematic identification of priorities and realisation of Best Value in the delivery of services.
- 18.3 It will be the responsibility of the Chief Officer to deliver the arrangements put in place to secure Best Value and to co-ordinate policy in regard to ensuring that the IJB provides Best Value.
- 18.4 The Chief Officer will be responsible for ensuring implementation of the strategic planning process. Best Value should cover the areas of human resource and physical resource management, commissioning of services, financial management and policy, performance and service delivery process reviews.

19. Grant Funding Applications

- 19.1 Where opportunities arise to attract external funding, relevant officers shall consider the conditions surrounding the funding to ensure they are consistent with the aims and objectives of the IJB and the Strategic Plan.
- 19.2 All grant funding to be secured by the IJB from external bodies is required to receive approval from the Chief Finance Officer prior to an application being made, to ensure financial implications and match funding requirements are considered.
- 19.3 The Chief Finance Officer shall ensure that arrangements are in place to:
- receive and properly record such income in the accounts;
 - ensure the audit and accounting arrangements are met; and
 - ensure the funding requirements are considered prior to entering into any agreements.

20. Board Members' Expenses

- 20.1 Payment of voting Board Members' allowances will be the responsibility of the Members' individual Council or Health Board, and, will be made in accordance with their own Schemes.
- 20.2 Members are entitled to payment of travel and subsistence expenses relating to approved duties. Members are required to submit claims on the IJB's agreed expenses claim form (Appendix 2) and as far as practicable to provide receipts in support of any expenses claimed.
- 20.3 Non-voting members of the IJB will be entitled to payment of travel and other expenses, such as the cost of replacement care where they have caring responsibilities. Non-voting members are required to submit claims on the IJB's agreed expenses claim form and as far as practicable to provide receipts in support

of any expenses claimed. The costs relating to expenses incurred by the non-voting members of the IJB will be shared equally by Renfrewshire Council and NHSGSC.

- 20.4 The Chief Finance Officer will ensure that a record is maintained of all expenses paid under the Scheme, detailing name, amount and nature of payment.

21. Reserves Policy

- 21.1 Section 106 of the Local Government (Scotland) Act 1973 as amended, and, The Public Bodies (Joint Working) (Scotland) Act 2014 empower the IJB to hold reserves which must be accounted for in the financial accounts and records of the IJB.

- 21.2 A policy on reserves has been prepared by the Chief Finance Officer and was approved by the IJB. The policy is reviewed regularly as part of the medium-term financial strategy process. The approved reserves policy and strategy includes the level of reserves required and their purpose. The level of reserves held by the IJB is subject to ongoing review dependent on the financial position of the IJB.

22. VAT

- 22.1 HMRC have confirmed that there is no VAT registration requirement for IJBs under the VAT act 1994 as it will not be delivering any services that fall within the scope of VAT.
- 22.2 Should the activities of the IJB change in time and it becomes empowered to provide services, then it is essential the VAT treatment of any future activities or services delivered are considered in detail by the Chief Finance Officer to establish if there is a legal requirement for the IJBs to register for VAT.
- 22.3 The Chief Officer and Chief Finance Officer must remain cognisant of possible VAT implications arising from the delivery of the Strategic Plan. The Partner organisations should be consulted in early course on proposals which may have VAT related implications for them.

The Role of the CFO

The Chief Finance Officer in a public service organisation:

- is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest;
- must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the authority's financial strategy; and
- must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the Chief Financial Officer:

- must have access to appropriate financial information and analysis.

Core CFO responsibilities:

Developing and implementing organisational strategy :

- Contributing to the effective leadership of the authority, maintaining focus on its purpose and vision through rigorous analysis and challenge.
- Contributing to the effective corporate management of the authority, including strategy implementation, cross organisational issues, integrated business and resource planning, risk management and performance management.
- Supporting the effective governance of the authority through development of corporate governance arrangements, risk management and reporting framework; and
- Leading development of a medium-term financial strategy and the annual budgeting process for the IJB to ensure financial balance and a monitoring process to ensure its delivery.

Responsibility for financial strategy:

- Agreeing the financial framework with sponsoring organisations and planning delivery against the defined strategic and operational criteria.
- Maintaining a long-term financial strategy to underpin the authority's financial viability within the agreed performance framework.
- Implementing financial management policies to underpin sustainable long-term financial health and reviewing performance against them.
- Co-ordinating the planning and budgeting processes.

Influencing decision making:

- Ensuring that opportunities and risks are fully considered, decisions are aligned with the overall financial strategy and appropriate briefings are provided to the IJB.
- Providing professional advice and objective financial analysis enabling decision makers to take timely and informed business decisions. (This will require a strong working relationship with Directors of Finance and related Chief Financial Officers).
- Ensuring that clear, timely, accurate advice is provided to the Chief Officer/IJB in setting the funding plan/budget.
- Ensuring that advice is provided to the scrutiny function in considering the funding plan/budget.

Financial information for decision makers:

- Monitoring and reporting on financial performance that is linked to related performance information and strategic objectives that identifies any necessary corrective decisions.
- Responsibility for the consolidation of appropriate management accounts information received from Health Board and Local Authority.
- Ensuring the reporting envelope reflects partnerships and other arrangements to give an overall picture.

Value for money:

- Challenging and supporting decision makers, especially on affordability and Best Value, by ensuring policy and operational proposals with financial implications are signed off by the finance function.
- Reporting to the IJB on the efficiency programmes being delivered within the Operational Units
- Co-ordinating appropriate Benchmarking Exercises.

Safeguarding public money:

- Implementing effective systems of internal control that include standing financial instructions.
- Ensuring that the authority has put in place effective arrangements for internal audit of the control environment and systems of internal control as required by professional standards and in line with CIPFA's Code of Practice.
- Ensuring that delegated financial authorities are respected.
- Promoting arrangements to identify and manage key business risks, risk mitigation and insurance.
- Implementing appropriate measures to prevent and detect fraud and corruption.
- Ensuring that any partnership arrangements are underpinned by clear and well documented internal controls.

Assurance and scrutiny:

- Reporting performance of both the authority and its partnerships to the board and other parties as required.
- Ensuring that financial and performance information presented to members of the public, the community and the media covering resources, financial strategy, service plans, targets and performance is accurate, clear, relevant, robust and objective.
- Supporting and advising the Audit Committee and relevant scrutiny groups. This now needs to include a review of the Statement of Internal Controls.
- Ensuring that clear, timely, accurate advice is provided to the Chief Officer/ IJB and the scrutiny functions on what considerations can legitimately influence decisions on the allocation of resources, and what cannot.
- Ensuring that the financial statements are prepared on a timely basis, meet the requirements of the law, financial reporting standards and professional standards as reflected in the Code of Practice on Local Authority Accounting in the United Kingdom developed by the CIPFA/LASAAC Joint Committee.
- Certifying the annual statement of accounts.
- Ensuring that arrangements are in place so that other accounts and grant claims (including those where the authority is the accountable body for community led projects) meet the requirements of the law and of other partner organisations and meet the relevant terms and conditions of schemes
- Liaising with the external auditor.

Leading and Directing the Finance Function: - arrangements will depend on local agreement

- To receive assurance from Directors of Finance that efficient and effective professional services from the finance staff in both Health and Local Authorities is being delivered.

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- Identifying and equipping managers and the Leadership Team with the financial competencies and expertise needed to manage the business both currently and in the future.



NHS GREATER GLASGOW & CLYDE
CLAIM FOR EXPENSES INCURRED IN ATTENDING
RENFREWSHIRE INTEGRATION JOINT BOARD (IJB)
(NON-EMPLOYEES)

Name _____
 Address _____

Details and location of meetings attended

Date Attended	Details of Journey (including names of any passengers)	Travelling Expenses			
		Mileage	Passenger Mileage	Public Transport Expenses	Parking Fees Tolls etc
TOTAL					

CERTIFICATION	AMOUNT CLAIMED	
I declare that the allowances claimed were incurred solely on journeys in the service of the NHS.	Public Transport Expenses	<input type="text"/>
Signature _____	Other Transport Expenses	<input type="text"/>
Date _____	Mileage	Miles @ 24p (public transport/commuting rate)
I certify that the above journeys and associated expense were necessarily incurred in the interest of the NHS.	Passenger Mileage	Miles @ 2p
Certified _____		
Designation _____	Total	<input type="text"/>
Financial Code <u>G69839</u>		

Please return completed form to:

James Higgins
 Renfrewshire HSCP
 Renfrewshire House
 Cotton Street
 Paisley
 PA1 1AL

To: Renfrewshire Integration Joint Board Audit, Risk and Scrutiny Committee

On: 23 June 2023

Report by: Head of Strategic Planning and Health Improvement

Heading: Local Code and Sources of Assurance for Governance Arrangements

1. Summary

- 1.1. The purpose of this report is to seek approval from the IJB Audit, Risk and Scrutiny Committee on the annual review of the Local Code and Sources of Assurance for Governance Arrangements, as detailed within Appendix 1.
 - 1.2. The Local Code of Governance Arrangements is a statement of the policies and procedures through which we direct and control our functions and how we interact with service users, the local community and other stakeholders. It enables the IJB to demonstrate that its governance structures comply with the core and sub principles contained in the Framework, and test their governance structures and partnerships against the Framework's principles.
 - 1.3. The Local Code includes identified sources of assurance which enable the IJB to review and assess its governance arrangements, against which it will measure itself in Annual Governance Statements from 2018/19 onwards.
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2. Recommendations

It is recommended that the IJB Audit, Risk and Scrutiny Committee:

- Review and approve the Local Code of Corporate Governance and Sources of Assurance attached in Appendix 1; and
- Note any recommendations arising from the internal audit of the Local Code and Sources of Assurance will be taken forward by the relevant officers, and progress reported back to the IJB's Audit, Risk and Scrutiny Committee.

3. Background

- 3.1. Within the 2015/16 Annual Governance Statement, the IJB confirmed that it had adopted governance arrangements that were consistent with the principles of CIPFA's and the Society of Local Authority Chief Executives' (SOLACE) framework 'Delivering Good Governance in Local Government: Framework' and the Statement explained how the IJB complied with the Framework and also met the Code of Practice on Local Authority Accounting in the UK.
- 3.2. While the Framework is written in a Local Authority context, most of the principles are applicable to the IJB, particularly as legislation recognises IJBs as a local government body under Part VII of the Local Government (Scotland) Act 1973, and therefore subject to the Local Authority Accounting Code of Practice.
- 3.3. Renfrewshire IJB operates through a governance framework based on this legislative requirement, governance principles and management processes. The IJB has worked to ensure that its governance arrangements are robust and informed by good practice.
- 3.4. On 22 March 2019 the IJB agreed that a regular review and, where appropriate, update and refresh, would be considered by the IJB's Audit Committee (now known as Audit Risk & Scrutiny Committee) on an annual basis, ensuring that the areas within were still relevant and accurate.
- 3.5. As previously updated, there have been a range of key developments over the last year including our development and approach of a new IJB Risk Management Framework. This has advanced and regular reporting is now trailed through each meeting of the IJB's Audit, Risk and Scrutiny Committee to keep this agenda visible to members owing to the range of areas covered within.
- 3.6. In addition, there have been some elements of refinement to the referenced examples reflecting changes in terminology and titling of key supporting documentation that have evolved since the document was initially established.
- 3.7. The Local Code and Sources of Assurance has been subject to Internal Audit in the last year with an update brought forward to the Audit, Risk and Scrutiny Committee in March 2023. The findings from this are also shared with the management team of the HSCP and, as is practice, any recommendations arising from the audit will be taken forward by the relevant officers, and progress reported back via the established routes.

4. Sources of Assurance

- 4.1. The Local Code includes identified sources of assurance which enable the IJB to review and assess its governance arrangements, against which it will measure itself in Annual Governance Statements from 2018/19 onwards.

5. Compliance with Local Code

- 5.1. The Local Code of Governance Arrangements is a statement of the policies and procedures through which we direct and control our functions and how we interact with service users, the local community and other stakeholders. It enables the IJB to demonstrate that its governance structures comply with the core and sub principles contained in the Framework, and test their governance structures and partnerships against the Framework's principles.
- 5.2. The Local Code of Corporate Governance is subject to ongoing review to ensure that internal controls, risk management and other governance arrangements are improved through the implementation of the framework.

Implications of the Report

1. **Financial** – None
 2. **HR & Organisational Development** – None
 3. **Community Planning and Strategic Plan** – None
 4. **Wider Strategic Alignment** – None
 5. **Legal** – The Local Code and Sources of Assurance ensures that the Integration Joint Board is compliant with the Integrated Resource Advisory Group guidance in relation to audit provision and the Local Authority Accounts (Scotland) Regulations 2014.
 6. **Property/Assets** – None
 7. **Information Technology** – None
 8. **Equality & Human Rights** – 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 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.
 9. **Fairer Scotland Duty** – None
 10. **Health & Safety** – None
 11. **Procurement** – None
 12. **Risk** – Without a Local Code and Sources of Assurance, there is a risk that the Integration Joint Board does not have an effective framework for the assessment of its governance arrangements.
 13. **Privacy Impact** – None.
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List of Background Papers – None

Author: Frances Burns, Head of Strategic Planning and Health Improvement

Any enquiries regarding this paper should be directed to Frances Burns, Head of Strategic Planning and Health Improvement (Frances.Burns@renfrewshire.gov.uk)

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**Good Governance Code**

Public Sector organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions

Ref	Sub Principles	Behaviours and actions that demonstrate good governance in practice	Examples of systems, processes, documentation and other evidence demonstrating compliance
A1.1	Behaving with Integrity	<p>Ensuring IJB members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.</p> <p>Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively</p>	<ul style="list-style-type: none"> • Standards and Codes of conduct / updates by Standards Officer • Individual sign off with regard to compliance with code • Induction for IJB members and staff on standard of behaviour expected • Performance appraisals for staff • Decision making systems • Declarations of interests made and recorded at all Board and Committee meetings • Conduct at meetings • Development sessions to support decision making on specific issues • Anti-fraud policies are working effectively • Up-to-date register of interests • Up-to-date register of gifts and hospitality • Complaints policy and examples of responding to complaints about behaviour • Changes/improvements as a result of complaints received and acted upon
A2.1	Demonstrating strong commitment to ethical values	Seeking to establish, monitor and maintain the organisation's ethical standards and performance.	<ul style="list-style-type: none"> • Scrutiny of decision making • Championing ethical compliance at governing body level

		<p>Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation.</p> <p>Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.</p>	<ul style="list-style-type: none"> • Provision of ethical awareness training • Appraisal processes take account of values and ethical behaviour • Staff appointments policy • Procurement policy
A3.1	Respecting the rule of law	<p>Ensuring IJB members and officers demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.</p> <p>Creating the conditions to ensure that the statutory officers and IJB members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements. Striving to optimise the use of the full powers available for the benefit of communities and other stakeholders. Dealing with breaches of legal and regulatory provisions effectively.</p> <p>Ensuring corruption and misuse of power are dealt with effectively.</p>	<ul style="list-style-type: none"> • Statutory provisions and guidance is followed • Job description/specifications • Compliance with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2016) • Standing Orders • Committee support • Legal advice provided by officers • Monitoring provisions • Record of legal advice provided by officers • Statutory provisions

B. Ensuring openness and comprehensive stakeholder engagement

To ensure the HSCP is run for the public good, the organisation should ensure openness in its activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

Ref	Sub Principles	Behaviours and actions that demonstrate good governance in practice	Examples of systems, processes, documentation and other evidence demonstrating compliance
B1.1	Openness	<p>Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to Openness</p> <p>Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used.</p> <p>Ensuring that the impact and consequences of those decisions are clear.</p>	<ul style="list-style-type: none">• Annual Performance Report• Freedom of Information Act and Publication Scheme online• Organisational values• IJB papers published in advance of meetings• Record of decision making and supporting materials• Meeting reports show details of advice given• Discussion among all IJB members and officers on the information needs of members to support decision making e.g. developing Performance Framework• Agreement on the information that will be provided and timescales• Calendar of dates for submitting, publishing and distributing timely reports is adhered to.
B2.1	Engaging comprehensively with all stakeholders	<p>Effectively engaging with stakeholders to ensure that the purpose, objectives and intended outcomes are clear so that outcomes are achieved successfully and sustainably.</p> <p>Developing formal and informal partnerships with stakeholders to allow for recourse to be used more efficiently and outcomes achieved more effectively based on:</p>	<ul style="list-style-type: none">• Communication Strategy¹• Database and mapping of stakeholders with whom the IJB engages• Strategic Planning Groups/Care Planning Groups• Partnership working embedded throughout IJB• SPG meet regularly and interlinks with IJB

¹ Note it is planned to refresh this publication over 2023/24.

		<ul style="list-style-type: none"> • Trust • a shared commitment to change • a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit. 	
B3.1	Engaging all stakeholders effectively	<p>Establishing a clear policy on the type of issues that the organisation will meaningfully consult with to ensure that service (or other) provision is contributing towards the achievement of intended outcomes. Ensuring communication methods are effective and that members and officers are clear about their roles with regard to community engagement.</p> <p>Encouraging, collecting and evaluating the views and experiences of communities, service users and organisations of different backgrounds and implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account.</p>	<ul style="list-style-type: none"> • Record of public consultations • Partnership working embedded throughout the IJB • Communication Strategy • Market Facilitation Plan • Processes for dealing with competing demands within the community, for example a consultation.

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

The long term nature and impact of many of the organisation's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

Ref	Sub Principles	Behaviours and actions that demonstrate good governance in practice	Examples of systems, processes, documentation and other evidence demonstrating compliance
C1.1	Defining Outcomes	<p>Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions.</p> <p>Specifying the intended impact on, or changes for, stakeholders and delivering defined outcomes on a sustainable basis within the resources that will be available.</p> <p>Identifying and managing risks to the achievement of outcomes.</p> <p>Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available.</p>	<ul style="list-style-type: none"> • Vision used as a basis for corporate and service planning • Community engagement and involvement • Corporate and service plans • Regular reports on progress • Performance trends are established and reported upon within bi-annual Scorecard • Risk management protocols • An agreed set of quality standard measures for each service element are included in service plans • Processes for dealing with competing demands within the community
C2.1	Sustainable economic, social and environmental benefits	Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision. Taking a longer term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and	Placing reliance on Partners Capital investment protocol to ensure these are structured to achieve appropriate life spans and adaptability for future use so that resources are spent on optimising social, economic and environmental wellbeing: <ul style="list-style-type: none"> o Capital programme

		<p>short-term factors such as the political cycle or financial constraints.</p> <p>Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.</p> <p>Ensuring fair access to services</p>	<p>o Capital investment strategy</p> <p>Reliance on Partners Climate Change Planning</p> <ul style="list-style-type: none"> • Discussion between members and officers on the information needs of members to support decision making • Record of decision making • Protocols for consultation • Protocols ensure fair access and statutory guidance is followed
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D. Determining the interventions necessary to optimise the achievement of the intended outcomes

The organisation will achieve its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

Ref	Sub Principles	Behaviours and actions that demonstrate good governance in practice	Examples of systems, processes, documentation and other evidence demonstrating compliance
D1.1	Determining interventions	Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options.	<ul style="list-style-type: none">• Discussion between members and officers on the information needs of members to support decision making• Decision making protocols• Option appraisals• Agreement of information that will be provided and timescales
D1.2	Determining interventions	Considering feedback from the public and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.	<ul style="list-style-type: none">• Consultations• Strategic Plan• Medium Term Financial Plan linked to Strategic Plan
D2.1	Planning interventions	Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.	<ul style="list-style-type: none">• Calendar of dates for developing and submitting plans and reports that are adhered to
D2.2	Planning interventions	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.	<ul style="list-style-type: none">• Communication Strategy• Market Facilitation Plan

D2.3	Planning interventions	Considering and monitoring risks facing each partner when working collaboratively including shared risks.	<ul style="list-style-type: none"> • Risk Management Policy and Risk Registers
D2.4	Planning interventions	Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured.	<ul style="list-style-type: none"> • KPIs have been established and approved for each service element and included in the service plan and are reported upon regularly
D2.5	Planning interventions	Ensuring capacity exists to generate the information required to review service quality regularly.	<ul style="list-style-type: none"> • Reports include detailed performance results and highlight areas where corrective action is necessary
D3.1	Optimising achievement of intended outcomes	Ensuring the Medium Term Financial plan integrates and balances service priorities, affordability and other resource constraints and sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.	<ul style="list-style-type: none"> • Feedback surveys and exit/ decommissioning strategies • Changes as a result • Medium Term Financial plan

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

The organisation needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

Ref	Sub Principles	Behaviours and actions that demonstrate good governance in practice	Examples of systems, processes, documentation and other evidence demonstrating compliance
E1.1	Developing the entity's capacity	Reviewing services, performance and use of assets on a regular basis to ensure their continuing effectiveness.	<ul style="list-style-type: none">• Regular reviews of activities, outputs and planned outcomes
E1.2	Developing the entity's capacity	Recognising the benefits of partnership and collaborative working where added value can be achieved.	<ul style="list-style-type: none">• Effective operation of partnerships which deliver agreed outcomes e.g. development of Strategic Planning Group, Joint Staff Partnership Forum, Unscheduled Care Local Group, Carers Group, Care and Quality Governance Groups (Executive and Locality), Acute/HSCP Interface Meeting
E1.3	Developing the entity's capacity	Developing and maintain an effective workforce plan.	<ul style="list-style-type: none">• Workforce Plan 2022-25
E2.1	Developing the capability of the entity's leadership and other individuals	Developing protocols to ensure that IJB members and officers interact with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained and ensuring the IJB Chair and the Chief Officer have clearly defined and distinctive leadership roles within a structure, whereby the Chief Officer leads the organisation in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority.	<ul style="list-style-type: none">• Job descriptions• Regular review of communication arrangements• Clear statement of respective roles and responsibilities of the Chief Officer and IJB Chair and how they will be put into practice• Access to courses/ information briefings on new legislation• Induction programme• Personal development plans

E2.2	Developing the capability of the entity's leadership and other individuals	Ensuring that there are structures in place to encourage public participation.	<ul style="list-style-type: none"> Stakeholder forums Strategic partnership frameworks
E2.3	Developing the capability of the entity's leadership and other individuals	Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback and peer review and inspections.	<ul style="list-style-type: none"> Reviewing individual member performance on a regular basis taking account of their attendance and considering any training for development needs

F. Managing risks and performance through robust internal control and strong public financial management

The organisation needs to ensure that its and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.

A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

Ref	Sub Principles	Behaviours and actions that demonstrate good governance in practice	Examples of systems, processes, documentation and other evidence demonstrating compliance
F1.1	Managing Risk	<p>Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision-making.</p> <p>Implementing robust and integrated risk management arrangements and ensuring that they are working effectively.</p> <p>Ensuring that responsibilities for managing individual risks are clearly allocated.</p>	<ul style="list-style-type: none"> Risk management strategy/policy formally approved, adopted, reviewed and updated on a regular basis (last updated March 2021).

F2.1	Managing Performance	Monitoring service delivery effectively.	<ul style="list-style-type: none"> • Performance map showing all key activities have performance measures • Benchmarking information, where appropriate • Calendar of dates for submitting, publishing and distributing timely reports
F2.2	Managing Performance	Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook.	<ul style="list-style-type: none"> • Discussion between members and officers on the information needs of members to support decision making • Publication of agendas and minutes of meetings • Agreement on the information that will be needed and timescales
F3.1	Robust internal control	<p>Aligning the risk management strategy and policies on internal control with achieving objectives.</p> <p>Ensuring effective counter fraud and anti-corruption arrangements are in place.</p> <p>Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.</p>	<ul style="list-style-type: none"> • Risk management strategy • Audit plan • Audit reports • Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014) • Annual Governance Statement • Effective internal audit service is resourced and maintained
F3.2	Robust internal control	<p>Ensuring an Audit Committee or equivalent group or function which is independent of the executive and accountable to the governing body:</p> <ul style="list-style-type: none"> • provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment • that its recommendations are listened and acted upon. 	<ul style="list-style-type: none"> • Audit Committee complies with best practice – see Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013) • Terms of reference • Membership Training
F4.1	Managing data	Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.	<ul style="list-style-type: none"> • Data management framework and procedures

			<ul style="list-style-type: none"> • Data protection officers in place via NHS and Local Authority • Data protection policies and procedures • Data sharing agreement • Data sharing register • Data processing agreements
F4.2	Managing data	Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.	<ul style="list-style-type: none"> • Data quality procedures and reports • Data validation procedures
F5.1	Strong public financial management	Ensuring well developed financial management is integrated at all levels of planning and control, including management of financial risks and controls and that it supports both long-term achievement of outcomes and short-term financial and operational performance.	<ul style="list-style-type: none"> • Budget monitoring reports • Financial management supports the delivery of services and transformational change as well as securing good stewardship

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Ref	Sub Principles	Behaviours and actions that demonstrate good governance in practice	Examples of systems, processes, documentation and other evidence demonstrating compliance
G1.1	Implementing good practices in transparency	<p>Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.</p> <p>Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not</p>	<ul style="list-style-type: none"> • Standard IJB report format • Published IJB agendas, reports and minutes in clear standard formats • Website • Annual report (online and paper copies) • Strategic documents and reports published in summary format and available in easy read and other languages upon request

		being too onerous to provide and for users to understand.	<ul style="list-style-type: none"> • IJB and Audit, Risk and Scrutiny Committee meetings recorded and available to view online.
G2.1	Implementing good practices in reporting	<p>Reporting at least annually on Performance.</p> <p>Ensuring members and officers own the results.</p>	<ul style="list-style-type: none"> • Performance reported at each IJB meeting • Formal Annual Performance Report • Annual financial statements • Appropriate approvals • Annual Governance Statement
G2.2	Implementing good practices in reporting	Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations.	<ul style="list-style-type: none"> • Format follows best practice
G3.1	Assurance and effective accountability	<p>Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon and that recommendations for corrective action made by audit are acted upon.</p> <p>Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.</p>	<ul style="list-style-type: none"> • Compliance with CIPFA's Statement on the Role of the Head of Internal Audit (2010) • Compliance with Public Sector Internal Audit Standards • Audit recommendations have informed positive improvement
G3.2	Assurance and effective accountability	Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement.	<ul style="list-style-type: none"> • Annual Governance Statement
G3.3	Assurance and effective accountability	Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met.	<ul style="list-style-type: none"> • Integration Scheme

To: Renfrewshire Integration Joint Board Audit, Risk and Scrutiny Committee

On: 23 June 2023

Report by: Chief Finance Officer

Heading: CIPFA Financial Management Code

1. Purpose

- 1.1. The purpose of this report is to update the IJB Audit, Risk and Scrutiny Committee on the recent self-assessment process undertaken by the Chief Finance Officer against the CIPFA Financial Management Code.

2. Recommendation

It is recommended that the IJB Audit, Risk & Scrutiny Committee:

- Note the requirements of the CIPFA Financial Management Code; and
- Note the assessment of compliance for the IJB and the developments recommended for progression.

3. Background

- 3.1. The current challenging fiscal landscape has placed the finances of public sector bodies under additional intense pressure. Where finance in local government bodies works well there is often a common understanding and ownership of issues supported by good financial management. Good financial management is an essential element of good governance and longer-term service planning which are critical in ensuring financial sustainability.
- 3.2. CIPFA published their Financial Management Code in 2019. It is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability.
- 3.3. Further detail about this is outlined in the section below.

4. The Financial Management Code

- 4.1. The Financial Management Code is a series of financial management standards which set out the professional standards required to meet the minimal standards of financial management acceptable to meet fiduciary duties to taxpayers and customers. As these are minimum standards, CIPFA's judgement is that compliance with them is obligatory for an organisation to meet its statutory responsibility for sound financial administration. In addition, CIPFA members, which includes the current Chief Finance Officer must comply with it as one of their professional obligations.

- 4.2. The Code recognises the diversity of the organisations which exist in the public sector and is therefore not prescriptive. It is for each organisation to determine what is right for them in order to comply.
- 4.3. The underlying principles which inform the Code are outlined below:
- Organisational **leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
 - **Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
 - Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
 - Adherence to professional **standards** is promoted by the leadership team and is evidenced.
 - Sources of **assurance** are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
 - The long-term **sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.
- 4.4. As part of our local work to review our Financial Regulations and the Local Code of Corporate Governance and Sources for Assurance, both subject to discussion within separate reports at today's meeting, it was felt appropriate and timely for this self-assessment process to also be undertaken and reported on.
- 4.5. Following the completion of the self-assessment process, it is the view of the Chief Finance Officer that the IJB is compliant with the Financial Management Code .Appendix 1 of this report provides further detail in support of this and also highlights some areas for development which will be progressed in the coming months as outlined.

Implications of the Report

1. **Financial** – none
 2. **HR & Organisational Development** – none
 3. **Strategic Plan and Community Planning** – none
 4. **Wider Strategic Alignment** – none
 5. **Legal** – none
 6. **Property/Assets** – none
 7. **Information Technology** – none
 8. **Equality & Human Rights** – none
 9. **Fairer Scotland Duty** – none
 10. **Health & Safety** – none
 11. **Procurement** – none
 12. **Risk** – Failure to comply with the Financial Management Code would be considered as a breach of the IJBs statutory responsibilities for sound financial administration.
 13. **Privacy Impact** – none.
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List of Background Papers – none

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CIPFA Financial Management Code**Self-Assessment and Action Plan**

FM Ref	Requirement	What we are currently doing	Areas for Development
1. The responsibilities of the Chief Finance Officer and Senior Management Team			
A	The leadership team can demonstrate that the services provided by the IJB provide value for money	<ul style="list-style-type: none"> • The IJB has the following in place to ensure best value:- <ul style="list-style-type: none"> • Regular reports to the IJB in relation to financial performance • Reports to the IJB which seek approval are clear and can include, where appropriate:- <ul style="list-style-type: none"> ○ Options available including a value for money assessment ○ Implications for service users, patients and/or carers ○ Results and outputs from consultations ○ Equality Impact Assessments (EQIAs) ○ Financial and resource requirements and how these will be funded including the source ○ Any contribution to current and future saving plans in line with our aspirations set out in the Strategic Plan and our associated Sustainable Futures Programme • External inspection reports for services such as care services are reported to the IJB Audit, Risk and Scrutiny Committee to ensure appropriate oversight. A verbal update (from the Chair of the IJB Audit, Risk and Scrutiny Committee) of each meeting is also presented at the next available IJB meeting to ensure their awareness of the areas being considered. • The IJB receives performance reports at each meeting, and a statutory Annual Performance Report (APR) is also produced in line with legislation. 	

		<ul style="list-style-type: none"> • The IJB continues to develop a culture of continuous improvement underpinned by the aspirations set out in our Strategic Plan and the intrinsic links to our Sustainable Futures programme which develops and monitors the IJB's transformation agenda to identify service improvements, savings and ensuring best value. • An annual external audit process is undertaken to ensure best value is delivered for the IJB. The most recent audit concluded that the IJB has put in place appropriate arrangements to demonstrate the achievement of Best Value (IJB External Annual Audit Report 2021-22, Section 3). 	
B	The IJB complies with the CIPFA Statement on the Role of the Chief Finance Officer (CFO) in Local Government (2016)	<ul style="list-style-type: none"> • The CFO is a core member of the HSCP's Senior Management Team. • The CFO is actively involved in all material business decisions and offers sound advice, direction, challenge and influence on decisions made. This is evidenced through the CFO's attendance and participation at key business meetings such as the IJB, IJB Audit, Risk & Scrutiny Committee, Senior Management Team, Sustainable Futures Programme Board, as well as key partner organisation meetings as required. In addition, the CFO is an active member in a range of individual transformation programme boards to support major programmes of work both within the HSCP as well as the two parent organisations to ensure connectedness to the key strategic considerations of the IJB • The CFO champions the promotion and delivery of good financial management. This is reflected in the management structure within the organisation and the 	

		<p>reporting of financial performance to all key management groups. The existing finance division within the HSCP has well established reporting arrangements across the spectrum of services that the HSCP covers as well as the appropriate linkages to the parent organisations internal finance functions.</p> <ul style="list-style-type: none"> • There is a strong forum for a strategic overview of financial management through the SMT with regular monthly reports brought forward to highlight the key areas of success, challenge and demand led pressures affecting the organisation. 	
		<ul style="list-style-type: none"> • The IJBs Financial Regulations clearly outline the role and responsibilities of the Chief Officer, Chief Finance Officer and all budget holders in relation to financial management arrangements across the organisation. • The CFO is a professionally qualified accountant with significant experience as a CFO. The finance team is also suitably resourced and experienced in support of the CFO undertaking their role with effective links to the two parent organisations. There are well established local training and development programmes to support the continuous learning development and resilience of the team as well as a culture of encouraging self-development and progression through individual personal development opportunities. 	

2. Governance and Financial Management Style

C	<p>The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.</p>	<ul style="list-style-type: none">• The IJB and Senior Management Team have a commitment to deliver our vision as well as the key outcomes and deliverables set out in the Strategic Plan• Behaviours are underpinned by the IJB's Code of Conduct• Employees also adhere to the respective Codes of Conduct for the parent organisations which are applicable to all staff employed.• The importance of governance and internal controls is reflected in the Financial Regulations where clear responsibilities are defined.• In addition to the above, we work collaboratively with the parent organisations to ensure that internal control submissions are completed through the year-end processes.• An annual internal audit process is undertaken to assess the HSCP's compliance with governance arrangements as per the IJB's Local Code of Corporate Governance and Sources of Assurance.• In addition to the above, further governance compliance and internal control reviews are undertaken by the CFO and the SMT as part of the respective assessments by both partner bodies and is part of the annual assurance for both internal and external auditors processes.	
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		<ul style="list-style-type: none"> Internal audit reviews provide assurance on a range of internal controls and are detailed in the annual audit plan. The outcome of these is reported to IJB's Audit, Risk and Scrutiny Committee with actions identified where required and progress in delivering actions monitored through the same. The IJB is subject to an External Audit assessment to ensure arrangements are appropriate and operate effectively. The most recent audit concluded that there were no issues with arrangements in place, with feedback confirming that the IJB has appropriate governance arrangements in place to support the scrutiny of decisions by the Board (IJB External Annual Audit Report 2021-22, Section 3).. 	
D	The IJB applies CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016)".	<ul style="list-style-type: none"> Through the IJB's Local Code of Corporate Governance and Sources of Assurance, it has adopted governance arrangements consistent where appropriate with the six principles of the CIPFA/SOLACE framework "Delivering Good Governance in Local Government". These systems of internal control are designed to manage risks to a reasonable level based on a risk based approach. The internal audit process to review the above each year outlines how the IJB has complied with its Local Code. In addition, the IJB's Annual Governance Statement is used as a mechanism to flag any new significant governance concerns. 	<ul style="list-style-type: none"> Discussions with NHS Greater Glasgow and Clyde will continue to seek final allocations prior to the IJB budget setting, where this can be done.

E	The Financial Management style of the IJB supports financial sustainability	<ul style="list-style-type: none"> • The IJB's financial management style has been established to be describable as 'enabling transformation' using the CIPFA Financial Management hierarchy Model. Through the focussed work in recent years and the formation of our Sustainable Futures Programme, the IJB is committed to supporting the delivery of efficiencies that can be realised through service improvement and development. • The IJB has a range of frameworks and controls in place to manage its financial affairs including: <ul style="list-style-type: none"> ○ Financial Regulations ○ Financial regulations and standing orders of both Partner Bodies ○ Medium Term Financial Plan ○ Reserve Strategy • The Senior Management Team has a collaborative approach to developing financial strategies for financial sustainability and this can be evidenced in the way the budget and medium term financial outlook are updated each year with active participation and support from all services. This work is led by the CFO with support from our Finance, Planning and Improvement Manager to ensure that there remains a constant focus on this as part of our Sustainable Futures programme efforts. • The Finance Team support all services in developing financial strategies and reporting as well as acting as a centralised point of support, and direction advising staff on all finance matters. Operational teams are also supported by the finance team who, in addition, are able to provide training to operational staff to support their financial skills to assist them with managing the budgets and financial performance within their span of control. 	<ul style="list-style-type: none"> • Given the scale of the financial challenge, a review of the Scheme of Delegation will be undertaken to ensure levels are still appropriate in light of the financial pressures being faced. This work has already commenced.
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		<ul style="list-style-type: none"> • The IJB has set a balanced budget in each year of its existence. • The Medium Term Financial Plan considers the sustainability of the IJB over the medium term, including an assessment of funding, cost and demand pressures and the risks over the medium term. This includes a review of reserves. The annual budget process for 2023-24 identified a risk in relation to the level of general reserves and the scale of risk which exists for the IJB both in 2023-24 and over the medium term. 	
3. Medium to Long-term Financial Management			
F	The IJB has carried out a credible and transparent financial resilience assessment	<ul style="list-style-type: none"> • The Medium Term Financial Plan considers the sustainability of the IJB over the medium term, including an assessment of funding, cost and demand pressures and the risks over the medium term. This includes a review of reserves. • The Medium Term Financial Plan includes sensitivity analysis which identifies the implications if planning assumptions change and what the impact of this would be for the financial position of the IJB. • The IJB has an established Reserves Policy which forms part of the Financial Regulations and is a key part of the IJB's corporate governance arrangements. 	<ul style="list-style-type: none"> • The outturn report which will be presented to the IJB in June will include an update on the reserves position including a recommendation to increase the level of general reserves by the year-end underspend which will assist in giving the IJB a greater level of financial sustainability.

G	<p>The IJB understands its prospects for financial sustainability in the longer term and has reported this clearly to members.</p>	<ul style="list-style-type: none"> • The IJB's Annual Budget, Annual Accounts, Medium Term Financial Plan and Risk Register reflect the main risks in relation to sustainability. These are subject to regular review, as appropriate, to ensure these remain robust and relevant for the IJB. The frequency of these reports are annually to the IJB, with the exception of the Risk Register for which an update is provided at each meeting of the IJB's Audit, Risk and Scrutiny Committee. • The Medium Term Financial Plan assesses both cost and demand pressures as well as forecasts for funding and uses this to develop a financial strategy over the medium term to address these risks. This is used by the CFO and the Senior Management Team to support the development of plans which aim to deliver financial balance over the longer term as part of wider service improvement and redesign efforts. These longer term areas of focus are monitored through the Sustainable Futures programme. • Development Sessions with IJB members are provided as part of the annual budget process and these include an overview of the longer term financial sustainability and risks based on the Medium Term Financial Plan. In addition, this is updated and reported to the IJB on an annual basis through the annual delegated budget update report. 	
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H	The IJB complies with the CIPFA Prudential Code for Capital Finance in Local Authorities	<ul style="list-style-type: none"> • This is not relevant as the IJB does not have capital programmes or borrowing powers, however, the CFO has strategic responsibility for delegated property assets from the parent organisations and acts as the senior link into both with regards to matters of property and capital to ensure an effective interface with the IJB. 	
I	The IJB has a rolling multi-year medium-term financial plan consistent with sustainable service plans.	<ul style="list-style-type: none"> • The IJB has a Medium Term Financial Plan which is reviewed and updated annually and presented to the IJB for approval in support of delivering the IJB's Strategic Plan given the intrinsic links. • The Medium Term Financial Plan is underpinned by a range of other strategies including commissioning and market facilitation strategies, workforce planning, property, ICT and digital strategies which also support delivery of the IJB's Strategic Plan. • The Medium Term Financial Plan is reflective of all significant demand and cost pressures being experienced both at a local and national level. The plan also considers the strategy for responding to these challenges. • The Medium Term Financial Plan includes sensitivity analysis which identifies the implications if planning assumptions change and what the impact of this would be for the financial position of the IJB. 	

4. The Annual Budget			
J	The IJB complies with its statutory obligations in respect of the budget setting process.	<ul style="list-style-type: none"> The IJB is fully aware of the need to set a balanced budget as established in s108(2) of the Local Government (Scotland) Act 1973 and s93(3) of the Local Government Finance Act 1992. The need to meet this requirement is set out within the annual budget report. A balanced budget was agreed by the IJB on 22/03/2023 for 2023/24. 	
K	The budget report includes a statement by the CFO on the robustness of the estimates and the statement on the adequacy of the proposed financial reserves.	<ul style="list-style-type: none"> Not applicable. The requirement for a CFO statement in relation to this is a specific legislative requirement in England and Wales, but not in Scotland. If there was a requirement to do so then this would be included within the budget report. The 2023/24 Budget report includes a statement from the CFO on the implications of the budgets on general reserves and the adequacy of these reserves in relation to the financial risks which face the IJB. This report also highlights where there are risks linked to financial estimates. An example of this in 2023/24 is the uplift to the NCHC contract where the negotiations had not been concluded when the IJB considered the budget. The Medium Term Financial Plan includes sensitivity analysis which demonstrates the implications if estimates differ from assumptions and the potential impact this could have on IJB finances. 	

		<ul style="list-style-type: none"> The IJB has a reserve policy which is based on national recommended practice. The Medium Term Financial Plan, the budget report and the IJB outturn report provide information on levels of general reserves and whether they are sufficient to ensure ongoing sustainability. These reports include actions where these are required to improve the position. 	
5. Stakeholder Engagement and Business Cases			
L	The IJB has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.	<ul style="list-style-type: none"> The IJB undertakes comprehensive engagement with all stakeholders when it develops its Strategic Plan which determines the strategic priorities which the IJB sets out to deliver over the medium term. This engagement, led through our well established Strategic Planning Group (SPG), provides stakeholders with an opportunity to have their say on what their priorities are and this is used to shape the Strategic Plan, which is then used in determining the budget both annually and over the medium term. The IJB engages with key and relevant stakeholders in developing its annual budget. This can be in relation to specific budget proposals, for example where stakeholders are part of the development of transformation plans and also where the impact of savings require detailed EQIAs and therefore consultation with stakeholders. 	

		<ul style="list-style-type: none"> • Core stakeholders are well represented on the IJB and are able to participate in the discussion as plans are developed and presented to the IJB both in terms of the annual budget and the medium term financial plan. As well as formal reporting via the IJB, this engagement and participation is a core part of our IJB development sessions with IJB members as the budget develops. • In preparing the annual budget each year, the Chief Officer and CFO engage fully with both parent organisations to ensure that pressures are fully understood as well as the implications of changes to funding for services. 	
M	The IJB uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.	<ul style="list-style-type: none"> • As part of the annual budget process consideration is given to options for savings. This process includes a detailed assessment of impacts on service users, patients, carers as well as any operational delivery and financial risks. Where relevant this will also include a consideration of options and a recommendation in relation to the preferred option. • Option appraisal is also used as part of capital planning for the IJB when making investment decisions. This is well documented and business case and options appraisal follow project management methodology in line with the processes established by both the Council and Health Board. • Options appraisals are also used, where relevant, as part of transformation activity being led through our Sustainable Futures programme. These are well 	

		documented and, where relevant, and are reported to the IJB with a clear assessment and recommendation for the IJB to consider and, in line with best practice, all options appraisals include both qualitative and quantitative assessments for consideration.	
6. Monitoring Financial Performance			
N	The leadership team takes action using reports, enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	<ul style="list-style-type: none"> • The Medium Term Financial Plan is prepared in conjunction with respective Heads of Service who are asked to identify any emerging risks for consideration as part of the annual budget strategy and the medium term financial outlook. • This discussion is also used to identify specific pieces of work required to mitigate risks moving forward and to agree actions to deliver on this. • Financial performance reports are presented routinely to a variety of leadership groups including the SMT and the IJB which identify major areas of variations from budget plans. These are discussed and remediation identified where required to bring income or expenditure back in line with expectations. • Regular detailed budget management meetings take place around areas of significant pressure and this includes analysis of historic trends and forecasting of future trends. These meetings also review the impact of actions taken to reduce expenditure to understand the impact being achieved and play an active part in our Sustainable Futures efforts. 	

		<ul style="list-style-type: none"> • Financial forecasting is undertaken every period to understand changes to in-year budget plans and the impact on financial sustainability. This is reported formally to the IJB and provides the IJB with an opportunity to agree a financial strategy to resolve issues in-year as appropriate. • Through our established risk management arrangements, representatives from core areas review risk on a regular basis and this is recorded on the risk register. This is reviewed and reported regularly to the SMT and IJB's Audit, Risk and Scrutiny Committee to ensure oversight and governance. This is also used to highlight emerging risks including those which would impact on the budget. 	
O	The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.	<ul style="list-style-type: none"> • Regular reports are produced in relation to the balance sheet showing the movement in balances. This is reviewed by the finance team to ensure that historical balances are reviewed and debtor and creditor balances remain under constant review. • A more detailed report is provided in respect of reserves, detailing all draw down of reserves. • Financial reports include an update to the IJB on the level of reserves drawn down and or contribution to reserves. The use of reserves is also further referenced routinely in the budget report, outturn report, annual accounts and the medium term financial plan. 	

7. External Financial Reporting			
P	<p>The chief finance officer has personal responsibility for ensuring that the statutory accounts provided to the local IJB comply with the Code of Practice on Local IJB Accounting in the United Kingdom.</p>	<ul style="list-style-type: none"> • The CFO is responsible for the preparation of the IJB's Annual Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and by the deadlines set in legislation. These responsibilities are set out in the Statement of Responsibilities included in the annual accounts, which is signed by the CFO. • The CFO oversees the production of the accounts and ensures those completing them gave access to the Code of Practice and are trained and offered professional guidance as required. • These responsibilities are also included in the CFO's job description. • The IJB has met all of its statutory reporting deadlines for the submission of draft accounts to the external auditor each year, including during the COVID-19 pandemic when deadlines were extended owing to the response efforts. 	
Q	<p>The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions.</p>	<ul style="list-style-type: none"> • The IJB's financial outturn for year-end is presented to the IJB along with a comprehensive analysis of variations to budget and the drivers of any such variation. • Information from the final outturn is used strategically to inform future budget-setting exercises for future financial years. 	



To: Renfrewshire Integration Joint Board Audit, Risk and Scrutiny Committee

On: 23 June 2023

Report by: Strategic Lead and Improvement Manager

Heading: Update on Risk Register

1. Summary

- 1.1. The paper provides an update on the continued implementation of the IJB's updated Risk Management Framework following the previous update to the Committee in March 2023.
 - 1.2. This report also notes updates made to the IJB's risk and issues register, including any changes to risks/issues previously identified, and any new items added to the register during this period.
-

2. Recommendations

It is recommended that the Audit, Risk and Scrutiny Committee:

- 1. Note the further work undertaken to implement the revised Risk Management Framework across operational services within the HSCP, including on the ongoing monitoring of the take-up of the online training module launched in August 2022 and the preparation completed with services in advance of the internal audit of risk management arrangements which commenced 29 March 2023 (section 4); and
 - 2. Approve the updates made to the existing risks and issues, following further assessment and engagement within the HSCP and with partners (section 5).
-

3. Background

- 3.1. The IJB's risk management framework sets out the principles by which the HSCP and IJB identify and manage strategic and operational risks impacting upon the organisation. This framework forms a key strand of the IJB's overall governance mechanisms. It sets out how risks and issues should be identified, managed and reported and it informs the development of this report and supporting appendix.

4. Implementing the update framework: further activity

4.1. Previous updates to the Committee have outlined the progress made in implementing the IJB's revised Risk Management Framework within the HSCP. Work has continued to embed the framework within HSCP processes. The key activities completed include:

- Continued reviews to assist the Risk Network and services to follow risk management processes, supporting risk and issue reviews with service management teams.
- Continued operational risk and issue reporting to SMT by exception.
- Ongoing monitoring of staff completion of the online training module launched in August 2022. Takeup rates have been impacted by continued service pressures therefore we plan to issue reminders through the summer months to try and increase the completion rate.
- Ongoing meetings of the cross HSCP and NHS GGC 'risk working group' continue to be held monthly where consistency of risks is discussed, and best practice shared. Particular focus and discussion this period has been on budgetary constraints and the risks that savings proposals present across the sector, and also on sustainability of providers.
- Work continues to address resilience risks associated with any planned or unplanned power outages.
- Representation on, and participation in, the committee for the ALARM UK National Health and Social Care risk group, providing additional opportunity to identify and consider further examples of 'best practice.'
- The Internal audit of IJB Risk Framework commenced in late March 2023, led by Azets. Supporting materials were provided to the auditors in advance and a kick-off meeting held on 29 March. The audit report is expected late May and any identified recommendations will be reflected in the next review and update (as appropriate) of the risk management framework. This review will also ensure ongoing alignment with NHSGGC's recently approved risk management strategy. Renfrewshire HSCP have contributed to relevant discussions during the strategy's development.

5. Updates to the IJB Risk Register

5.1. The HSCP's ongoing assessment and review of risks has identified necessary changes to existing risks and issues. In this period there has been one new issue incorporated within the IJB's Risk Register, which is provided as Appendix 1 to this report. All risks and issues have been updated to reflect the latest position regarding completed and outstanding actions. This paper reflects the changes made to risks since the last update to the Committee.

5.2. It should be noted that the risk outlook remains highly challenging, with many of the risks now being rated within the category of high. The current financial and operating context remains difficult across the public sector, and this is reflected in the nature of risks being identified.

5.3. In summary, the key updates to existing risks include:

- The risk scores for 'Changing financial and demographic pressures' (RSK01) and 'Financial challenges causing financial instability for the IJB' (RSK02) remain at the highest rating available. It should however be again noted that as the ongoing financial context for the IJB remains highly challenging and uncertain, the risk has been further updated to reflect this extremely challenging position. A few points have been updated to reflect the declining position:
 - The Use of reserves to facilitate the budgetary balance in 2023/24 leaves the IJB a general reserve of c0.4% of its net budget; far below the 2% target outlined in the IJBs Reserves Policy. This represents a significant risk to the IJB and means the financial resilience of the IJB in future years will be severely compromised.
 - The use of reserves is a non-recurring option, and this will have an impact on our ability to deliver on our Strategic Plan, what can be delivered and when. As we go into 2023/24 and beyond this will require the IJB to prioritise decisions for investment and disinvestment in order to deliver on our priority of the most sustainable future.
- To reflect the full extent of the financial context facing the IJB identified above, a new issue (ISS02) has also been added. At the March IJB a balanced budget and a sustainable futures paper were both approved, however this requires:
 - As above, a considerable utilisation of our reserves leaving us with less than the required 2% of the overall budget for future years reserves.
 - Savings proposals to be delivered through this financial year. At the March IJB a range of options were outlined and a plan exists to share the programme delivery approach and scope at the June IJB, with more detailed proposals being presented in November's IJB.
- The risk 'Disruption from further waves of COVID' (RSK05) has remained open for continued monitoring. Following the receipt of new Scottish Government guidance removing the use of face masks and coverings in Health and Social Care settings we propose that we close this risk for the next report iteration.
- The risk 'National Care Service' (RSK06) has been updated to reflect the notification of the further delay till January 2024.
- The risk 'Delivery of the GP Contract / PCIP' (RSK11) has been reduced in rating due to the fact that we have now delivered all required treatment rooms (CTAC), VTP and Pharmacotherapy requirements by the required date of 31st March 2023, and we have created an affordable

model which fits the provided Primary Care Improvement funding (PCIF) provided.

- The risk 'Failure to achieve targets and key performance indicators' (RSK12) has been increased to reflect the fact that continued intense focus on specific areas may risk the delivery of other elements of the strategic plan, e.g. Delayed Discharges as one example.

Implications of the Report

1. **Financial** – No direct implications from this report*
2. **HR & Organisational Development** – Further guidance and training has been developed for staff to support them in understanding their contribution to risk management and rolled out from Autumn 2022. Reminders continue to be shared.
3. **Community Planning** – No direct implications from this report*
4. **Legal** – Supports the implementation of the provisions of the Public Bodies (Joint Working) (Scotland) Act 2014.
5. **Property/Assets** – No direct implications from this report*
6. **Information Technology** – No direct implications from this report*
7. **Equality and Human Rights** – No direct implications from this report*
8. **Health & Safety** – No direct implications from this report*
9. **Procurement** – No direct implications from this report*
10. **Risk** – This paper and attachments provide an update to the IJB's Risk Management Framework.
11. **Privacy Impact** – No direct implications from this report*

**Although there are no direct implications from this report, specific risks are likely to impact on these areas and will have specific mitigations identified.*

List of Background Papers – N/A

Author: Angela McCarthy, Senior Risk and Programme Management Officer

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Risk and Issue Register Executive Summary

This document reflects the status of the risks and issues in the IJB log at the middle of May 2023. This report also features issues as part of the agreed risk framework approach. The summaries reflect the changes to risks since the last report and items which have been identified as new or those proposed to close since the last report. For any proposed closures we have included summaries to detail the final position and the rationale for closure. If these are agreeable, they will be removed from the next report.

Introduction and Background

This document is prepared in advance of each IJB Audit, Risk and Scrutiny Committee meeting to support Renfrewshire Integration Joint Board (IJB), and members of the IJB's Audit, Risk and Scrutiny Committee, in the application of the IJB's Risk Management Policy and Strategy. It sets out those Strategic Risks and Issues currently identified which have the potential to prevent the IJB from achieving its desired outcomes and objectives, and the mitigating actions put in place to manage these risks. **Further information on the IJB's approach can be found in Renfrewshire IJB's Risk Management Policy and Strategy.**

Approach to assessing risks

All risks identified are assessed considering (i) the likelihood of the risk materialising; and (ii) the consequent impact of said risk should it materialise. To reflect the range of eventualities this assessment provides a score of between 1 and 5 for each of these criteria (where 1 is least likely and low impact, and 5 is very likely and very high impact). This enables each risk to have an overall score where the likelihood and impact ratings are multiplied together, and a RAG (Red, Amber, Green rating applied) as per the matrix below. Risk scores guide the IJB's response to risks identified.

Approach to assessing issues

The same applies regards impact, however for issues, the priority and the resolution is considered instead of likelihood. Issues are simply risks which have occurred and they have a rating of between 1 and 5 where 1 is low/no impact ranging to 5 extreme impacts.

Risks

Likelihood	Risk Consequence Impact Rating				
	1	2	3	4	5
5	5	10	15	20	25
4	4	8	12	16	20
3	3	6	9	12	15
2	2	4	6	8	10
1	1	2	3	4	5

Issues

Impact	Issue Rating
1	Insignificant
2	Minor
3	Moderate
4	Major
5	Extreme

Risk Profile

Total Risks	High Risks	Moderate Risks	Low Risks	Very Low Risks	Proposed Closure
15	9	5	1	0	0
Likelihood	Consequence Impact				
	1	2	3	4	5
5	5	10	15	20	25
				3	6
4	4	8	12	16	20
			1	1	
3	3	6	9	12	15
			1	1	2
2	2	4	6	8	10
1	1	2	3	4	5

Issue Profile

Total Issues	2
Extreme Issues	2
Major Issues	
Moderate Issues	
Minor Issues	
Insignificant Issues	
Proposed Closure	

Renfrewshire IJB Risk and Issue Register Audit, Risk and Scrutiny Committee 23 June 2023

Risk or Issue Ref	Risk or Issue Type	Summary Description	Current Risk / Issue Score and ROYG Rating	Risk or Issue Movement
RSK01	Strategic	Changing financial and demographic pressures	25 High	No Change
RSK02	Financial	Financial Challenges causing financial instability for the IJB	25 High	No Change
RSK03	Operational	Increase in physical and mental health inequalities	20 High	No Change
RSK05	Operational	Disruption from further waves of COVID	09 Low	Propose Closure
RSK06	Operational	National Care Service	25 High	No Change
RSK07	Operational	Workforce planning and service provision	25 High	No Change
RSK09	Strategic	National risk of litigation and reputational damage following future public inquiry into COVID response	15 Moderate	No Change
RSK10	Operational	Failure or loss of major service provider	25 High	No Change
RSK11	Clinical	Delivery of the GP Contract / Primary Care Improvement Plan	16 Moderate	Decrease
RSK12	Strategic	Failure to achieve targets and key performance indicators	12 Moderate	Increase
RSK13	Strategic	Cyber threats pose an increasing risk	20 High	No Change
RSK14	Strategic	Capital funding and complexities of property planning in an integrated setting	25 High	No Change
RSK15	Operational	Compliance with Essential Training	20 High	Increase
RSK16	Strategic	Delivery of Addictions Support in Renfrewshire	12 Moderate	No Change
RSK18	Operational	Impact of potential power outages on critical services	15 Moderate	No Change
ISS01	Operational	Issues regards attracting & retaining staff	05 Extreme	No Change
ISS02	Financial	IJB budgetary position	05 Extreme	New

RSK01 Changing financial and demographic pressures					
Risk Statement	Risk Owner	Risk Description	Movement	Reason for Movement if applicable	
The changing financial and demographic pressures facing services poses a risk to the HSCP being able to successfully deliver services to the most vulnerable people in Renfrewshire.	HSCP SMT	<p>There is a risk that if financial and demographic pressures of services are not effectively planned for and managed over the medium to longer term, there would be an impact on the ability of the HSCP to deliver services to the most vulnerable people in Renfrewshire. This needs to be considered with regards to:</p> <ul style="list-style-type: none">• Medium- and longer-term financial planning• Corporate and service review activities• Strategic commissioning approach and the strategic planning process• Service design ensuring the development of cost-effective care models and models which encourage prevention and self-management• Increasing costs such as utilities, salaries, and supplies are also having an impact on budgets across the HSCP and our partners. Partners and providers are now seeking to manage additional costs faced which may lead to an increase in our costs and further budget constraints.• Increasing impacts of cost-of-living crisis on some demographics has the potential to increase service demands and levels of need.• Inflation remains high, and the overall financial outlook beyond this year remains uncertain and challenging.• Use of reserves to facilitate budgetary balance in 2023/24 leaves the IJB a general reserve of c0.4% of its net budget; far below the 2% target outlined in the IJBs Reserves Policy. This represents a significant risk to the IJB and means the financial resilience of the IJB in future years will be severely compromised.	No Change	Increasing financial pressures and cost of living crisis remain significant	
			Risk Code	Category	Risk Management Approach
			RSK01	Strategic	Treat
			Current Likelihood	Current Impact	Current Evaluation
			05	05	25High
			Previous Likelihood	Previous Impact	Previous Evaluation
			05	05	25 High
Mitigating / Preventing Actions Complete or Ongoing			Assigned to	Date	Status
<p>A number of actions are in place to help mitigate this risk including:</p> <p>Regular risk reporting to the Integration Joint Board and the IJB Audit, Risk and Scrutiny committee.</p> <p>Financial Planning and Strategic Planning</p> <ul style="list-style-type: none">- Long term financial planning processes- Budget monitoring processes are in place and regularly reviewed and reported upon- Implementation of the IJB’s Strategic Plan 2022-25 and Medium-Term Financial Plan 2022-25 with Tier 1 rolling savings programme- Continuous review and assessment of changes within the external economic and funding context <p>Corporate & service review activities</p> <ul style="list-style-type: none">- Investment in service re-design opportunities to improve efficiency and effectiveness- Eligibility criteria under continuous review- Ongoing focus on recovery from the COVID-19 pandemic and assessment of transformational opportunities to reshape services and deliver efficiencies			HSCP Senior Management Team	Review August 2023	Subject to ongoing review
Mitigating / Preventing Actions Planned			Assigned to	Date	Status
Ongoing deployment of the above			N/A	N/A	N/A

Renfrewshire IJB Risk and Issue Register Audit, Risk and Scrutiny Committee 23 June 2023

RSK02 Financial Challenges causing financial instability for the IJB					
Risk Statement	Risk Owner	Risk Description	Movement	Reason for Movement if applicable	
There are a number of financial challenges facing the IJB and if not adequately addressed, these could affect the financial sustainability of the partnership with consequent impact to service delivery.	HSCP SMT	There are a number of aspects contributing to this risk as follows: 1. Service Areas individually, or in combination, experience expenditure levels which exceed funding allocations negatively impacting on the overall financial position of the partnership due to: a) Pay growth (inflation, annual pay award proposals) b) Prescribing c) Sickness & Absence cover d) Community equipment expenditure e) Impact arising from Resource Allocation Model f) Financial impact of any clinical failures g) Compliance with new statutory requirements h) Increased service demand i) Increased supply chain costs due to Brexit, Ukraine and COVID impacts j) Additional costs incurred as a result of COVID-19 k) Ongoing challenging financial outlook for IJB l) Significant levels of non-recurring funding does not support longer term sustainability of services m) Additional uplifts requested arising from external providers 2. The requirement for savings to be delivered as part of the medium-term financial plan could have an impact on the delivery of existing front-line services. The need for savings has been confirmed and a range of options are being progressed for consideration. The sustainable futures paper which encompassed a range of savings proposals was approved at IJB in March 2023. An update on the programme approach and scope will be provided to IJB in June 2023, and a detailed set of proposals will be presented in November for approval. 3. As widely reported, Councils across Scotland all face significant financial challenges. Increasingly difficult choices about spending priorities will be required in this financial year and future years. 4. As at the March 2023 IJB a balanced budget was agreed which utilised a sum of circa £6m from reserves, subject to confirmation of the additional charges from the council.	No Change	N/A	
			Risk Code	Category	Risk Management
			RSK02	Financial	Treat
			Current Likelihood	Current Impact	Current Evaluation
			05	05	25 High
			Previous Likelihood	Previous Impact	Previous Evaluation
			05	05	25 High
			Mitigating / Preventing Actions Complete or Ongoing		
Supporting frameworks & strategies: - Financial management framework implemented. - Focus on Recovery and Renewal activity. - Strategic Plan 2022-2025 approved by IJB March 2022 and Strategic Delivery Plan in June 2022 - Medium Term Financial Plan for 2022-2025 approved by IJB March 2022 Reporting/monitoring at strategic fora: - Financial information is reported regularly to the Integration Joint Board and the Senior Management Team. - Financial performance meetings in place with HSCP Chief Officer, Chief Finance Officer, NHS Director of Finance and Council Director of Finance and Resources. - Regular meetings of Medicines Management Group with a focus on prescribing year end out-turn. - Ongoing discussion at GP forum on importance of prescribing financial break even. - Ongoing reporting to Scottish Government on COVID-19 expenditure and discussions on cost recovery. - Robust financial monitoring and budget setting procedures including regular budget monitoring with budget holders.			HSCP Senior Management Team	Historic	Ongoing

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<ul style="list-style-type: none"> - Prudent use of our reserves policy Savings programme <ul style="list-style-type: none"> - Savings for FY21/22 agreed at IJB March 21 fully delivered by year end (circa £1.135M) - Sustainable futures paper and balanced budget signed off March 31st 2023 (proposal to use circa £6m of reserves) 			
Mitigating / Preventing Actions Planned	Assigned to	Date	Status
<ul style="list-style-type: none"> - Implementation and ongoing monitoring of identified savings and transformation options to achieve desired budgetary outturn in this financial year. Presentation of sustainable futures programme approach and scope at June IJB, and detailed proposals at November IJB meetings respectively. - Active vacancy management continues. All vacancies reviewed by Finance and approved by CFO prior to recruitment - Ongoing negotiation with funding partners to maximise 23/24 budget 	N/A	Review August 2023	Ongoing

RSK03 Increase in physical and mental health inequalities

Risk Statement	Risk Owner	Risk Description	Movement	Reason for Movement if applicable	
There are a risk that physical and mental health inequalities increase, meaning that service users and patients present with higher levels of need, lower levels of resilience and fewer opportunities to participate fully in their communities.	Head of Strategic Planning & Health Improvement	It is recognised that physical and mental health inequalities are highly likely to increase. This may result from long-term conditions, an ageing population, long term impacts of COVID on mental health and Long COVID itself, increasing poverty due to the cost-of-living crisis, increased deprivation or individual risk-taking behaviours resulting in a population with higher levels of need, lower levels of resilience and fewer opportunities to participate fully in their communities. This must be actively considered with regards to the creation of any Health Improvement plans and Partnership working agreements.	No Change	Referral rates increasing and an increase in complexity of cases within Mental Health, Care Homes and Care at Home services.	
			Risk Code	Category	Risk Management Approach
			RSK03	Operational	Treat
			Current Likelihood	Current Impact	Current Evaluation
			05	04	20 High
			Previous Likelihood	Previous Impact	Previous Evaluation
Mitigating / Preventing Actions Complete or Ongoing			Assigned to	Date	Status
Actions undertaken: <ul style="list-style-type: none">There has been a further increased focus on inequalities across a range of HSCP initiatives. A number of teams which maintain a focus on this aspect are in place, including the Community Link and Health Improvement teams. There is a new role appointed in Jan 22 to focus solely on equalities.In addition, following a review of our strategic plan priorities a number of activities are underway which includes delivery of a community-led approach to health and wellbeing with targeted approaches to raise awareness.The HSCP tracks performance within the Health inequalities outcome (number 5 in National H&W Outcomes) and also continues to monitor population data and trends.Funding was secured for 2021/22 to deliver projects which are aimed at reducing specific inequalities and promote health and wellbeing.Inclusion of health, wellbeing, and inequalities within development of Strategic Plan 2022-25Scottish Govt £15m Communities Mental Health & Wellbeing fund - £500k allocated to Engage Renfrewshire to allocate to local projects. £15m announced by SG for second year of fund (May 2022).Strategic Plan 2022-25 approved by the IJB in March.Additional monies secured as part of winter funding directed to equalities projects; befriending.Supporting strategic development plans to underpin the Strategic Plan approved by IJB in June 2022.The HSCP has been working with partners to develop and implement cost-of-living and community-based support through the winter period (through the Winter Connections Programme), supporting the aims of the Fairer Renfrewshire Committee.			Strategic Planning & Health Improvement	Historic	Complete
Mitigating / Preventing Actions Planned			Assigned to	Date	Status
Actions underway: <ul style="list-style-type: none">Ongoing work with SPG partners to further develop approach to improving health and wellbeingHealth Improvement Team continue to progress local priorities			Head of SP & HI	August 2023	Ongoing

RSK05 Disruption from further waves of COVID					
Risk Statement	Risk Owner	Risk Description	Movement	Reason for Movement if applicable	
There is a risk that further waves of COVID could have significant impacts on HSCP operational arrangements, particularly staffing, service provision, and overarching IJB governance.	Chief Officer	The risk is that further disruption to the delivery of strategic and transformation plans, in addition to operational day to day commitments because of: <ul style="list-style-type: none">The HSCP needing to implement support measures to prevent the spread of COVID-19The impact of COVID-19 on services users and demand on services:<ul style="list-style-type: none">(a) Increased levels of care required due to long covid and increased mental health issues(b) The impact on staff; sickness, mental health, and utilisation to support services(c) Impact of increasing levels of demand and client expectations(d) The suitability, affordability, and stakeholder support to achieve the NHS remobilisation plan, Renfrewshire Council's recovery plans and ultimately the HSCP's overall plan.	Propose Closure	Following the notification of withdrawal of face mask and coverings in Health and Social Care settings from 16 May 2023. IJB Governance and operational response arrangements are well tested and embedded. Other aspects of the risk regarding staffing impact, further outbreaks, and failure to deliver upon strategic and operational plans are covered by other risks and issues.	
			Risk Code	Category	Risk Management Approach
			RSK05	Operational	Treat
			Current Likelihood	Current Impact	Current Evaluation
			03	03	09 Low
			Previous Likelihood	Previous Impact	Previous Evaluation
			03	03	09 Low
Mitigating / Preventing Actions Complete or Ongoing			Assigned to	Date	Status
<ul style="list-style-type: none">Meetings will continue to be conducted in person, in hybrid format, and remotely using a video and/or audio service that will enable all members to participate.The risk management framework and policy has been updated to reflect on learnings from COVID and provide the flexibility needed regards risk tolerance required within a pandemic. This is in the process of being rolled out.Public health measures have been implemented; including vaccinations in 2020/2021 and current planning for vaccinations in Spring 2023 is underway.Winter plans incorporated the necessary staffing response to manage increased levels of staff absence which were evidenced in the first months of 2023.			N/A	Historic	Ongoing
Mitigating / Preventing Actions Planned			Assigned to	Date	Status
<ul style="list-style-type: none">Ongoing monthly review of COVID risks across services, with escalation measures implemented as necessaryIf required in the future additional meetings of the IJB can take place and / or delegations to the Chief Officer can be revisited if deemed appropriate.Delivery of Recovery Plans, including the NHS Remobilisation PlanGuidance continues to be adjusted locally across services in alignment with National Guidance.			Chief Officer	June 2023	Ongoing

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RSK06 National Care Service					
Risk Statement	Risk Owner	Risk Description	Movement	Reason for Movement if applicable	
There is a risk that the creation of a National Care Service results in potentially significant structural, organisational and governance change which could be challenging to resource alongside operational commitments.	Chief Officer	<p>The published analysis of NCS consultation responses showed support for the wide-ranging proposals made and the implementation of these is therefore likely to place significant demands on HSCP resources to deliver, alongside the delivery of ongoing operational and strategic plans. The Scottish Government have now published a high-level Bill to enable creation of the NCS. This lacks detail but is expected to have significant impact on IJB role and governance through creation of Local Care Boards. Further impacts on staffing, finance, property, and technology will also occur.</p> <p>A series of NCS bill Q&A sessions have been held and these have highlighted a commitment that the NCS will be shaped via Co-Design, but also that there are a significant number of questions which cannot be answered at the current stage of the process. Parliamentary Committees have also released reports setting out their views on the current status of the Bill. The level of risk therefore remains high.</p> <p>Next steps and timelines for the NCS Bill remain uncertain due to the nature of recommendations made by Parliamentary Committees, stakeholder feedback and the potential for policy changes to be made by a new First Minister of Scotland. In this context, stage 1 scrutiny of the Bill has been further postponed to January 2024.</p>	No Change	N/A	
			Risk Code	Category	Risk Management Approach
			RSK06	Operational	Treat
			Current Likelihood	Current Impact	Current Evaluation
			05	05	25 High
			Previous Likelihood	Previous Impact	Previous Evaluation
05	05	25 High			
Mitigating / Preventing Actions Complete or Ongoing			Assigned to	Date	Status
<ul style="list-style-type: none">There are likely to be recommendations which are phased for delivery over the term of this Parliament, to enable some prioritisation of resource.The HSCP has a Change and Improvement team that can be directed to key areas of activity requiring delivery.Continued review of the progress of recommendations progressing through parliament to assess potential resource and plan implications.Implementation of Strategic Plan to consider the need for flexibility in delivery.IJB response submitted to Scottish Government consultation on proposals for National Care Service.			Chief Officer	Historic	Ongoing
Mitigating / Preventing Actions Planned			Assigned to	Date	Status
<ul style="list-style-type: none">Scottish Government consultation results have been shared and these have been reviewed and discussed across the HSCP to understand the impacts.Draft Bill published by the Scottish Government and engagement sessions currently underway for the lived experience panels and stakeholder registers.Review of all published resources and attendance at all NCS briefings and seminars continues to ensure understanding of the breadth of change and any preparation actions that can be undertaken.Continued monitoring of emerging information and stakeholder engagement			Chief Officer	Review June 2023	Ongoing

RSK07 Workforce planning and service provision					
Risk Statement	Risk Owner	Risk Description	Movement	Reason for Movement if applicable	
<p>There is a risk that a range of factors may impact on the ability to fully implement workforce plans and could lead to longer term workforce difficulties, shortages in some skill sets, therefore potential impact on service delivery and the IJB's ability to deliver upon the strategic plan.</p> <p>*Please also see Issue ISS01: Issues attracting and retaining staff</p>	HSCP SMT	<p>A flexible, skilled, and suitably certified workforce is essential to service provision and delivery of the IJB's strategic plan. Workforce risks can result in increased financial costs and include:</p> <ul style="list-style-type: none">• Prolonged vacancies within services. Specific pressures exist around medical staffing (specific roles are in national shortage), District Nursing and Care at Home services• Sufficient numbers of qualified staff with the correct registrations• Pressures resulting from additional planning structures which require managerial and clinical input.• GP practice handing back their contract and the HSCP having to run the practice• High levels of fatigue and unused annual leave from COVID resulting in increased absence• Additional risks to meeting service demand posed by sickness/absence levels and an ageing workforce leading to increased levels of future retirements.• Vacancies or absence within providers, and or providers making decisions to hand back care agreements or not accept new packages/residents.• Timely access to the correct tools and accommodation for staff; laptops, mobiles, systems access, uniform, and sufficient space for services to undertake their roles.• Utilisation of non-recurring funding for roles does not make the roles attractive due to their temporary nature.	No Change	N/A	
			Risk Code	Category	Risk Management Approach
			RSK07	Operational	Treat
			Current Likelihood	Current Impact	Current Evaluation
			05	05	25 High
			Previous Likelihood	Previous Impact	Previous Evaluation
			05	05	25 High
Mitigating / Preventing Actions Complete or Ongoing			Assigned	Date	Status
<ul style="list-style-type: none">• Operational – management of risk and staff deployment through forward planning of rosters, quality assurance re shifts good practice and daily/weekly reviews of service staffing. Utilisation of bank/agency staff / overtime where required. Introduction of staffing dashboard to monitor staffing levels in critical services.• HR & Recruitment – vacancy risk assessment undertaken, reduced timescales from request to advert, robust application of absence management processes, regular review / refresh of statutory and essential training and professional registration / revalidation and adherence to application checklists (e.g., disclosure), process for monitoring clinical references. Completion of two job fairs to attract staff and service meetings established to manage recruitment and retention issues collaboratively.• Business Continuity – winter planning alignment with ongoing business continuity and risk management to identify issues early. Staffing review undertaken to understand staff willingness to volunteer and deploy in other services should the need arise.• Winter funding – specific group established to track the progress regards spend / recruitment of additional and new roles.• Independent Contractors – collaborative working with Primary Care and cluster support for GP practices / services, through delivery of the Primary Care Improvement Plan• Focused Development session held with IJB on workforce planning and challenges on 5th November 2021• Development of an interim one-year workforce plan for 2021/22, and draft 2022 to 25 plan approved by IJB in June 22• Integrated workforce plan for 2022 to 25 was submitted to SG in draft at the end of July and was approved by the IJB in November 2022			N/A	Historic	Ongoing
Mitigating / Preventing Actions Planned			Assigned	Date	Status
<ul style="list-style-type: none">• Integrated workforce delivery plan created and continues to be monitored by the HSCP's Workforce Planning Group			Head of SP&HI	End July 2023	Ongoing

RSK09 National risk of litigation and reputational damage following future public inquiry into COVID response					
Risk Statement	Risk Owner	Risk Description	Movement	Reason for Movement if applicable	
There is a national risk of litigation and reputational damage across integrated health and social care services following the UK-wide public enquiry into the handling of the COVID pandemic, commencing in 2022. We are not aware of any increased comparative risk in Renfrewshire.	HSCP SMT	There is a risk of litigation and reputational damage applicable across health and social care nationally and facing all integrated health and social care service providers, as a result of the UK-wide public inquiry into the handling of the COVID pandemic. The Scottish Government has also committed to completing an inquiry in Scotland and the terms of reference for this was updated on 9 June. There continues to be significant media interest nationally, following the recent resignation of the enquiry chair. There is no evidence that this risk is any higher for Renfrewshire than for any other integrated health and social care service. Responses to the UK and Scottish Government public enquiries are underway and the expectation is that hearings will commence later in 2023. The UK enquiry hearings will take place in June and July 2023. Dates for the Scottish public enquiry are still to be confirmed.	No Change	Evidence gathering underway, hearings expected to commence in 2023.	
			Risk Code	Category	Risk Management Approach
			RSK09	Strategic	Treat
			Current Likelihood	Current Impact	Current Evaluation
			03	05	15 Moderate
			Previous Likelihood	Previous Impact	Previous Evaluation
03	05	15 Moderate			
Mitigating / Preventing Actions Complete or Ongoing			Assigned to	Date	Status
<ul style="list-style-type: none">Implementation of Local Response Management Team and Recovery and Renewal governance during pandemic, and ongoing input into NHS GGC and Renfrewshire Council governance.Vaccination programme rolled out across Renfrewshire; in alignment with National Vaccination guidance; all staff and care home residents have been offered the vaccine and a third vaccination/booster. Programme also performing well for residents and service users.Commissioning Teams & Community Services are supporting care homes to ensure that they remain open for admission and are prepared for the care of patients with possible or confirmed COVID-19.Significant support also being provided by Public Health, Infection Control and Procurement.Testing of all residents and staff in care homes implemented and regularly re visited.Testing of all staff implemented as per National GuidanceDaily huddles and multi-agency assurance and support for Care Homes in place.Clinical support and leadership through general practice and district nursing.Local proactive support arrangements for infection control, training, practice, supervision and for implementing social distancing and other measures such as reduced or no visiting policies.PPE arrangements established and monitored locallyDashboards and reports developed to allow identification of any COVID 'hotspots' and trendsRegular reporting from Renfrewshire Council, NHS GGC and Renfrewshire HSCP to Scottish Government.Contribution to partner-led responses to requests for evidence			HSCP Senior Management Team	Review early August 2023	Ongoing
Mitigating / Preventing Actions Planned			Assigned to	Date	Status
Continuation of the above.			N/A	N/A	N/A
Ongoing working with partners to submit responses and evidence as required.					

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RSK10 Failure or loss of major service provider or independent contractors					
Risk Statement	Risk Owner	Risk Description	Movement	Reason for Movement if applicable	
There is a risk that we may experience failure, loss, or reduced quality (either permanent or temporary loss) of a major service provider, which may impact on our capacity to deliver services, protect vulnerable children and adults, and may impact on additional costs to cover key services.	HSCP SMT	<p>The context of this risk is with regards to the failure or reduced quality of provision by independent providers of care homes, care services, mental health provision or GP practices. There is financial instability within the sector due to COVID-19, the cost-of-living crisis, and additional impacts from Brexit.</p> <p>In October 21, independent contractors were to this risk as we are starting to see pressure build within this area. For example, some providers have confirmed they are unable to take new commitments, cancelled all current outreach and or reduced other commitments.</p> <p>In February 22, a practice was managed as a 2c practice prior to its closure, after which patients were migrated to other local practices.</p> <p>From Q3 22/2023, providers and contractors have notified the HSCP of the financial challenges they are facing in trying to cover rising supply chain and operational costs. This continues to result in some providers considering the return of existing hours of service provision to the HSCP.</p>	No Change	N/A	
			Risk Code	Category	Risk Management Approach
			RSK10	Operational	Treat
			Current Likelihood	Current Impact	Current Evaluation
			05	05	25 High
			Previous Likelihood	Previous Impact	Previous Evaluation
05	05	25 High			
Mitigating / Preventing Actions Complete or Ongoing			Assigned to	Date	Status
<p>Procurement and commercial processes</p> <ul style="list-style-type: none">Appraisal of providers and independent contractors conducted as part of procurement process.Purchasing patterns monitored by Finance Team and senior managers.Programme of reviews of all service providers.Contract compliance, performance monitoring and reviews for service providers and the two hospices <p>Support arrangements</p> <ul style="list-style-type: none">Provider Sustainability programme continued until the end of June 22, with the Social Care Staff fund extended to September 2022 and financial support for testing and vaccinations extended until end March 2023.Main providers registered and monitored by Care Inspectorate, with reports accessible for review. Participation in local and national contingency arrangements relating to providers facing financial uncertainty to ensure minimal impact on local service users. Care Inspectorate also included in discussions.Providers have also been directed to the National and Scottish Government guidance which outlines these various actions including ensuring links to their supply chains and ensuring robust business continuity arrangements are in place.Enhanced governance arrangements for care homes have been implemented across Health Boards at the direction of the Cabinet Secretary in response to COVID-19. These arrangements have significantly increased monitoring of commissioned services and include multi-disciplinary daily huddles and assurance visits.Emergency legislation enacted to enable Health Boards and local authorities to step in to manage failing care homes during the COVID-19.The options for managing disruption to GP practices have been documented and clear processes discussed and established should any situation arise. In Feb 22 we had one practice run as a 2c practice by the HSCP, this subsequently closed in March 2022 with patients being transferred to other practices.			NA	Review August 2023	Ongoing
Mitigating / Preventing Actions Planned			Assigned to	Date	Status
Ongoing monitoring and the above.			N/A	N/A	N/A

RSK11 Delivery of the GP Contract / PCIP					
Risk Statement	Risk Owner	Risk Description	Movement	Reason for Movement if applicable	
There is a risk that the HSCP will not be able to deliver services as outlined within the GP Contract / PCIP by the required timelines, due to the scale of work required, workforce availability and allocated funding.	Clinical Director and Chief Officer	Current proposed funding will not cover the full cost implementation of the contract and therefore we have created a model which is affordable against the Primary Care Improvement funding (PCIF) provided. Initial scope included 6 MOU areas. There remains a greater priority on 3 of these: pharmacotherapy, VTP and CTAC which need to have been delivered by end of March 2023. The 3 remain but with no firm timeline for full transfer of responsibility. In order to deliver the GP Contract additional fit for purpose property accommodation is required and also to support the growth in the sizes of the teams created for the purpose of multi-disciplinary service delivery. There is an ongoing risk that transitional payments may need to be applied. Work is ongoing to determine this.	Decrease	N/A	
			Risk Code	Category	Risk Management Approach
			RSK11	Clinical	Treat
			Current Likelihood	Current Impact	Current Evaluation
			04	04	16 Moderate
			Previous Likelihood	Previous Impact	Previous Evaluation
			05	04	20 High
Mitigating / Preventing Actions Complete or Ongoing			Assigned to	Date	Status
<ul style="list-style-type: none">Updated MoU published on 2nd August 2021.Clinical Director providing support and guidance to GP services reporting challenges in recruitment and capacity Regular reporting to the Scottish Government regards progress and to inform National direction. Deep dives are planned with the government to look at the needs within some of the key MOU areas.Property audit has identified suitable space to accommodate teams and services; treatment rooms and pharmacotherapy which has supported feasibility studies regards delivery of service.Issue regarding funding available to support delivery of the GP Contract / PCIP has been escalated to the NHS GGC Primary Care Board and also SMT.Additional funding of £550K secured in a Scottish Government bid as part of 'Winter Funding' which will help to fund the Primary Care Improvements. This is recurring funding.We have now delivered all 28 practices out of 28 into treatment rooms.Responsibility for vaccinations that were previously delivered in GP practices have now transferred from GPs to the HSCP, this was a key requirement for delivery under the contract by March 2022.The Renfrewshire pharmacy hubs went live from August 2022, with plans for longer-term accommodation needs continuing to be developed.			Clinical Director	Review end August 2023	Ongoing
Mitigating / Preventing Actions Planned			Assigned to	Date	Status
<ul style="list-style-type: none">Continuation with the aboveProjects continue to complete feasibility studies via NHS capital planning to identify suitable accommodation.Ear Care offering still awaits implementation across Renfrewshire, plan soon underway re mentoring & training.			N/A	N/A	N/A

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RSK12 Failure to achieve targets and key performance indicators					
Risk Statement	Risk Owner	Risk Description	Movement	Reason for Movement if applicable	
There is a risk that failure to deliver upon the required Strategic Plan targets and standards, and other key performance indicators, could result in a decreased level of service for patients and service users.	HSCP SMT	There are multiple components to this risk: <ul style="list-style-type: none">• The IJB and HSCP's ability to define appropriate local strategic plan• The IJB and HSCP's ability to deliver upon said strategic plan• The IJB and HSCP's ability to evidence that we have achieved the outcomes required within the strategic plan.• There is also a risk that the dependencies between our strategic plan and national planning, and partner strategies are not aligned.• Continued intense focus on specific areas such as delayed discharges reduces our ability to complete work on other activities and therefore may impact our performance in other areas of the strategic plan.• The dependencies between the delivery of targets and wider risks relating to financial and workforce challenges remain (Risks 1, 2 7 and Issue 1) We continue to have Strong alignment between our strategic, medium term financial and workforce plans. National policy changes pose a risk but mitigated by annual review of strategic plan. However, related financial and workforce impacts remain which may impact on delivery.	Increase	Increased focus on key areas diverts resource from other activities posing a risk that we don't achieve some targets but exceed on others, e.g., delayed discharges.	
			Risk Code	Category	Risk Management Approach
			RSK12	Strategic	Treat
			Current Likelihood	Current Impact	Current Evaluation
			04	03	12 Moderate
			Previous Likelihood	Previous Impact	Previous Evaluation
			03	03	09 Low
Mitigating / Preventing Actions Complete or Ongoing			Assigned to	Date	Status
<ul style="list-style-type: none">• Performance reports presented to all IJB meetings with full scorecard presented 6-monthly and annual reports produced to support monitoring and planning.• Organisational Performance Reviews with Chief Executives of NHSGGC and Renfrewshire Council• National, NHSGGC, Ministerial Steering Group and local performance measures• Regular review of key performance indicators with performance support available to all service areas• Review of systems used to record, extract and report data and development of data capture systems to inform local planning.• Needs Assessment carried out• Review of integration scheme in line with legislation and development of strategies in line with statutory guidance• Undertaking equality impact assessments to evidence how plans and strategies will support those in need• Ongoing budget monitoring and management to meet service demands• Staffing resources are flexed to meet priorities/demand• Quality care and professional governance arrangements• Ongoing work developing a culture of performance management and link to recovery and transformational activity• Ongoing maintenance of performance management framework agreed by IJB September 2021• Strong alignment between our strategic plan, medium term financial plans and our workforce plan• There remains a risk of national policy changes which could affect our alignment, but our review of strategic plan progress should mitigate against this risk.			SMT	Review August 2023	Ongoing
Mitigating / Preventing Actions Planned			Assigned to	Date	Status
<ul style="list-style-type: none">• Continuation of the above• Ongoing alignment of the Strategic Plan within action plans and performance monitoring processes			Head of SP&HI	Review August 2023	Ongoing

RSK13 Cyber threats pose an increasing risk					
Risk Statement	Risk Owner	Risk Description	Movement	Reason for Movement if applicable	
Cyber threats are an increasing risk to the HSCP and our respective partner organisations and there is a risk that either partner could be targeted to disrupt key infrastructure.	NHS - Director of eHealth Council - Head of IT	Cyber threats are a dynamic and growing threat to the HSCP and our partner organisations; NHS GGC and Renfrewshire Council. Until recently, much of the focus of such threats was the theft of financial data, not personal or patient/service user information. However, there is now a growing risk that we will be targeted in order to disrupt a key component of critical national or local infrastructure. As the HSCP's ICT infrastructure is provided by NHS GGC and Renfrewshire Council, the responsibility for addressing this risk sits with our partner organisations however shall be maintained in this log for monitoring. Since the last report the HSCP has continued to focus our Business Continuity Review on how the Partnership would operate in the event of a data or systems breach and work with partners is ongoing.	No Change	N/A	
			Risk Code	Category	Risk Management Approach
			RSK13	Strategic	Treat via Partners (Transfer)
			Current Likelihood	Current Impact	Current Evaluation
			05	04	20 High
			Previous Likelihood	Previous Impact	Previous Evaluation
			05	04	20 High
Mitigating / Preventing Actions Complete or Ongoing			Assigned to	Date	Status
<ul style="list-style-type: none">HSCP staff are reminded to follow the relevant GDPR and Information Security policies for their employment organisation.Renfrewshire Council have recently (Q2 and Q4 2021) reinforced their Information Security Policy and released several comms to staff regarding security of data and data protection generally. The Council have also conducted a Council-wide phishing scam test to raise awareness of the practice and inform lessons learned.NHS GGC operates a multi layered security model to defend against cyber threat.Both NHS GGC and Renfrewshire Council maintain appropriate information governance controls and governance structures to monitor and manage risks.The eHealth Directorate and Renfrewshire Council continue to build upon cyber defences with controls in place.Further implementation of additional cyber security prevention in alignment with National guidance by both partner organisations in light of the additional Ukraine risk.A recent Cyber Risk deep dive performed against the Council infrastructure and processes although assured as controlled, identified a few actions for implementation through 2023.			NHS - Director of eHealth Council – Head of IT	Historic	Ongoing
Mitigating / Preventing Actions Planned			Assigned to	Date	Status
<ul style="list-style-type: none">Continuation of the aboveFurther discussion with NHS e-Heath and Council regards the availability of key systems and alternative data access in the event of a cyber event.Robust plans to assure access to critical service data in the event of a data/systems breach with supporting operational processes have been developed and will be implemented throughout 2023 in advance of winter 2023-24			NA	Review September 2023	Ongoing

RSK14 Capital funding and complexities of property planning in an integrated setting					
Risk Statement	Risk Owner	Risk Description	Movement	Reason for Movement if applicable	
There is a risk that limited capital funding and the complexities of co-ordinating relevant property strategies and planning between partner organisations could create additional challenges in delivering the IJB's strategic plan in the medium- to long-term.	Chief Officer and CFO	<ul style="list-style-type: none">There is a risk that limited capital funding, and the complexities of coordinating a property strategy consistently across both NHS and Council properties, could create additional challenges in delivering the IJB's strategic aims in the medium to long term.Capital planning is reserved to the IJB's partner organisations. As such the ability to influence property strategies on an ongoing basis is required.Ongoing maintenance requirements across the estate.An increase in staff to support service recovery is also adding accommodation pressure.Budget challenges will require ongoing assessment of the property portfolio currently in use.	No Change	Budget challenges requiring ongoing assessment of property portfolio.	
			Risk Code	Category	Risk Management Approach
			RSK14	Strategic	Treat via Partners (Transfer)
			Current Likelihood	Current Impact	Current Evaluation
			05	05	25 High
			Previous Likelihood	Previous Impact	Previous Evaluation
			05	05	25 High
Mitigating / Preventing Actions Complete or Ongoing			Assigned to	Date	Status
<ul style="list-style-type: none">Property Strategy workstream established within the HSCP to gather key data to understand the current position across all our services including the challenges faced. Working directly with Renfrewshire Council to determine staff workplace requirements and NHS Estates team regards the property actions required.Primary Care Property Strategy submitted to IJB 25 June 2021.A property data gathering exercise completed to support the determination of property priorities.Refreshed HSCP Property Strategy Group commenced 11th May 2022.Ongoing attendance at the NHS Board/HSCP Capital Planning Group, last meeting 18th January 2023.			Chief Finance Officer	Review August 2023	Ongoing
Mitigating / Preventing Actions Planned			Assigned to	Date	Status
<ul style="list-style-type: none">Refreshed assessment of service and team needs as HSCP transitions in line with Scottish Government Strategic FrameworkDraft Property Strategy to be brought to IJB in September 2023.			Chief Finance Officer	Review August 2023	Ongoing

RSK15 Compliance with Essential Training					
Risk Statement	Risk Owner	Risk Description	Movement	Reason for Movement if applicable	
There is a risk that the pressures on staffing caused by service demands and workforce constraints following the pandemic, and differences in reporting systems, will impact on the timeous completion of and accurate reporting of mandatory training. This could impact on the provision of a safe working environment for staff and patients / service users.	SMT	Staff within the HSCP are required to undertake a range of essential training as part of their duties and responsibilities. Initially when recorded this risk was in relation to the pressures introduced by the pandemic, however it has now been updated to reflect: <div><div>1.</div><div>Recruitment and retention issues and the subsequent increased demands on staff which make it very challenging for appropriate time to be allocated to undertake training; and</div></div> <div><div>2.</div><div>Differences in our reporting systems which can make recording and comparison between employing organisations difficult</div></div> <div><div>3.</div><div>The availability of appropriate courses, trainers and venues to complete the required number of hours required.</div></div>	Increase	Continued service pressures, staffing levels and availability of course hours impacting progress.	
			Risk Code	Category	Risk Management Approach
			RSK15	Operational	Treat with Partners (Transfer)
			Current Likelihood	Current Impact	Current Evaluation
			05	04	20 High
			Previous Likelihood	Previous Impact	Previous Evaluation
			04	04	16 Moderate
Mitigating / Preventing Actions Complete or Ongoing			Assigned to	Date	Status
<div><div><div></div><div>Continued compliance with Staff Governance standards</div></div><div><div></div><div>Creation of a dashboard underway to present consolidated view of Health and Safety information for the HSCP in a single view. This will enable trends and areas of concern to be easily identified and action taken.</div></div><div><div></div><div>Collaborative working between the NHS and Council regards to Health and Safety, via a network of advisors ensures that the partnership correctly applies the required H&S standards.</div></div><div><div></div><div>Recording of incidents, including violent incidents are reviewed by Service Managers with data presented on a regular basis prior to them being reviewed via the Joint Health and Safety Committee (includes trade unions)</div></div><div><div></div><div>Workforce planning activity will reinforce Health and Safety as a core objective</div></div><div><div></div><div>Completion of individual risk assessments for clients and warning flag system in place on electronic care records.</div></div><div><div></div><div>Guidance for safe clinical and care environments is regularly reviewed and maintained</div></div><div><div></div><div>Ongoing programme of staff training, including essential and statutory training, on health and safety issues (sharps, manual handling, and fire)</div></div><div><div></div><div>Appropriate processes have been created and are invoked in cases of adverse weather for community-based services</div></div><div><div></div><div>Following investigations of significant adverse events (including RIDDOR reportable), process improvements are identified and implemented, being overseen via the most appropriate governance structure.</div></div><div><div></div><div>Occupational Health services and staff support services are available and regularly communicated to staff.</div></div><div><div></div><div>Renfrewshire Council policies and procedures regards DSE assessments are regularly monitored</div></div></div>			Head of Health and Social Care	Historic	Ongoing
Mitigating / Preventing Actions Planned			Assigned to	Date	Status
<div><div><div></div><div>Monthly review of training compliance continues.</div></div><div><div></div><div>Additional course providers are being identified and train the trainer events taking place.</div></div></div>			SMT	Review July 2023	Ongoing

RSK16 Delivery of Addictions Support in Renfrewshire

Risk Statement	Risk Owner	Risk Description	Movement	Reason for Movement if applicable	
There is a risk that the support provided to those with Addictions in Renfrewshire by the range of partners within the ADP, and the recommendations being implemented from the Alcohol and Drug Commission, may not prevent future increases in the number of drug and alcohol related deaths within the area.	SMT	<p>The National Records of Scotland published drug related death figures for 2020 and in Renfrewshire 67 people sadly lost their lives. For 2021, recent figures show 50 people died. Every life lost because of drug or alcohol harm is a tragedy.</p> <p>Statistics show that around 66% drug deaths are individuals not known to services or in treatment at time of death. Partners across Renfrewshire continue to work closely and collaboratively to develop services to support to those with addictions, and a range of actions are outlined in the mitigating / preventing actions below. However, in response to the latest figures on drug deaths, it is important that the HSCP and ADP partners continue to review existing strategy and plans to ensure that those at risk can be reached and supported as early as possible to prevent drug related deaths in future</p> <p>Figures published by NRS have also shown that between 2017 and 2021 a total of 227 deaths were caused by Alcohol in Renfrewshire. This is the eighth highest figure across the 32 Scottish Local Authorities.</p>	No Change	N/A	
			Risk Code	Category	Risk Management
			RSK16	Strategic	Treat with ADP
			Current Likelihood	Current Impact	Current Evaluation
			03	04	12 Moderate
			Previous Likelihood	Previous Impact	Previous Evaluation
			03	04	12 Moderate
Mitigating / Preventing Actions Complete or Ongoing			Assigned to	Date	Status
<ul style="list-style-type: none">The review of 2019 and 2020 drug deaths within Renfrewshire has been completedRecovery hub refurbishment complete and services established in November 2021Extended distribution of NaloxoneWorking with Peer NavigatorsUse of Near Me to encourage engagementExtended access to residential rehabilitation services.Close collaboration with colleagues from the emergency department at the RAH following near fatal overdoses.Ensure that rapid restart of treatment is available following relapse.Adopted an assertive outreach approach for service users.Have a clear pathway in place for those who are released from prison.Developing and implementing the Drug Deaths Prevention Action PlanContinuing to implement the recommendations of the Alcohol and Drug CommissionHarm reduction unit established in December 2021 (HaRRT - Harm and reduction response team)Drug death prevention officer role recruited to the ADP, and ongoing collaborative review and update of plans alongside the ADP.Multiagency review and discussions required regards further actions capturedSpecialist Alcohol Outreach Team in place - the aim of their work is to provide care in the community for frequent attenders at the RAH who do not engage with other services.A dedicated post was created to increase the number of Alcohol Brief Interventions delivered across Renfrewshire.			ADP Head of MH, LD, and Addictions	Review July 2023	Ongoing
Mitigating / Preventing Actions Planned			Assigned to	Date	Status
<ul style="list-style-type: none">Updated figures on drug deaths to be received quarterly rather than annually to support quick review and identification of learning. Public Health Scotland continue to publish Suspected Drug Deaths from Police Scotland data. Last publication was October 2022 covering the period April-June 2022)An enhanced multi-agency approach to the review of drug-related deaths that occur in Renfrewshire has been developed and a working group established to implement a multi-agency drug death review group (DDRG), The working group has now concluded following the development of a multiagency collection template, established group aims, and agreed DDRG processes. The first DDRG meeting was			ADP Head of MH, LD, and Addictions	Review July 2023	Ongoing

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<p>held in November 2022 to agree processes. An Information Sharing Agreement remains underway. On completion, the group will be able to meet monthly to review drug-related deaths that have occurred in Renfrewshire.</p> <ul style="list-style-type: none"> • Regular meetings with partners to discuss and learn from non-fatal overdoses. ADRS, including HaRRT attend the Daily Tasking meetings to discuss risks and support to individuals affected by alcohol/drug use. An enhanced process for the review of non-fatal overdose will take place following the embedding of the DDRG, and development of an enhanced access team for Renfrewshire. • The DDPG continue to progress activity outlined within the Renfrewshire Preventing Drug Deaths Action Plan, which covers the period 2021 – 2024. Following a development day session with DDPG members, and the release of the Drug Death Task Force Final Report – <i>Changing Lives</i>, additional actions for the group will be identified and added to the plan. The DDPG has been fundamental in the implementation of a multiagency Naloxone Delivery Group and work plan, and the development of an enhanced drug death review process for Renfrewshire. • Ongoing planning continues around alcohol and drug services to address the requirements of the wider Renfrewshire community. This work will address any requirements aligned to the delivery of the National MAT standards and alcohol quality principles. • Renfrewshire ADRS recently completed the impact assessment for the implementation of the alcohol recovery pathway as requested by ADRS Care Governance Committee. This benchmarking assessment will inform the Alcohol Specific Deaths Action Plan when the dedicated post recruited. • There is now an Alcohol Provision SOP in place which addresses some of the deficits we have e.g., alcohol home detox is now a routine treatment option. Now considering the next steps for the alcohol transition team. 			
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RSK18 Impact of potential power outages on critical services					
Risk Statement	Risk Owner	Risk Description	Movement	Reason for Movement if applicable	
The Scottish Government have requested that Category One Responders create plans to cater for the impacts of potential power outage on our critical services. This should reflect both planned and unplanned power outages.	Chief Officer	The Scottish Government have requested that Category One Responders prepare plans to ensure, as far as possible, the delivery of critical services during instances of power outage. This risk arises from two potential scenarios: <ul style="list-style-type: none">Planned power outages being possible over the winter period due to energy shortages (in a reasonable worst-case scenario)Unplanned power outages due to a network failure or sever weather event e.g., Similar to Storm Arwen. This has been widely reported within the media. The UK Government recently completed the testing of a UK alert system via the mobile network and a test exercise in readiness for Winter 2023-24.	No Change	N/A	
			Risk Code	Category	Risk Management Approach
			RSK18	Operational	Treat
			Current Likelihood	Current Impact	Current Evaluation
			03	05	15 Moderate
			Previous Likelihood	Previous Impact	Previous Evaluation
			03	05	15 Moderate
Mitigating / Preventing Actions Complete or Ongoing			Assigned to	Date	Status
<ul style="list-style-type: none">Planning activity has been undertaken across the partners and services to look at the potential impacts of a power outage on our operational service delivery.Services have undertaken a RAG process to understand the level of service user needs and service provision within a power outage event.An approach to data management has been signed off to support service management and maintenance in such events.			Chief Officer	Historic	Ongoing
Mitigating / Preventing Actions Planned			Assigned to	Date	Status
<ul style="list-style-type: none">Work remains underway to develop communications and robust plans for staff to support in the event of such an event. Additional planning includes but is not limited to:<ul style="list-style-type: none">Identification of buildings with back-up generatorsIdentification of back-up power, cooking, and lighting optionsWorking with the council and other partners regards any humanitarian responses required.Working with independent providers and contractors to support them with their planning.Training for staff on loggist requirements and incident responseCommence winter planning preparations in August 2023			Chief Officer	End July 2023	Ongoing

Renfrewshire IJB Risk and Issue Register Audit, Risk and Scrutiny Committee 23 June 2023

ISS01 Issues regards attracting & retaining staff					
Issue Statement	Issue Owner	Issue Description	Movement	Reason for Movement if applicable	
Challenges in attracting and retaining staff across a range of roles within HSCP services, because of a range of factors, is contributing to constraints in service delivery.	SMT	It has become increasingly difficult to attract and retain the right staff for various roles across the HSCP. A number of services are now experiencing significant challenges with recruitment due to the following: <ul style="list-style-type: none">• Changes due to the Scottish Government nursing agenda has resulted in some posts more attractive than others and also altering the role requirements (specified nursing degrees). District and School nursing are particularly affected.• Varying rates of pay and conditions across HSCPs• A general shortage locally and nationally for specific roles.• A perceived reduction in number of applicants for frontline roles such as Care at Home in light of the impact of the pandemic and its associated challenges.• The NCS Bill is also adding uncertainty for the future of social care roles.	No Change	NA	
			Issue Code	Category	Issue Management Approach
			ISS01	Operational	Treat
			Current Impact	Current Evaluation	
			05	Extreme	
			Previous Likelihood	Previous Evaluation	
			05	Extreme	
Mitigating and Recovery Actions Complete or Ongoing			Assigned to	Date	Status
<ul style="list-style-type: none">• HR & Recruitment – risk assessment undertaken re vacancies, reduced timescales from request to advert, robust application of absence management processes, regular review / refresh of statutory and mandatory training and professional registration / revalidation and adherence to application checklists (e.g., disclosure)• Implementation of alternative recruitment routes where possible in agreement with HR & OD• Development of interim workforce plan 2021-22, and a workforce plan for 2022 to 25 which approved by the IJB in November 2022• Winter planning – 3-month forward plan completed to ensure adequate staffing and contingency. Scenario planning completed with services – to identify any possible additional staffing mitigations. This has been revisited for Winter Plan 2022/23.• Contingency exercise completed to identify staff who are willing to volunteer to support other services should the situation arise.• Implementation of workforce status dashboard, and daily situational reporting established for critical services regards staffing.• Completion of two job fairs to attract staff completed with a good success rate.			HSCP SMT	Review August 2023	Ongoing
Mitigating / Recovery Actions Planned			Assigned to	Date	Status
<ul style="list-style-type: none">• Work continues with services to work collaboratively to identify and complete actions to improve staff retention and recruitment, defining innovative approaches to recruitment.• NHS GGC work to ‘grow our own’ professionals underway allowing candidates to earn whilst they train.• Independent Providers – collaborative working continues with Primary Care and cluster support for GP practices / services.• Ongoing delivery of action plan underpinning workforce plan for 2022-25			HSCP SMT	Review August 2023	Ongoing

Renfrewshire IJB Risk and Issue Register Audit, Risk and Scrutiny Committee 23 June 2023

ISS02 IJB Financial Resilience					
Issue Statement	Issue Owner	Issue Description	Movement	Reason for Movement if applicable	
Budgetary position represents a real challenge for this and future financial years. Significant sums of funding from our reserves are having to be utilised in this financial year, alongside the delivery of a programme of financial savings which will have a direct impact on front line services.	SMT	The March IJB agreed the proposed budget and the sustainable futures paper which outlined some high-level savings proposals for delivery in this financial year. To achieve the proposed balanced budget significant sums from our reserves are being utilised, circa £6m subject to some confirmation of some additional partner charges for 22-23 financial year. Use of reserves to facilitate budgetary balance in 2023/24 leaves the IJB a general reserve of c0.4% of its net budget; far below the 2% target outlined in the IJBs Reserves Policy. This represents a significant risk to the IJB and means the financial resilience of the IJB in future years will be severely comprised. The use of non-recurring support to balance the 2023/24 budget also means the IJBs budget is no longer in recurring balance. This will have an impact on our ability to deliver on our Strategic Plan, what can be delivered and when. As we go into 2023/24 and beyond this will require the IJB to prioritise decisions for investment and disinvestment in order to deliver on our priority of a sustainable future.	New	New to log following March IJB	
			Issue Code	Category	Issue Management Approach
			ISS02	Financial	Accept
			Current Impact	Current Evaluation	
			05	Extreme	
			Previous Likelihood	Previous Evaluation	
			NA	NA	
Mitigating and Recovery Actions Complete or Ongoing			Assigned to	Date	Status
• Ongoing work to review partner costs and to identify potential savings areas for consideration.			HSCP SMT	Review August 2023	Ongoing
Mitigating / Recovery Actions Planned			Assigned to	Date	Status
• A new market facilitation plan is being created for Renfrewshire to provide some guidance on future direction of travel • A programme of activity to identify, scope and implement a range of savings proposals is underway. Approach and scope will be shared with IJB in June 2023, and fu			HSCP SMT	Review August 2023	Ongoing

[This concludes the RHSCP Risk and Issue Report for 23 June 2023 IJB Audit, Risk & Scrutiny Committee]



To: Renfrewshire Integration Joint Board Audit, Risk and Scrutiny Committee

On: 23 June 2023

Report by: Head of Strategic Planning and Health Improvement

Heading: Audit Scotland: Local Government in Scotland Overview 2023

1. Summary

- 1.1. For the past three years Audit Scotland have prepared a report on behalf of the Accounts Commission which provides a high level, independent view on the challenges local government has faced as a result of the pandemic. The third and final report on the topic was published in mid-May 2023 and is included as Appendix 1 to this report.
- 1.2. Audit Scotland identifies five key challenges for local government in Scotland – financial sustainability, community needs, collaboration, leadership and workforce. For each of these five, the report considers the impact of the pandemic, the current challenges, and how councils are responding. A number of case studies are included to show how different councils have dealt with the many challenges arising.
- 1.3. This report sets out a brief summary of the Audit Scotland overview.
-

2. Recommendations

It is recommended that the IJB Audit, Risk and Scrutiny Committee:

- Note the contents of this report; and
 - Note the contents of the Audit Scotland overview included as Appendix 1.
-

3. Key Themes and Recommendations from the Report

- 3.1. In May 2023, Audit Scotland published its annual 'Local Government in Scotland: Overview 2023' report. This is the third of three annual reports undertaken by the Accounts Commission examining the impact of the pandemic on councils and their performance. The report acknowledges that since the onset of the pandemic demand and

workforce pressures have deepened. Audit Scotland believe that radical change is urgently needed if councils are to be able to sustain services.

- 3.2. The report presents five key themes and sets out recommendations for councils, for COSLA and for the Scottish Government under each of these key messages.
- 3.3. The first key theme is Finance and Resources and the report notes that budget constraints and cost pressures are putting councils' finances under strain. The report recommends that the Scottish Government and COSLA take urgent action to finalise the New Deal for local government which includes a fiscal framework for local government that support sustainable funding and greater financial flexibility and transparency. It also recommends that the Scottish Government provide more detailed financial information to councils and that councils need to set out medium- to long-term financial plans detailing how recurring savings will be delivered and how council resources will be targeted to achieve long term priorities.
- 3.4. The second key theme is Community Need and Inequalities, noting that councils have a clear focus on tackling inequalities but the extent and impact of needs not being met is unclear. The report recommends that councils be more transparent with the public about the scale of service demands and should have a clear plan for strengthening their use of data to better understand local needs.
- 3.5. The third key theme is Collaboration and the report states that it is only by working more collaboratively that councils and their local partners, communities and the third sector will be able to sustain services and tackle major policy issues such as child poverty and climate change. The report recommends that councils maximise the potential of collaboration and work across the public sector and third sector to redesign and provide services, and that service users and communities should be involved in service redesign.
- 3.6. The fourth key theme is Leadership, with the report asserting that leaders must think radically and make fundamental changes to how councils operate in future, building on the collaboration and innovation that emerged during the pandemic. The recommendations are for council leaders to invest time and capacity in rethinking the operating model, being open with communities and staff about the need for change and what that means for future service delivery, and have a clear vision for long term policy and performance priorities and how these will be delivered and monitored.

- 3.7. The fifth key theme is Workforce and notes that councils need to innovate and build on the agility, flexibility and joint working that was demonstrated during the pandemic in order to meet workforce challenges. The recommendation is focused on councils improving their workforce planning to more effectively develop and deploy their workforce. This would include building the capacity and skills to undertake workforce planning, and update workforce plans to identify and address skills gaps, make best use of the existing workforce, and plan for the skills needed to deliver future services.

4. The impact of the pandemic on councils' performance

- 4.1. The report notes that councils' performance was beginning to stall prior to the pandemic, and whilst there has been a recovery in some services, backlogs remain and performance is declining in some areas. Essential services were prioritised during the pandemic and Audit Scotland state that spending on children's services and adult social work has been protected over the last 10 years at the cost of disproportionate reductions to other services.
- 4.2. In Exhibit 2, the report summarises performance by broad service area by making reference to Local Government Benchmarking Framework (LGBF) data. It groups services into three main categories:
- Performance at risk or declining;
 - Performance mixed or recovering;
 - Performance maintained.
- 4.3. The report authors consider that four service areas fall under the 'at risk or declining' category: adult social care, housing and homelessness, environmental services, and culture and leisure. In relation to adult social care, it states "there are signs that the sector is in crisis, with growing backlogs, declining satisfaction and no clear picture of demand or unmet need." Elsewhere, it highlights challenges in relation to availability of social housing, a broad national trend of street cleanliness being perceived as declining, and the continued impact on culture and leisure following prolonged shutdowns.
- 4.4. Children's services and economic development and tourism were the two service areas where performance was considered to be mixed or recovering. Attainment is noted as having improved in 2021/22 but not yet to pre-pandemic levels. The impact of the pandemic is also evident in relation to business start-ups though the performance of employability services is strong

4.5 One service is noted as maintaining performance, which is corporate services. The growth in activity because of the critical role in delivering Covid-19 grants, supporting financial hardship and enabling homeworking is noted.

5. What are the current challenges facing local government?

5.1 This section of the Audit Scotland report focuses on the five key messages outlined earlier. It presents several charts and tables to outline the challenges that have arisen which it considers are broader than just pandemic-related; it cites reductions in funding, increased ring-fencing, cost pressures, changing demographics, the cost of living crisis, and the managing of a programme of national reforms as challenges.

5.2 The report highlights recent increases in real-term funding to local government but notes that this has brought funding back to a level similar to 2015/16. However, it also notes that cost pressures are increasing as a result of inflationary pressures, increasing demand for services, the cost of pay awards, and the impact of external economic factors. Reference is made to the Local Government in Scotland: Financial Bulletin 2021/22 which calculated the proportion of ring-fenced funding as 23% of total revenue funding compared with 18% the previous year.

5.3 For a number of years, the challenges of an ageing population have been highlighted. Audit Scotland note the gap in healthy life expectancy between the top and bottom socio-economic groups. They also note the persistently high rate of child poverty in Scotland. As well as demands growing for council support for people experiencing hardship, councils also face the risk of reduced income from rents and council tax.

5.4 The critical role councils play in delivering many national policies alongside local priorities is noted. Examples include the expansion of early years provision and plans for a new National Care Service. In respect of the latter, the report notes that whilst there is broad consensus that national reform is needed, there is not agreement about what reform should look like and how it would be implemented, and the actual scale of the costs are not clear.

5.5 Audit Scotland highlight that recruitment and retention continue to be challenging for councils, and that workforce pressures are evident in absence levels, despite councils increasing their focus on employee wellbeing. The vacancy rate in social care services for 2021 is reported as 8.1%, up from 5.1% in 2020.

- 5.6 The report praises the strong collaborative leadership that was in evidence in many councils during the pandemic, and that the pandemic response tended to be quicker in areas where good partnership working was already in place. However, it refers to recent Best Value audit work that has identified considerable turnover in senior leadership across councils, and specific incidences where governance, scrutiny and/or strategic leadership have been ineffective. The need for councils to have sufficient leadership capacity to deal with the many challenges detailed in the report is highlighted.

6. How are councils responding?

- 6.1 The final section of the report is focused on the need to plan for longer-term change whilst still delivering services and making improvements in the short term. It states that services should be focused on improving outcomes and performance in innovative, affordable and sustainable ways. It sets out the lessons learned from the pandemic in each of the five key themes and what Audit Scotland believe remains to be done. The importance of the New Deal for local government as a means of improved financial sustainability is stressed.
- 6.2 The report presents a number of short case studies outlining how individual councils are responding to the challenges detailed by Audit Scotland. Examples include the elected member development programme in West Lothian Council, a regional economic strategy developed and delivered jointly by Dumfries and Galloway and Scottish Borders Councils and Angus Council's resilience programme to promote staff wellbeing.

7. Next Steps

- 7.1 Overview reports such as this are very useful in understanding national trends and reflecting on whether there is local variation. The findings of this support will support the council's continuous improvement agenda and will be considered alongside other external evaluations such as Best Value assurance reports and reviews undertaken by bodies such as the Improvement Service and the Care Inspectorate.

Implications of the Report

1. **Financial** – Local government's approach to financial sustainability is highlighted in Audit Scotland's report.

2. **HR & Organisational Development** – Local Government approach to workforce planning and organisation development are highlighted in Audit Scotland's report.
3. **Strategic Plan and Community Planning** – the Audit Scotland report makes reference to greater need for collaboration and partnership working.
4. **Wider Strategic Alignment** – none
5. **Legal** – none
6. **Property/Assets** – none
7. **Information Technology** – none
8. **Equality & Human Rights** – 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 have been because the report is for noting only.
9. **Fairer Scotland Duty** – none
10. **Health & Safety** – none
11. **Procurement** – none
12. **Risk** – None.
13. **Privacy Impact** – n/a.

List of Background Papers – none

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Local government in Scotland

Overview 2023



ACCOUNTS COMMISSION 

Prepared by Audit Scotland
May 2023

Who we are

The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

You can find out more about the work of the Accounts Commission on our website:

www.audit-scotland.gov.uk/about-us/accounts-commission

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Key messages and recommendations

Councils have never faced such a challenging situation, with demand and workforce pressures deepening after the Covid-19 pandemic and funding forecast to reduce in real terms. Radical change, achieved through greater collaboration, is urgently needed if councils are to maintain services.

1 Finances and resources

Budget constraints and increasing cost pressures are putting councils' finances under severe strain. An increasing proportion of funding is ringfenced or directed for national policy initiatives. While this is important to help deliver national priorities, it prevents councils from making decisions about how funds can be used at a local level, to meet local need. Councils have had to make significant savings to balance their budgets. Increasingly difficult choices about spending priorities and service provision are having to be made.

Recommendations:

The **Scottish Government** and **COSLA** need to take urgent action to finalise the New Deal for local government ([paragraphs 71–73](#)) and agree:

- a new partnership agreement with councils that supports collaboration
- a fiscal framework for local government that supports sustainable funding and greater financial flexibility and transparency.

The **Scottish Government** needs to provide more detailed financial information (eg, breakdown of type of funding and individual council allocations) to support councils longer-term financial planning.

Councils need to set out medium- to long-term financial plans that detail:

- how they will make recurring savings and reduce reliance on reserves to fill budget gaps
- how council resources are targeted to achieve their long-term policy and performance priorities.

2 Community needs and inequalities

The pandemic has affected performance across all service areas. There are signs of growing backlogs and declining performance in some service areas. Councils have a clear focus on tackling inequalities but the extent and impact of needs not being met is unclear. Some communities are facing crisis, with persistently high levels of poverty and increasing financial hardship putting additional pressure on services, at a time when councils have less capacity to support them.

Recommendations:

- **Councils** should be more transparent with the public about scale of service demand, the extent of backlogs and changes to eligibility criteria necessary to ration access to services and any impact this has on unmet need.
- **Councils** should have a clear plan for strengthening their use of data to understand needs, make decisions and direct resources. This includes equalities data, and learning from those with lived experience.

3 Collaboration

The scale of the challenges ahead means that radical change is needed. It is only by working more collaboratively that councils and their local partners, communities and the third sector will be able to provide sustainable local services and deliver a significant programme of national reform to tackle issues such as climate change, child poverty and inequalities.

The pandemic demonstrated the benefits of partnership working and shared local goals. This needs to continue. Few councils provide services jointly or share professional support services. Many councils engage well with communities and local partners to better understand local priorities and needs. Now councils must better involve service users and communities, including those with lived experience, as they redesign services.

Recommendations:

Councils need to maximise the potential of collaboration by demonstrating they are:

- working with other councils, the wider public sector and the third sector to redesign and provide services
- involving service users and local communities in the redesign of services.

4 Leadership

Leaders must think radically and make fundamental changes to how councils operate in future, building on the collaborative and innovative ways of working many demonstrated during the pandemic. Leaders need to be open with their staff, communities and local partners about the difficult decisions ahead and be clear about how change will be achieved. The level of volatility, uncertainty (such as plans for a national care service) and immediate financial pressures make planning and delivering sustainable change more difficult. Ineffective leadership and high turnover identified at several councils, alongside tensions with central government present risks to their ability to make fundamental changes at the pace needed.

Recommendations:

Councils' leaders need to invest time and capacity in thinking radically about their future operating model, and:

- be open and clear with communities and staff about the need for change, what that means for future service delivery and involve communities in making difficult decisions
- set out a clear vision for their long-term policy and performance priorities, and how it will be delivered and monitored
- work with the Scottish Government to rebuild an effective relationship.

5 Workforce

Increasing workforce challenges, including a competitive labour market and high sickness absence levels, are putting councils under continued pressure. Councils need to innovate by developing the skills and building on the agility, flexibility and joint working demonstrated during the pandemic to make best use of their existing workforce. Wellbeing initiatives must continue and councils should monitor the impact of new ways of working such as hybrid working on both performance levels and staff wellbeing.

Recommendations:

Councils need to improve workforce planning to effectively develop and deploy their existing workforce. This includes:

- building the capacity, skills, strategic thinking and comprehensive workforce data needed for effective workforce planning
- updating workforce plans to reflect new models of service delivery and ways of working, including how they are:
 - identifying and addressing skills gaps, at operational and leadership levels
 - making best use of their existing workforce by collaborating with partners to overcome recruitment challenges
 - planning for the skills needed to deliver future services, focusing on collaborative and flexible working, including working with the higher education sector to plan and develop skills for the roles needed.

Background

About this report

In August 2020, the Accounts Commission agreed a strategic medium-term approach to reporting on the impact of the Covid-19 pandemic. This approach committed to producing a series of annual overview reports over a three-year period.

This report:

- is the third and final overview report in the series
- builds on the previous reports in the series and examines:
 - how has the pandemic affected councils and their performance?
 - what are the current and future challenges facing local government?
 - how well placed are councils to deal with the current and future challenges?
- draws on findings from the financial bulletin, considering these in the context of the wider overview.

The findings of this report are drawn from 2021/22 annual audits, performance and best value audit work carried out during 2022 and from specific research and analysis of available data and intelligence.

Web resources



To support improvement, we have developed a set of resources for councils which are available on our [website](#). These resources include two supplements:

- a collection of [case studies](#) to illustrate issues and practice across councils
- a checklist with [questions for elected members](#), to help in their scrutiny and decision-making roles and in their work with council executives.



Previous reports

This report follows the first two reports in the series:

- [Local government in Scotland: Overview 2021](#) considered councils' response to and management of the initial phase of the Covid-19 pandemic.
- [Local government in Scotland: Overview 2022](#) considered the ongoing impact of the pandemic and councils' progress towards recovery and renewal.

Each year we publish a financial overview. The most recent one, [Local government financial bulletin 2021/22](#), was published in January 2023.

The impact of the pandemic on councils' performance

Service performance was beginning to stall before the pandemic as a result of long-term reductions in funding and wider pressures. The pandemic has affected performance across all service areas. Some services are showing signs of recovery, but there are also signs of growing backlogs, declining performance in some areas and services at capacity. The extent and impact of needs not being met is not clear.

The pandemic has adversely impacted performance across all service areas and there are signs of growing backlogs, declining performance in some areas and services at capacity

1. In our [Local government in Scotland: Overview 2020](#), we reported that service improvement had begun to stall or even decline as councils dealt with increasingly challenging pressures and long-term reductions in funding. For example:

- performance in many areas of adult social care including delayed discharge, satisfaction and service quality had all slowed or started to decline
- some educational attainment and early years indicators had declined

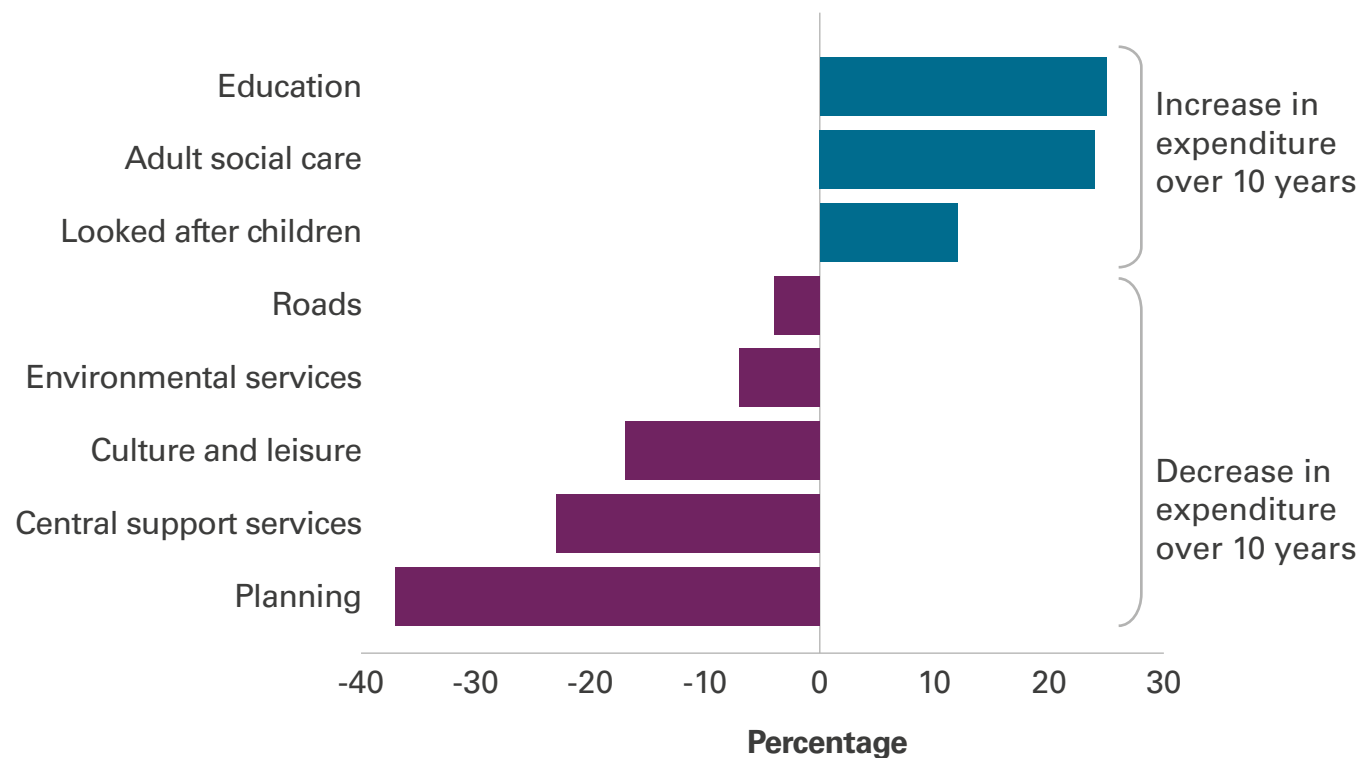
- improvements to recycling levels had stalled and satisfaction with street cleaning and waste collection had reduced
- costs for culture and leisure services had reduced and the number of attendances had increased, but satisfaction had declined across all service areas.¹

2. Over the last decade, there is a clear divergent pattern of spend. Spending on children's services (education and looked after children) and adult social care has been protected and increased because of national policy directives. This means that the remaining 'unprotected' services have borne a disproportionate level of spending reductions ([Exhibit 1, page 9](#)) and some services entered the pandemic already under pressure.

¹ Local Government Benchmarking Framework 2018/19

Exhibit 1.

Percentage change in expenditure (in real terms) over ten years from 2012/13 to 2021/22



Note: Economic development and Tourism services have seen a 43 per cent increase over the period. We have excluded this from the chart as year-to-year expenditure is volatile and there is not a consistent trend in spending over this period.

Source: Local Government Benchmarking Framework, 2021/22

3. Since March 2020, the context councils have been operating in has been unprecedented. While staff worked hard and adapted to maintain the delivery of key services during the Covid-19 pandemic, performance across all services areas was adversely impacted.

4. During the pandemic, councils gave priority to providing essential front-line services to support the most vulnerable. Other services such as culture and leisure were closed for extended periods in line with Scottish Government guidance. Although councils report that all services have restarted, some are not available to the same extent as before the pandemic, and backlogs remain.

5. Councils state that they have a clear understanding of where increased demand and backlogs exist and report on these publicly through committees. We found some good approaches to managing service level demands and backlogs, such as including them in strategic planning and budgeting as well as joint working with local partners.





6. A lack of publicly available data means that we do not know the scale of service demand, backlogs and, in particular, unmet need – and nor does the public. Councils need to be more transparent with the public about the impact of the pandemic, and pressures more widely, on service performance, the extent of backlogs and changes to eligibility criteria necessary to ration access to services.

7. [Exhibit 2 \(page 11\)](#) shows Local Government Benchmarking Framework performance indicators two years on from the start of the pandemic but before the recent cost-of-living crisis and inflationary cost pressures. Nationally, performance in some services is showing signs of recovery, eg education, but it is concerning that there are signs of backlogs, declining performance, and systems at capacity in some of the services that will be most in demand during the cost-of-living crisis, eg housing, homelessness and social care.

8. Councils can make different policy choices about their service and performance priorities. Councils also operate in different environments and these different local factors such as levels of deprivation, population distribution, size of council area and geography affect service demand and performance. An ageing population increases demand for social care services, rurality can make it more difficult to deliver services cost-effectively, and deprivation and poverty have wide-ranging impacts which can affect council services.

Exhibit 2.

Service performance during the covid-19 pandemic against selected Local Government Benchmarking Framework indicators up to 2021/22

Performance at risk or declining	
 Adult social care	<p>There are signs that the sector is in crisis, with growing backlogs, declining satisfaction and no clear picture of demand or unmet need. Spending increased during the pandemic, continuing the longer-term trend. Homecare hours dropped slightly in 2020/21 before increasing to the highest levels ever recorded in 2021/22. Satisfaction continued to decline, and 2021/22 saw a drop of eight per cent in care services graded 'good' or 'better'.¹ Concerns have been raised about day centres not fully reopening. Delayed discharges, an indicator of capacity in the system, dropped at the start of the pandemic but are now at their highest levels since the current guidance came into place in 2016 (delays due to the non-availability of home care are also at their highest).</p>
 Housing and homelessness²	<p>Housing performance indicators fell during the pandemic as a result of increasing financial hardship and Covid-19 restrictions limiting access to properties. Loss of income increased from rising rent arrears and voids. Maintenance performance fell. There was a large drop in housing quality in 2021/22 but overall energy efficiency continues to improve. This reflects Covid-19 related delays in carrying out electrical safety inspections, installing smoke and heat detectors, and upgrading work to improve energy efficiency.³</p> <p>During the first year of the pandemic homelessness fell as a result of emergency extra protections but it is rising again. Some councils are not meeting their statutory duties in terms of homelessness. Performance in providing temporary accommodation is worsening, with record levels of children living in temporary accommodation. Social housing supply is insufficient to meet demand.</p>
 Environmental services	<p>Performance declined during the pandemic. Recycling rates fell during 2020/21 and have not recovered. Cleanliness levels continued their long-term decline, especially in councils with the highest levels of deprivation. Against the long-term trend, parks expenditure increased in 2021/22 largely due to reinstatement of works, following reduced expenditure/income in 2020/21 during lockdowns.</p>
 Culture and leisure	<p>Services were severely affected by the pandemic and future risks are significant. The impact on these services was severe in 2020/21 and into 2021/22 as many facilities closed in accordance with Scottish Government guidelines. This impact can be seen in lower attendances and increased costs per visit: leisure services and museums saw a partial recovery in 2021/22 but library services saw little rebound. With little resilience in these services owing to long-term funding reductions, future challenges are significant. A recent survey of leisure trusts suggests a high risk of closures as a result of inflationary cost pressures.⁴</p>

Cont.

Performance mixed or recovering



Children's services

Performance during the pandemic was mixed, attainment and progress towards closing the poverty-related attainment gap stalled but has shown some recovery. Spending increased during the pandemic, continuing the longer-term trend. This was driven by the expansion of early learning provision. Primary schoolchildren's attainment improved in 2021/22 compared with 2020/21 but has not yet recovered to its pre-pandemic level. A similar trend is seen in the poverty-related attainment gap, which narrowed in 2021/22 compared with 2020/21 but remains larger than pre-pandemic. S3 pupils' attainment fell in 2021/22 compared with pre-pandemic, and the attainment gap widened. The improvement in senior secondary school pupils' attainment seen during the pandemic was sustained in 2021/22 when exams resumed, most strongly in councils with high levels of deprivation. It is concerning that the quality ratings of early learning provision continued to decline and developmental concerns for pre-school children have risen.



Economic development and tourism

Performance declined during the first year of the pandemic, as activity was refocused on Covid-19 financial support, but shows signs of recovery. Investment in economic development dropped during 2020/21 before rebounding to its highest level in 2021/22. That period also saw a huge increase in those helped into work by council employability programmes, reversing the previous trend. Councils' support for business start-ups, a measure of investment in wider economic development, fell early in the pandemic but has shown some recovery. Performance is likely to reflect the impact of councils redeploying staff from traditional employability and business support to focus on the distribution of Covid-19 support grants as well as wider uncertainty in the economy, labour shortages and disrupted supply chains.

Performance maintained



Corporate services

Performance dipped slightly but activity significantly increased, as corporate support services had a critical role in delivering Covid-19 grants, supporting financial hardship and facilitating homeworking for councils' workforce. Spending on the Scottish Welfare Fund and Discretionary Housing Payment rose significantly in 2020/21 and again in 2021/22. Councils processed £72.8 million in self-isolation support grants, mainly in 2021/22.

Notes:

Indicators capture national performance before the recent cost-of-living crisis and inflationary cost pressures. The Improvement Service advises that the methodology for measuring satisfaction indicators through the Scottish Household Survey has changed, so we do not have trends available for comparison.

1. Care service quality figures should be interpreted with caution, as the Care Inspectorate states that this may be due to a focus during the pandemic on higher-risk or failing services.

2. Homelessness statistics are not part of the LGBF. Source is Scottish Government homelessness statistics publication.

3. The decrease in performance against housing quality should be interpreted with caution as higher Scottish Housing Quality Standards were introduced in this time period.

4. [Current Landscape for Leisure and Culture Charities in Scotland](#), Community Leisure UK (Scotland), November 2022.

Source: Improvement Service's Local Government Benchmarking Framework 2021/22 and Scottish Government homelessness statistics

9. The impact of the Covid-19 pandemic on performance at a local level varied as these local factors affected the levels of need and demand, and councils' responses and solutions. Councils should use the Local Government Benchmarking Framework (LGBF) alongside local data and intelligence to compare their performance with neighbouring or similar councils to assess the effectiveness of new ways of working and to help inform them where improvements and better outcomes for communities can be achieved ([Case study 1](#)).

10. Given the service demand and cost pressures facing councils it is unlikely that they will be able to maintain performance across all of the services they currently provide without radical change.

Councils will need to make difficult choices about what their service and performance priorities are. Strengthening the use of data and consulting and involving communities, especially the experience of service users, will be critical to informing these decisions.

Case study 1.

Use of LGBF data to inform improvement

South Lanarkshire Council worked collaboratively with the Improvement Service to achieve the most value from the LGBF indicators in a way that helps drive its improvement based on its strategic priorities.

In December 2021, the Improvement Service provided a bespoke analysis of LGBF indicators for the council, structured around the council's new Connect Plan. Each of the council's services considered which LGBF indicators added value for inclusion in a subset of indicators for future reporting. Of the 95 LGBF indicators available, 33 were identified as aligning with the outcomes of the council's new Connect Plan. These were embedded within the Connect Plan's reporting and used to focus attention on how well the council is performing in achieving its strategic outcomes. The bespoke approach aims to provide greater opportunities for elected members to scrutinise the LGBF within a council specific context and should allow for more meaningful use when making strategic decisions.

Source: [South Lanarkshire Council's annual audit report 2021/22](#)

In March 2023, the Improvement Service launched a newly developed [dashboard](#) that allows councils to explore and analyse all the LGBF performance indicators in an interactive data tool. This is intended to help councils better assess and benchmark their performance.



What are the current challenges facing local government?

Councils are operating in an increasingly volatile and uncertain landscape, as pressures increase after Covid-19 and funding is forecast to be reduced in real terms. Some communities are facing crisis, with increasing poverty and financial hardship putting additional pressure on services at a time when councils have less capacity to support them.



Financial

Budget constraints and increasing cost pressures are putting councils' finances under severe strain.



Local needs

Changing demographics, the pandemic and the cost-of-living crisis increase pressure on council services and people already experiencing inequality are most affected.



National policies

Councils are managing an increasing programme of national reform, including plans for a national care service, which comes with substantial funding implications and increased uncertainty.



Workforce

Increasing workforce challenges such as difficulty recruiting and high sickness absence levels are putting councils under continued pressure.



Leadership

While many councils demonstrated strong collaborative leadership during the pandemic, ineffective leadership and high turnover identified at several councils present a risk.



Budget constraints and increasing cost pressures are putting councils' finances under severe strain

Councils' funding has been constrained for many years

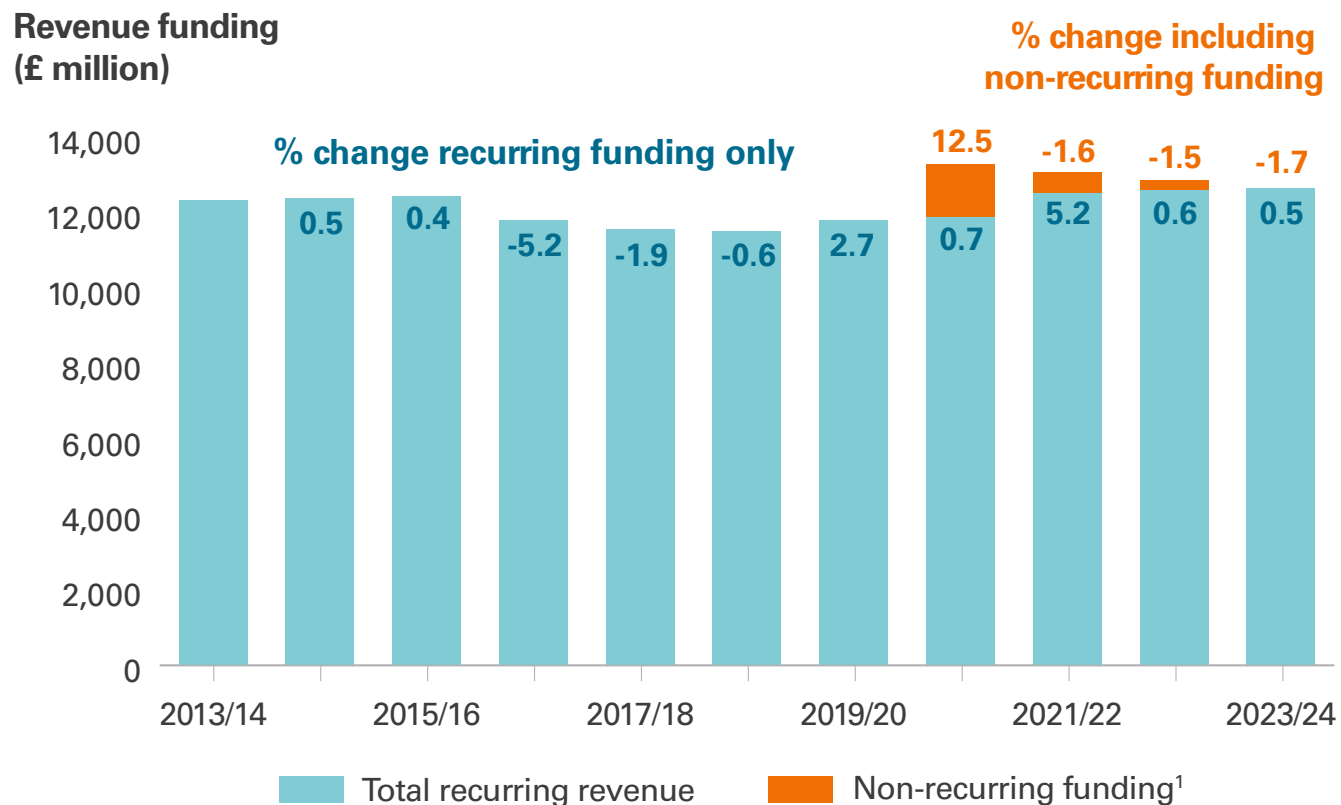
- 11.** Councils receive the majority (over 70 per cent) of their funding from the Scottish Government.
- 12.** [Exhibit 3 \(page 16\)](#) shows funding from the Scottish Government over the last decade. Over this period (comparing 2023/24 to 2013/14), revenue funding to local government has increased by 2.6 per cent in real terms.
- 13.** In 2021/22 (excluding Covid-19 funding elements which are non-recurring) revenue funding from the Scottish Government to councils increased by 5.2 per cent in real terms compared to 2020/21. This increase brought funding back to a level similar to what it was in 2015/16.
- 14.** Total revenue funding saw small real terms increases in both 2022/23 and 2023/24 when non-recurring elements of the settlement are removed.
- 15.** Despite additional Covid-19 funding amounting to £1.8 billion during the first two years of the pandemic, councils continued to face significant financial challenges, requiring substantial savings to deliver balanced budgets and increasingly difficult choices to be made about spending priorities.
- 16.** An additional pressure is that the funding of local government has not kept pace with other parts of the Scottish budget for many years.
- 17.** Our [Local Government in Scotland: Financial Bulletin 2021/22](#) provides further detail on councils' financial position.

Funding is forecast to reduce in real terms

- 18.** In May 2022, the Scottish Government published its Resource Spending Review 2022. This is the first multi-year spending plan in Scotland since 2013. It set out high level spending plans up to the end of this parliament in 2026/27, which show that 'core' funding is set to reduce in real terms ([Exhibit 4, page 17](#)).
 - 19.** The recent 2023/24 Scottish Budget allocated £10,933 million 'core' funding to local government for 2023/24 which is higher than what was forecast in May 2022. There was no update on whether future years will also see similar uplifts.
-
- We expect an updated funding outlook for 2024/25 and subsequent years to be published as part of the Scottish Government's medium-term financial strategy in May 2023.
-
- 20.** While a multi-year spending plan is welcome, the financial information within the plan is not sufficiently detailed (nor is it broken down to individual council allocation) to fully support long-term planning purposes.

Exhibit 3.

Scottish Government revenue funding to local government (in real terms) and year-on-year percentage change, 2013/14 to 2023/24



Notes:

1. Non-recurring funding refers to Covid-19 related funding in 2020/21 and 2021/22 and cost-of-living support for council tax bills in 2022/23.

2. We use the finance circulars to compare the funding position year-on-year as we believe this is the most accurate comparison. These figures include funding for national policy initiatives and transfers from other portfolios. Figures calculated at 2023/24 prices.

Source: Scottish Local Government Finance Circulars

Exhibit 4.

Resource Spending Review financial outlook to 2026/27

The plan projected real-term reductions to 'core' funding for local government.

(£000s)	2023/24	2024/25	2025/26	2026/27	2027/28
Cash terms	10,616 ¹	10,616	10,616	10,616	10,716
Real terms	10,616 ¹	10,452	10,352	10,230	10,158
Percentage change cash		0.0%	0.0%	0.0%	0.9%
Percentage change real		-1.5%	-1.0%	-1.2%	-0.7%

Notes:

1. Since publication of the Resource Spending Review the 2023/24 Budget has been agreed which saw local government's allocation increased to £10,933 million for that year.

2. These figures represent funding before transfers from other portfolios. Real terms figures calculated at 2023/24 prices.

Source: Audit Scotland using the Resource Spending Review, May 2022 and the Scottish Budget 2023/24

Increasing cost pressures jeopardise the sustainability of local services

21. At a time when councils and their communities are still feeling the impact of the Covid-19 pandemic, councils are now also having to manage increasing cost pressures including:

- inflationary pressures, including rising energy costs, which are having a significant impact on the cost of providing services
- managing the ongoing recovery from Covid-19 and its longer-term impact, now that one-off Covid-19 funding has ended
- meeting the cost of new pay awards and Real Living Wage
- increasing demand for services from a population that is ageing, less healthy and facing increasing financial hardship
- higher costs of capital programmes as a result of inflation, slippage due to the pandemic and shortages in construction materials. These increased costs may affect councils' ability to deliver on capital transformation programmes, which are a necessary component of modernising services to deliver improved outcomes for local communities. We report further on capital pressures in our [Local Government in Scotland: Financial Bulletin 2021/22](#).

22. These significant cost pressures alongside forecasted reductions to funding are leading some chief executives to be concerned about the sustainability of councils. This could lead to cuts to services and job losses, particularly in the absence of a radical reform of services.

23. A UK-wide survey by the Society of Local Authority Chief Executives (SOLACE) found that 78 per cent of council chief executives and senior managers responding to the survey stated that they were facing a large or very large budget gap in 2023/24.¹ Those services they identified as at risk of cuts included:

- Environmental service (identified by 75 per cent of respondents)
- Libraries, leisure and tourism (67 per cent)
- Regeneration (50 per cent)
- Adult social care (44 per cent)
- Transport (38 per cent)
- Children's services (37 per cent)
- Housing (33 per cent).

24. While there is no doubt that cost pressures and budget constraints are putting pressure on services, there is no clear picture yet of the scale and impact of service cuts or reductions.

Councils are relying on reserves to bridge budget gaps

25. In 2022/23 councils' total budget gap stood at £0.4 billion. COSLA estimates that the budget gap for 2023/24 will be £1 billion. There is a large gap between what COSLA states councils need and the Scottish Government's funding allocation and it warns this could mean fewer jobs and cuts to services.

26. Two-thirds of councils intended to use reserves to bridge the 2022/23 budget gap and target recovery activity. While this is understandable as some of this was Covid-19 funding carried forwards via reserves to spend in the following year, these funds were one-off payments. It is not sustainable to keep using reserves to meet financial pressures.

27. It is important that councils maintain overall reserve levels in line with local strategies to ensure longer-term resilience and sustainability. Having robust medium- and longer-term financial plans in place will continue to be key to maintaining financial sustainability. Councils will also need to make difficult choices about spending priorities.

Increasingly ring-fenced and directed budgets reduce financial flexibility

28. An increasing proportion of local government funding is now either formally ring-fenced or provided with the expectation it will be spent on specific services.




29. In our [Local Government in Scotland: Financial Bulletin 2021/22](#), we calculated this to be 23 per cent of total revenue funding in 2021/22 compared to 18 per cent in the previous year. Ring-fenced and directed funding helps support the delivery of key Scottish Government policies but limits local discretion and flexibility over how these funds can be used locally by councils.

30. [Exhibit 5 \(page 19\)](#) details how we calculated ring-fenced and directed funding and how the Scottish Government and COSLA interpretations differ.

¹ SOLACE [Autumn statement survey](#), November 2022.

Exhibit 5.

Views on ring-fenced or directed elements of the Scottish Government's revenue funding to local government

		
Scottish Government's view	COSLA's view	Our calculation
<p>Only the specific revenue grant is formally ring-fenced to fund identified policies. Other funding commitments are directed for national policy commitments but are not formally ringfenced.</p> <p>In 2021/22, the specific revenue grant was £776 million, representing seven per cent of total revenue funding for local government. This included funding for early learning and childcare expansion, Pupil Equity Fund and criminal justice social work.</p>	<p>Includes the specific revenue grant plus obligations created by current and past Scottish Government policy initiatives and fixed obligations such as loan charges.</p> <p>In 2021/22, COSLA estimated that these represented 65 per cent of local government revenue funding. As part of their estimate COSLA include all school teaching staff costs (due to the national commitment to maintain teacher numbers), all adult social work costs devolved to IJBs alongside other policies such as universal Free School Meal provision for P1–5.</p>	<p>We include the specific revenue grant and funding outlined in local government finance circulars and Scottish Government budget documents as being directed for national policy initiatives.</p> <p>For 2021/22, we estimated that ring-fenced and directed funding totalled £2.7 billion, representing 23 per cent of total revenue funding for local government. A large amount of this was to support elements of education and social care service provision.</p>

Source: [Local government in Scotland: Financial overview 2018/19](#), [Local government in Scotland: financial bulletin 2021/22](#) and information from COSLA including their [submission](#) to the Scottish Parliament's Finance and Public Administration Committee work on The Impact of the Cost of Living and Public Service Reform, August 2022



Changing demographics, the pandemic and the cost-of-living crisis increase pressure on council services and people already experiencing inequality are most affected

31. While the local impact of national demographic trends varies, for many years we have been reporting how changes in the structure of the population affect the need for and demands on many council services. These changes include:

- a declining population that is also ageing, with the proportion aged over 65 projected to increase by a third by mid-2045²
- falling life expectancy and falling healthy life expectancy. The gap in healthy life expectancy between the top and bottom socio-economic groups is about 25 years.^{3 4}

32. The legacy of the Covid-19 pandemic and now the cost-of-living crisis have brought new pressures or exacerbated existing ones ([Exhibit 6, page 21](#)). The situation faced by some is stark, with increasing financial hardship and a decline in levels of mental wellbeing. Low-income households and people already experiencing inequalities are most affected.

33. Child poverty remains persistently high. In 2019–22, 24 per cent of children were living in relative poverty, the same level as five years ago.⁵ Two issues should be taken into consideration when considering this year's child poverty statistics:

- As noted in our [Tackling child poverty](#) briefing paper the main indicator – relative poverty – is based primarily on income rather than outgoings and so does not fully capture the impact of the cost-of-living crisis on children and families.
- Two key policies that may have a positive impact on child poverty figures – the rollout and increase in value of the Scottish Child Payment and the expansion of funded early learning and childcare to 1,140 hours – are not yet fully captured in the data.

34. Councils have a key role in tackling these issues and providing support. These growing pressures affect:

- the demand for services, including social care, education, financial support such as Scottish Welfare Fund grants and discretionary housing payments, housing and homelessness, and employability
- council income in terms of rent and council tax arrears.

35. At a time when councils are under severe financial strain, finding the capacity and resources to respond to these pressures in the short and longer term will be a challenge.

² [Projected Population of Scotland \(2020-based\)](#), National Records of Scotland.

³ [Life Expectancy in Scotland, 2019–2021](#), National Records of Scotland.

⁴ [Healthy Life Expectancy 2019–2021](#), National Records of Scotland.

⁵ [Poverty and Income Inequality in Scotland 2019–22](#), March 2023.

Exhibit 6.

Examples of growing pressures



Persistently high levels of child poverty

In 2019–22, 24 per cent of children were living in poverty, affecting every aspect of their wellbeing and life chances. This is at the same level as five years ago, and the ongoing increases in the cost-of-living crisis risk more children experiencing poverty.

Increasing financial hardship for people living with a disability

Sixty-four per cent of respondents to a small survey by Inclusion Scotland in September 2022 said that they are cutting down on or going without items or services used directly to manage their impairment or health condition.

Increasingly stark situation for low-income families

Almost one in five low-income families are unable to afford food or heating. Eighteen per cent of low-income households have skipped or reduced the size of meals and not heated their home due to the cost-of-living crisis (Poverty in Scotland 2022, Joseph Rowntree Foundation).

Increasing food insecurity

In 2021, nine per cent of adults were worried about running out of food, six per cent were eating less, and three per cent were running out of food (The Scottish Health Survey, 2021). 45 per cent of children living in poverty live in households that lack food security (2019–22 Child Poverty Statistics).



Increasing rent arrears

Over 110,000 council tenants were in arrears as of March 2022 (an increase of 6.6 per cent since March 2021).

Ethnic minority households more likely to experience deeper levels of poverty

Ethnic minority households are likely to spend a greater proportion of their income on essentials that are subject to inflation. The proportion of children in relative poverty after housing costs in minority ethnic households is 39 per cent (2019–22 Child Poverty Statistics).

Increasing financial hardship for single parent families

Three in five single parents find it extremely difficult or are no longer able to afford utility payments, and two out of five say the same about food (One Parent Families Scotland research, March 2022).

Declining average levels of mental wellbeing

Levels were lower in 2021 than in 2019, following a decade in which levels had remained fairly constant. Women's average mental wellbeing fell by more than men's during the pandemic, and those people living in more deprived areas continue to report lower wellbeing. The lowest mental wellbeing scores were reported for young adults in the most deprived areas (Scottish health survey, 2021).



Councils are managing an increasing programme of national reform, including plans for a national care service, which comes with substantial funding implications and increased uncertainty

36. Councils have a unique role in shaping local communities. They provide many of the key local services that individuals and communities rely on. They also have a key local and, in many cases, regional role working with partners to set local priorities and improve long-term outcomes for their communities.

37. Alongside local priorities, councils play a leading role in delivering many national policies. Current areas of national policy or reform affect nearly every aspect of local government, such as education, early learning provision, tackling child poverty, adult social care and achieving net zero targets.

38. These policy initiatives will see fundamental changes in how council services are provided, come with substantial funding implications, and increased uncertainty. National policy initiatives also take up an increasing amount of council budgets which brings challenges in delivering local priorities and sustaining other service areas. This context makes longer-term financial planning challenging yet vital to ensure financial and service sustainability.

Plans for the new National Care Service are uncertain and divide opinion

39. The social care sector is under severe pressure from high demand and persistent workforce challenges, and a lack of action now presents serious risks to the delivery of care services for individuals. The [Independent Review of Adult Social Care](#) (IRASC), published in February 2021, sometimes referred to as the Feeley Report, proposed the formation of a National Care Service stating that the potential of social care support

in Scotland cannot be achieved without a new delivery system and that a National Care Service is needed to achieve consistency, drive national improvements, ensure strategic integration with the National Health Service, set national standards and terms and conditions, and bring national oversight and accountability by bringing together everyone with a role to play in planning and providing social care support.

40. The National Care Service Bill is at stage 1 but has been postponed until at least September 2023 because of concerns about the adequacy of parliamentary scrutiny based on only a framework Bill. There are still many unknowns. Details of the arrangements have yet to be determined and the scale of the costs involved in the financial memorandum are estimates with many caveats. The affordability of the vision set out is not certain given the actual scale of the costs are not yet clear. It is difficult for councils to plan current services with such uncertainty.

41. While there is consensus that fundamental reform is essential for long-term sustainability, there is not agreement about what that reform looks like and how it will be implemented.

Although local government agrees that reform is necessary, it disagrees that centralising services and structural reform will achieve the improvements needed. While the Scottish Government wants consistency of service across the country, stakeholders have raised concerns about the scale of reform and the time it will take to implement it.

42. Immediate concerns in the sector are that current issues (such as workforce and financial sustainability) in social care are in a critical state and these need addressed now.

43. We highlighted in our [Social Care](#) briefing (January 2022) that lessons need to be learned from past restructuring and public service reform, for example health and social care integration, police and fire reform, college sector regionalisation, and the development of social security responsibilities in Scotland.

44. Our reports in these sectors have found that reform is challenging, and public bodies have experienced difficulties implementing elements of reform – expected benefits are not always clearly defined and, even if they are, reform does not always deliver the expected benefits, particularly in the short term. Any difficulties in implementing social care reform could have a significant negative impact on vulnerable people who rely on care and support.



Our recent reports on other national policy areas:

Child poverty: in September 2022 the Accounts Commission and Auditor General for Scotland produced a briefing [Tackling child poverty](#).

Education: in March 2023, we published a blog [Encouraging progress on education data but still a long way to go](#).

Early learning and childcare: in June 2023 we will publish our third performance audit on the expansion of early learning and childcare.

Councils have a critical role in meeting national climate change goals

45. Councils have a critical role in achieving Scotland's national climate change goals and contributing towards the national target of net zero by 2045. This includes councils:

- managing their own activities, estates, and assets to reduce their greenhouse gas emissions and achieve net zero – councils' corporate emissions are the largest element of all public sector emissions in Scotland
- demonstrating leadership to tackle climate change across their local area, supporting behaviour change by helping their communities to adopt low carbon lifestyles and working with local partners to help communities adapt to the impacts of climate change.

46. In September 2022 we published [Scotland's councils' approach to addressing climate change](#) which set out that there are big differences in the targets that councils have set and their timescales for reaching net zero. We also found that councils need to be more transparent about their targets, their plans to meet them and the challenge ahead. Successfully addressing climate change is a huge challenge and will only be achieved with collaboration across all parts of government and society.

47. Financial constraints and a lack of specialist skills risk net zero ambitions not being realised. Failure to act early enough, however, will increase costs in future years. It could also make existing health and social inequalities worse, because the impacts of climate change, such as extreme weather events, can have a disproportionate effect on vulnerable groups and those living in poverty.



Increasing workforce challenges such as recruitment difficulties and high sickness absence levels are putting councils under continued pressure

48. Staff worked under unprecedented strain during the pandemic to adapt and maintain services and support communities. That same workforce is still under pressure.

49. Despite a focus on wellbeing, overall absence levels for non-teaching staff in 2021/22 were the highest on record ([Exhibit 7](#)). The Improvement Service highlight stress and burn-out as contributing to high absence levels.⁶

50. Recruitment and retention continue to be a challenge in both senior and front-line roles across Scotland as the employment market remains highly competitive ([info box, page 25](#)).

51. In our 2022 [Social care briefing](#), we reported that the sector faced ongoing recruitment and retention challenges, with high vacancy rates. This situation has worsened since, with 47 per cent of services reporting vacancies in 2021 compared with 36 per cent the previous year and 11 per cent across all sectors in Scotland. The whole-time equivalent vacancy rate in 2021 was 8.1 per cent, up from 5.1 per cent the previous year. In comparison, the vacancy rate across all sectors in Scotland was 1.9 per cent.⁷ Our briefing highlighted issues such as poor terms and conditions and staff not feeling valued as contributing to these recruitment difficulties.

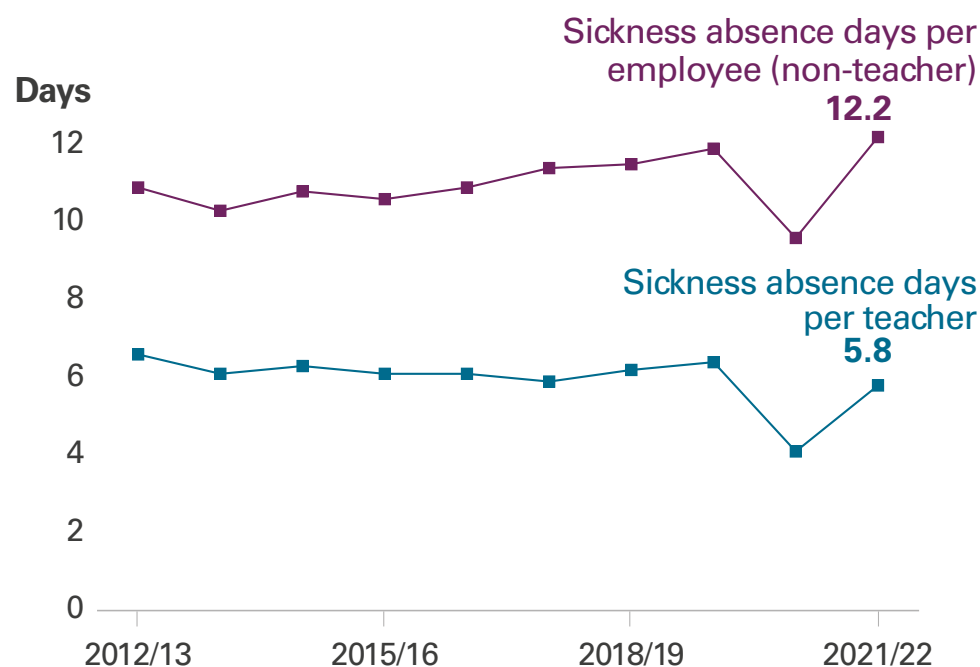
⁶ [National Benchmarking Framework Overview Report 2021–22](#), Improvement Service, March 2023.

⁷ Care Inspectorate and Scottish Social Services Council (SSSC), Staff vacancies in care services 2021 report, Scottish Government's Employer Skills Survey 2020.

Exhibit 7.

Sickness absence levels over ten years from 2012/13 to 2021/22

Staff absence levels (excluding teachers) were the highest ever recorded in 2021/22. Teacher absence levels also increased in 2021/22 but remain lower than pre-pandemic levels.



Note: Covid-19 absences are recorded separately and do not contribute to the trends.

Source: Local Government Benchmarking Framework 2021/22

52. The Society of Personnel and Development Scotland (SPDS) and the Improvement Service state that councils are also reporting emerging recruitment problems in new areas such as accountancy and corporate services, which may present risks to financial management.

53. The cost-of-living crisis, driven by inflationary cost pressures, led to industrial action by refuse workers and teachers over pay. While pay claims increase the pressure on budgets, prolonged negotiations adversely affect staff morale and service delivery.

54. Councils showed considerable flexibility in redeploying staff and adopting remote or hybrid working during the pandemic. However, it is still unclear exactly what impact hybrid working has on productivity or future models of service delivery. Recent research undertaken by the Scottish Government on this presents mixed findings.⁸ Our recent report [Resourcing the benefit service: A thematic study](#) found that remote working may present a risk to claims processing performance and recommended that councils regularly review flexible location working arrangements to determine the impact on service delivery and performance.



Reasons for recruitment and retention issues

Hybrid working has changed the way people work: they can now work remotely for an organisation in England or further afield. Private sector firms are offering hybrid working and looking to offer further improvements in quality of life.

Senior roles: bottom loading pay deals have narrowed the gap between junior and senior roles and made the latter less desirable. Public sector pay at senior levels has not kept pace with other sectors, so staff are leaving for better paid positions.

Retirement: the workforce is ageing and people are retiring, but now councils are seeing people retiring earlier.

Source: Audit Scotland using information from the Improvement Service, SPDS and Local Government Information Unit (LGIU)

⁸ [Working from home during the COVID-19 pandemic: benefits, challenges and considerations for future ways of working](#), Scottish Government, October 2022



While many councils demonstrated strong collaborative leadership during the pandemic, ineffective leadership and high levels of change in senior officers identified at several councils present a risk

55. During the Covid-19 pandemic, many councils demonstrated strong collaborative leadership, working at pace with communities, the third sector and partners to provide the response needed. Councils' response was quicker where good partnership arrangements were already in place.⁹ Leaders used their local knowledge and set out clear priorities for working towards a common purpose.

56. Despite this, the following leadership risks have been identified in recent audit work:

- **Ineffective strategic leadership:** of the four Best Value Assurance Reports (BVARs) completed last year, in three (Moray, Shetland and Eilean Siar) we found that elected members were not demonstrating effective strategic leadership alongside senior management. This included leaders needing to better coordinate and drive forward plans, to have a stronger focus on strategic issues and elected members needing to work better together to deliver priorities.
- **Ineffective governance or scrutiny:** our 2021/22 annual audit work identified leadership risks relating to ineffective leadership in nine councils, often linked to ineffective governance, scrutiny, or both.
- **High levels of turnover:** most councils reported changes in senior leadership during 2021/22. Six chief executive or depute positions saw changes. Recent BVARs highlight that some councils are experiencing persistent difficulties in recruiting to key leadership posts.

57. The growing scale of the challenges facing local government requires leaders to make decisive and fundamental changes to how councils will operate in future. The leadership and strategic vision of elected members and senior officers will be crucial. Ineffective leadership and high turnover put at risk councils' leadership capacity to bring about fundamental change at the pace needed.

The pandemic and cost-of-living crisis have exacerbated tensions in central and local government relations

58. Effective partnership working between the Scottish Government and local government, built on a foundation of mutual trust, is essential for councils to be able to perform their key role in leading and shaping communities.

59. The pandemic and cost-of-living crisis has exacerbated tensions in central and local government relations. While local government demonstrated the positives of localism during the pandemic, and the Scottish Government is committed to local self-governance and community empowerment, local government feels that it should be involved in policymaking as well as implementing those policies at a local level.

60. There is appetite to rebuild an effective relationship between local and central government so that the strengths and capacity of both can be maximised to meet the challenges. Meaningful steps to realising these potential benefits would include Scottish Government and COSLA agreeing the New Deal ([paragraphs 71–73](#)).

⁹ [Community empowerment: Covid-19 update](#), Audit Scotland, October 2021

How are councils responding?

Councils must focus urgently on solutions that will deliver a sustainable future for local government.

Councils need to challenge old ways of doing things and take urgent action to reform

61. The scale of the challenge that lies ahead is greater than anything local government leaders (elected members and senior officers) will have ever experienced. Councils must work on three planning horizons: continue to deliver services here and now, identify and make improvements in the short term and plan for the longer-term radical change. This is an incredibly hard thing to do with an exhausted workforce but with councils' future funding position forecast to reduce in real terms, radical change is necessary so that councils can continue to serve their communities, respond to needs, meet demand and improve outcomes for people in the future.

62. Delivering services differently should be focused on improving performance and outcomes in ways that are innovative, affordable, and sustainable. A decade on, the four pillars in the Christie Commission report – people, prevention, performance, and partnership – are just as important and councils should embed them into their long-term visions and priorities.¹

63. The Commission recognises the challenges, complexities, and uncertainties that local government faces. In our [Local Government in Scotland 2019](#) report, we emphasised the need for councils to urgently consider making fundamental changes in how they provide

services. No one could have predicted the years that were to follow, nor the pressures that councils would face, yet evidence that councils are delivering radical sustainable reform is limited.

64. In this section, we set out how councils are placed to respond to the challenges they face and to move towards adopting a sustainable future model of local government. We consider the following themes:



Finances and resources



Leadership



Collaboration



Workforce




Community needs and inequalities

65. To achieve radical change, leaders need to build on the innovative ways of working demonstrated during the pandemic. [Exhibit 8 \(page 28\)](#) draws on lessons learned from the pandemic response based around the five themes above as well as outlining where we judge that more still needs to be done.

¹ [Christie Commission on the future delivery of public services, June 2011](#)

Exhibit 8.

Lessons learned from the pandemic and what more needs to be done

	The pandemic demonstrated what can be achieved when councils:	To deliver radical change councils need to build on the innovative ways of working seen during the pandemic and take further action to:
 Flexible finances and resources	<ul style="list-style-type: none"> • are given local flexibility • incorporate digital technology in service redesign • reconfigure or repurpose their estate 	<ul style="list-style-type: none"> • finalise New Deal for local government • set out medium to long term financial plans
 Driven Leadership	<ul style="list-style-type: none"> • show strong collaborative leadership with clear priorities • use data to understand needs, make decisions and direct resources • are agile and work at pace to provide the response needed 	<ul style="list-style-type: none"> • think radically, set a clear vision and make difficult decisions • improve relations with the Scottish Government • be open with communities and staff about challenges and changes ahead
 Greater Collaboration	<ul style="list-style-type: none"> • work with partners, third sector and communities to reshape services and respond to need • work towards common goals • adopt place-based approaches 	<ul style="list-style-type: none"> • work with other councils and partners to provide joint services • better involve communities in service redesign
 Resilient workforce	<ul style="list-style-type: none"> • adopt new ways of working, including flexibility redeploying staff • focus on physical and mental wellbeing • promote shared values and a caring culture 	<ul style="list-style-type: none"> • make best use of their existing workforce • continue to monitor wellbeing • update workforce plans to reflect future models of service delivery
 A focus on community needs and inequalities	<ul style="list-style-type: none"> • focus on areas of greatest priority and demand • identify and support the most vulnerable • take a 'whole systems' approach 	<ul style="list-style-type: none"> • strengthen the use of data and involve those with lived experience



Councils need to balance immediate financial pressures with planning for and delivering long-term sustainable services

66. As the whole public sector faces the most difficult financial outlook seen for many years, councils need to make increasingly difficult choices about their spending priorities and balance short-term pressures with planning fundamental reform to provide long-term financial sustainability.

67. In the short term, councils have focused on immediate budget pressures. In our [Local Government in Scotland: Financial bulletin 2021/22](#) we reported that for 2022/23 the majority of the estimated budget gap (that is the gap between anticipated expenditure and revenue) was planned to be bridged by:

- **Recurring savings:** these savings were expected to meet about 37 per cent of the budget gap. For 2021/22 (the most recent year of accounts), councils' savings performance continued to improve but some chief executives and COSLA are concerned that forecasted reductions to funding will mean reductions or cuts in services and job losses.
- **Use of reserves:** two-thirds of councils intended to use reserves to help bridge the gap. This reliance on non-recurring reserves is not sustainable in the medium to long term.
- **Increasing council tax rates:** the Scottish Government lifted the freeze on council tax in December 2021. For 2022/23, the majority of councils increased council tax rates by three percent (in 2023/24, the majority increased rates by five per cent).
- **Use of financial flexibilities:** about four per cent of the gap was expected to be met by councils reprofiling their loans funds repayments by extending the repayment period. This generates one-off savings and is not sustainable in the long term.

- **Increasing income through fees and charges:** the scope for increasing income and the scale that can be achieved is currently limited but options being explored include councils introducing charges for garden waste, a transient visitor levy ('tourist tax') and tariffs for public electric vehicle charging.

68. The achievement of recurring savings and a movement away from the reliance and use of non-recurring savings and reserves will be important to ensuring longer-term financial sustainability.

69. Councils also need to focus on making increasingly difficult choices about their spending priorities and medium- to long-term financial planning must mature as councils look to make more fundamental change.

70. In May 2022, the Scottish Government published the first multi-year resource spending review in Scotland since 2011, outlining its resource spending plans up to the end of this Parliament in 2026/27.

While welcome, the financial information was not sufficiently detailed for planning purposes, with spending plans expressed at 'level 2' for the four years of the spending review period without individual council allocations indicated.

Agreeing the New Deal will be an important step forward

71. The May 2022 Resource Spending Review also set out plans to agree a New Deal for local government. The Scottish Government, COSLA and SOLACE are working together to advance this, building on the work of the paused local governance review (which was launched in 2017).

72. In its Programme for Government 2022/23 (published in September 2022), the Scottish Government reinforced its commitment to agreeing a New Deal including a fiscal framework for local government. The New Deal was expected to be agreed by April 2023.² However, the Cabinet Secretary for Social Justice, Housing and Local Government indicated in January 2023 that it was likely to be delayed by several months.³ Since then there has been a new First Minister and changes to senior posts in the Scottish Government and COSLA.

While it is important to get the New Deal right, action is now urgently needed to agree this. Further delays present considerable risks to the wider urgent action that councils need to take.

73. The New Deal is an important step in developing a partnership agreement that supports collaboration and trust, as well as developing a new fiscal framework that supports more certainty of funding, greater transparency and more flexibilities for local government. This should enable councils to better plan their long-term priorities and future service delivery models, and to manage council resources more effectively to deliver them.

² [Investing in Scotland's Future: Resource Spending Review](#), Scottish Government, May 2022.

³ [17 January 2023 Local Government, Housing and Planning Committee](#).



The New Deal is anticipated to include three elements:

- a partnership agreement with councils
- a fiscal framework to support greater transparency and accountability
- a working group to explore different options for the funding of local government in the future.

The aims of the New Deal include:

- balancing greater financial flexibility with accountability for delivering national priorities
- increased flexibility in and scope for revenue raising powers, such as the 'tourist tax' and workplace parking levy
- exploring how best to transform the digital administration of the non-domestic rates system
- increasing the flexibility available to councils for existing service concession arrangements, such as PFI- or NPD-funded projects
- a comprehensive capital accounting review.

Source: Audit Scotland using information from the [Scottish Government's Resource Spending Review](#), May 2022 and updates from [Letter from the Cabinet Secretary](#) to the Social Justice, Housing and Local Government, July 2022 and [Committee report](#), Net Zero, Energy and Transport Committee, January 2023.



Leaders need to invest time and capacity into thinking radically about their councils' future operating model, how it will be achieved and be open with communities and staff

74. Leaders (elected members and senior officers) must respond to the immediate pressures while also providing a long-term vision for their local areas and how services will be delivered differently in future. Leaders are vocal about the challenges ahead, and there is an increasingly clear appetite for change. However, the level of uncertainty and volatility faced by councils makes planning for the future more difficult.

75. In our Best Value reports on individual councils, we have seen that the quality of leadership and the pace and appetite for change varies. The current challenges may reinforce this gap with the risk that some councils will be left behind. The experience of leading through the pandemic and building on the lessons learned; reducing bureaucracy, working with partners and communities, focusing on the vulnerable, pivoting to digital and using the workforce in flexible ways must be consolidated and built upon.

76. In our [2022 report](#), we outlined important leadership principles that enabled councils' response to the pandemic – communication, collaboration, emotional intelligence, data-driven, agile and flexible, culture-focused, and enabling community empowerment. Leaders should draw on these to overcome the challenges now faced.

77. The challenging context needs leaders to invest time and capacity into thinking about radical changes to their council's future operating model. It is important that leaders are clear about their long-term policy and performance priorities, are managing council resources effectively to deliver them and are open with communities about what range and levels of services they can expect to receive in future.

78. It is important that councils with identified leadership risks develop the leadership skills needed to respond to this complex and uncertain

environment. It is positive that most councils have undertaken an assessment of senior leadership skills and developed action plans to address any skills gaps. High turnover at leadership level presents a risk to delivering change, and councils will need to continue to assess how best to recruit, pay and keep the talent needed.

79. Councils have structured induction programmes for new elected members and many also have further training programmes or development opportunities. Several councils have personal development plans to provide bespoke training for elected members ([Case study 2, page 32](#)). Elected members have a crucial role in engaging with their communities to explain future priorities and what that means for services and the local area, and to manage expectations. Many councils have been working on this through participatory budgeting and consultations on spending and service priorities ([Case study 3, page 32](#)).

80. Leaders recognise the need to engage with staff and trade unions on the implications of fundamental reforms for the workforce. They also recognise the need to involve them in developing solutions, innovating, and committing to a clear vision and aims for the council, its services, and the way it works with partners, the third sector and communities to make the most of scarce resources in their places. It is recognised, however, that this is particularly challenging in an environment of potential job losses.

Leadership is the focus of the Commission's annual Best Value thematic work this year and will be covered in all council annual audit reports published in Autumn 2023.

Case study 2.

Elected member training and induction

West Lothian Council has an elected member development programme, which includes an online structured induction programme. Key topics include climate change, emergency planning and quality assurance procedures. Members are also supported to complete a personal development plan to enable them to identify and discuss specific and individual needs. Members are encouraged to review their role and consider what will help them to improve their performance and develop their knowledge, skills and abilities. This could be through training events, coaching, working with an experienced colleague or project work.

An evaluation of the induction programme was undertaken in July 2022 and positive feedback was received from elected members.

Source: Audit Scotland auditor data return and information from West Lothian Council

Case study 3.

Community budget consultations

Perth and Kinross Council asked residents for their views on the council's 2023/24 budget and priorities for the next five years via an online survey accessed through the council's consultation hub. The council also held several in-person and online budget and corporate plan engagement events where communities could voice their views on the proposed new vision for Perth and Kinross. Residents were presented with the council's seven draft priorities and asked whether they agreed that these are the key issues that the council should focus on.

A summary of the responses from the survey and the engagement sessions was included in the report considered by the council when agreeing the corporate plan and budget.

Source: Audit Scotland using information from Perth and Kinross Council



Councils need to collaborate with communities, other councils and the wider public sector to tackle the challenges

Collaboration with communities

81. Our [2022 overview](#) report outlined how communities were a vital asset in the response phase of the pandemic but that more needed to be done to involve communities and service users in the recovery and the redesign of services. As councils take steps to fundamentally change how they provide services, the involvement of service users and communities will be critical to redesigning services that meet community needs and tackle long-term issues such as climate change and inequalities while also being sustainable.

82. Councils regularly consult with their communities to inform decision-making, including on setting annual budgets, redesigning services, and priorities for strategic plans. Reflecting the exceptionally challenging funding context this year, we have seen examples of councils engaging with their communities to explain the gaps in their budget and how they intend to bridge them ([Case study 3, page 32](#)).

83. We found good approaches to consulting communities to better understand the impact of the pandemic and inform decision-making on emerging challenges such as community impact assessments, research focused on the impact of the pandemic and establishing lived experience panels for the cost-of-living crisis ([Case study 4](#)).

84. Councils could still do more to empower communities and work more with them on the redesign of services. Our [Community empowerment: Covid-19 update](#) report brings together the learning points from the community response to the pandemic to help public bodies develop their longer-term approaches to supporting and empowering communities.

Case study 4.

Community engagement to better understand community needs and inform decision-making

East Renfrewshire Council uses a wide range of consultation and engagement approaches to understand community needs and issues and uses this intelligence to identify local priorities and inform strategic plans and service redesign. For example, it recently commissioned research on the impact of the pandemic to inform strategic decision-making and the redesign of services.

Source: Audit Scotland using information from East Renfrewshire Council

Collaboration with local partners

85. Councils have a good history of working with local partners and a statutory duty to do so through community planning partnerships.

86. The Covid-19 pandemic showed what can be achieved by working closely with local partners, including the third sector. Councils led a 'place-based approach' ([info box, page 35](#)) that worked across organisational and functional boundaries with aligned objectives and outcomes. This should now be consolidated into service delivery but there is concern that the momentum could be lost. Many organisations are facing their own funding and demand pressures that could threaten their ability to provide services and limit their capacity to explore new partnership working.

87. A recent report exploring barriers to effective collaboration between the third and public sectors identified four main themes: funding, meaningful collaboration, procurement and the cross-cutting issue of lack of trust.¹ All partners need to work with each other to overcome these barriers if councils are going to meet the challenge to deliver sustainable public services going forward.

88. Despite the barriers there are many positive examples of collaborative, place-based approaches and existing partnerships for councils to build on ([Case study 5](#)). The scale of the challenges mean that it is only by working together that councils and their local partners (including their communities and the third sector) will be able to provide sustainable public services and tackle long-term complex issues such as climate change, child poverty and inequalities.

¹ [Supporting collaboration between the third and public sectors: evidence review](#), Scottish Government, COSLA, SCVO and TSI Scotland Network, October 2022.

Case study 5. Local partnership working

Clackmannanshire Council works with local public sector partners and relevant third sector partners to deliver the STRIVE (Safeguarding through Rapid Intervention) programme.

Sharing crucial pieces of information at the earliest opportunity between trusted partners means practitioners are better able to 'join the dots' to understand the overall vulnerability of cases and share knowledge of existing support and interventions underway: this better informs the most appropriate action, reduces the likelihood and impact of people experiencing crisis and reduces the intensive resource required by services. An evaluation of STRIVE was undertaken in March 2021 and identified many benefits including preventing homelessness, improving financial security, providing rapid and direct access to mental health support, keeping families together and reducing alcohol and drug use. Building on the success to date, an early intervention approach has been added to other Family Wellbeing Partnership work in the area.

Source: Audit Scotland using information from COSLA and Clackmannanshire Council

Collaboration with other councils

- 89.** Councils need to radically rethink how they work with other councils to move towards a more sustainable model of service delivery. Shared services and shared professionals offer efficiencies and can help to manage recruitment pressures and skills shortages.
- 90.** Councils have made limited progress in this area. Few councils are sharing services. Only six out of 26 councils reported sharing services and four of these were sharing internal auditors ([Case study 6](#)).

Case study 6. Working with other councils

Scottish Borders Council and Dumfries and Galloway Council are working with other regional partners to develop and deliver a south of Scotland regional economic strategy. Through a Regional Economic Partnership, the councils have developed a long-term vision to guide and coordinate efforts to recover from the impacts of the Covid-19 pandemic, adjust to the UK's withdrawal from the EU, address the climate crisis and capitalise on new opportunities.

Source: Audit Scotland using information from Dumfries and Galloway Council and the South of Scotland Regional Economic Partnership



A place-based approach is about understanding the issues, interconnections and relationships in a place and coordinating action and investment to improve the quality of life for that community. The Scottish Government and COSLA have adopted a Place Principle. This promotes the need for communities, public organisations and businesses to work collaboratively with the assets and services in a place to achieve better outcomes.



Workforce planning must improve so that councils have the staff, skills and leaders needed to bring about change and create a resilient workforce for the future

91. Councils and their leaders need to respond to the direct pressures facing their workforce in terms of wellbeing and recruitment while managing the impact of pay demands and balancing the budget. Councils must invest in workforce planning to ensure a resilient workforce in the future.

92. Staff wellbeing was a priority during the pandemic and councils continue to take measures to promote staff health and wellbeing. With rising absence levels and persistent recruitment issues, some councils are looking at making roles more attractive by improving work-life balance through new ways of working ([Case study 7](#)).

93. Lessons learned from the pivot to remote working and then hybrid working during the pandemic indicate there are many potential benefits. For example, the flexibility to work remotely attracts more people and from a wider geographic spread, potentially bringing in more skills, it can support increased wellbeing and work life balance for existing staff, as well as reducing the carbon footprint through less travel to work. However, councils should continue to monitor the impact of new ways of working on employees' wellbeing and on service users' experience, productivity, and the local economy.

94. In future, councils' workforces may look and work quite differently as a result of job losses (fewer staff), increased digital processes, changing population demographics (an ageing workforce) and new service delivery models. Councils should embed the approaches they took during the Covid-19 pandemic which saw them adapt to working flexibly and being agile in how they deployed staff and working more closely with partners and communities.

Case study 7. Wellbeing initiatives

Angus Council runs a resilience programme to promote staff wellbeing and a programme for leaders is in development.

Dumfries and Galloway Council has created a robust wellbeing framework that includes cross-council and cross-sector collaboration.

North Lanarkshire Council updated its wellbeing communications to reflect new working practices and is also working closely with partners and providers to make sure the council's wellbeing offering meets staff needs.

South Lanarkshire Council has developed a 'New Deal for Employees' which encourages and supports employees to prioritise their own health and wellbeing. South Lanarkshire Council is the first in Scotland to ensure employees have the 'right to disconnect' outside of working hours.

[More information](#) is available on our website.

Source: Audit Scotland using information from the Improvement Service

95. The severe financial situation facing councils inhibits their ability to recruit and brings the risk of job losses. To meet rising demand and to deliver new Scottish Government policies, councils need to innovate to make the best use they can of their existing workforce to continue to provide sustainable services.

96. Effective workforce planning will be essential to:

- address current workforce challenges in recruitment, retention and skills shortages
- look ahead at longer-term capacity and skills requirements as councils fundamentally change how they deliver services
- ensure that councils reduce their workforce in an informed way so that skills and knowledge are not lost.

This requires sufficient capacity and skills, strategic thinking and comprehensive workforce data. See Audit Scotland’s workforce planning maturity matrix ([Exhibit 9](#)).

97. For several years we have reported that workforce planning needs to improve. Our auditors have told us that 16 out of 26 councils have updated their workforce plans since the Covid-19 pandemic and a further three have plans in development. Some councils have also been working to include succession planning in their workforce plans to develop future leaders or specific skills required across their workforce. Some are also now working with a three-year, rather than five-year, workforce planning cycle reflecting the more uncertain context.

98. However, councils continue to report that they lack the resources to support workforce planning, and that they are looking at ways to try and address this. Councils have been collaborating with one another, the Improvement Service and SPDS to share practice and to make improvements. The SPDS has suggested that COSLA have a role in engaging with the Scottish Government to develop a more holistic approach.

99. Workforce planning is the focus of the Commission’s annual Best Value thematic work next year and will be covered in all council annual audit reports published in Autumn 2024, followed by a national thematic report.

Exhibit 9.

Workforce planning maturity matrix

Basic	Developing	Mature
<ul style="list-style-type: none">• Short-term operational focus• Limited workforce data and analytics• Workforce plan not linked to priorities and delivery of strategic plans	<ul style="list-style-type: none">• Medium-term focus• Aligned to delivering priorities• Workforce and recruitment plans• Some workforce analysis• Annual review	<ul style="list-style-type: none">• Long-term focus on strategic priorities• Workforce and market analysis• Recruitment, development, retention and succession included in workforce planning• Workforce plans reflect new ways of working and scenario planning of future models service delivery and demands• Real time monitoring including of performance levels and staff wellbeing

Source: Audit Scotland



Councils have a clear focus on tackling inequalities and strengthening the use of data will help them to better understand community needs and focus fundamental change on improving long-term outcomes

100. Councils have a clear focus on tackling inequalities. We found evidence of data-driven approaches, partnership working, and community engagement being used to understand community needs and to develop plans and programmes to target inequalities and poverty. Positive findings include councils:

- setting up specific committees focusing on tackling poverty and inequalities ([Case study 8, page 39](#))
- working with partners, especially community planning partnerships, to understand need and develop place-based plans to tackle inequalities
- involving people with lived experience to better understand needs and demand.

101. Using lessons learned from the pandemic, councils have moved quickly to offer support to people in their communities most affected by the cost-of-living crisis. Many councils are working closely with third sector partners to help distribute crisis grants and provide support and funding to third sector partners directly to increase their support work. Some exceptional data-driven approaches are being used to identify and offer support to those most in need ([Case studies 9 and 10, page 39](#)).

102. Data can help councils to understand need, inform decision-making and service redesign, and drive improvement. Making better use of local data is still challenging especially the availability of equalities data and data sharing. Councils should supplement national datasets with local data and insight. Information from Scotland's Census 2022 is expected later in 2023 and should provide a valuable source of intelligence.

103. While we are seeing the emergence of some positive approaches to involving people with lived experience to better understand their needs, councils can do more ([Case study 4, page 33](#)). As councils take steps to radically change how they deliver services, the needs of the most vulnerable or people living in poverty must be at the centre. A key objective from the Christie Commission is that reform should 'prioritise prevention, reduce inequalities and promote equality'. While the pressures facing councils are immediate, they must not lose the focus on prevention and improving outcomes in the long term. A loss of preventative services will increase demand in the long term.

'Children growing up in poverty are at risk of poorer outcomes in the short and longer term'

[Tackling child poverty](#)

Accounts Commission and Auditor General for Scotland

Digital exclusion

104. The Covid-19 pandemic accelerated the shift to online services. While essential during the pandemic to allow the continued delivery of some services, the shift has increased the risk of digital exclusion. Councils have a variety of initiatives to reduce digital exclusion, such as working alongside the third sector to develop place-based approaches to reducing digital exclusion via library services or providing devices with internet access.

105. Digital technology will be a central component of future service delivery. Councils need to understand the needs of people experiencing digital exclusion and develop strategies to ensure that no one is left behind. We are currently undertaking a performance audit on digital exclusion. Our findings will be published later this year.

Case study 8.

An approach to tackling inequalities

Aberdeen City Council has set up an anti-poverty and inequality committee to determine steps the city can take and to help key groups such as children, disabled people, women, people from black and ethnic minority communities, and those of pensionable age. The committee will also seek the views of those with lived experience and consider in-work poverty, youth employability, community food provision and energy costs. Several external advisers have been appointed to the committee. The expected benefits of the new committee include centralising all poverty and inequalities information which should allow elected members to thoroughly scrutinise reports, question council managers and directors and engage with the external advisers.

Source: Audit Scotland using information from Aberdeen City Council

Case studies 9 and 10.

Supporting vulnerable communities

Inverclyde Council's Warm Hand of Friendship initiative was set up to help ensure that spaces, resources, advice and support are available throughout the council area for those who need them. Working with its partners and voluntary organisations, the council offers warm spaces or hubs and have delivered more than 400 activity sessions for adults and children such as book clubs and classes on IT skills. This has resulted in over 3,500 people being provided with a warm space, food and social interaction. Two thousand 'Warm Boxes' packed with useful items such as tea bags and blankets to help the most vulnerable keep comfortable throughout the winter were also distributed free to people receiving homecare support in Inverclyde.

Source: Audit Scotland using information from Inverclyde Council

Glasgow City Council: last year we reported on the council's innovative approach of using administrative data to identify and target resources at the most vulnerable communities during the pandemic. The council has continued this approach to target resources at those most affected by the cost-of-living crisis. The council distributed gift cards worth £105 to 85,000 to households who receive council tax reductions. They have also used data to identify people potentially eligible for Attendance Allowance and other benefits and used this provide an income maximisation service to clients over the age of eighty. Over the last year, 571 clients have been contacted by the service and over £1 million of financial gains have been secured on behalf of clients.

Source: Audit Scotland using information from Glasgow City Council

See our [website](#) for more examples of councils' approaches to reducing inequalities and better understanding the impact cuts have on people experiencing inequality.

Local government in Scotland

Overview 2023

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