



**Clackmannanshire
Council**



A meeting of the **Audit Committee**
will be held on
16 February 2017 at 2:30 PM
in **Bruce Room, Old View Forth, Stirling**
Chair: John Ford, Vice Chair of Clackmannanshire and Stirling IJB

Please notify apologies for absence to Tamara Armour, tamara.armour@nhs.net or on 01786 434403

AGENDA

- 1. Notification of Apologies**
Apologies received from Shiona Strachan, Chief Officer
- 2. Notification of Substitutes**
- 3. Audit Committee Membership**
- 4. Minute of Meeting 1 September 2016**
- 5. Matters Arising**
 - 5.1 Training for Audit Committee Members**
- 6. Update on Annual Accounts Planning and Year End Assurance**
Verbal report from Ewan Murray, Chief Finance Officer
- 7. External Audit Plan**
(Paper Presented by Paul Craig, Audit Scotland)
- 8. Internal Audit Report & Internal Audit Progress Report**
(Paper Presented by Kevin O’Kane, Chief Internal Auditor)
- 9. Review of Financial Regulations and Reserves Policy**
(Paper Presented by Ewan Murray, Chief Internal Auditor)
- 10. Accounts Commission Report: Social Work in Scotland**
(Paper Presented by Kevin O’Kane, Chief Internal Auditor)
- 11. Any Other Competent Business**
- 12. Date of Next Meeting**

Thursday 22 June 2017 at 2:30pm in Room 2.01, Kilncraigs, Alloa



**Clackmannanshire
Council**



NHS
Forth Valley



**Minute of the Audit Committee
held on Thursday 1 September 2016 at 2:00pm,
in Boardroom, Carseview House, Stirling**

Present:

John Ford, Vice Chair of Clackmannanshire & Stirling IJB (Chair)
Jane Grant, Chief Executive, NHS Forth Valley
Ewan Murray, Chief Finance Officer, Clackmannanshire and Stirling IJB
Councillor Bobby McGill, Clackmannanshire Council
Natalie Masterton, Third Sector Representative
Morag Mason, Service User, Stirling
Lindsay Robertson, External Auditor, Grant Thornton
Kevin O'Kane, Chief Internal Auditor, Stirling Council

In Attendance:

Tamara Armour, Corporate Services Assistant, NHS Forth Valley, Minute

Apologies:

Councillor Johanna Boyd, Stirling Council

1. Welcome and Introduction

JF welcomes all to the first Integration Joint Board Audit Committee. Group introduced themselves.

2. Terms of Reference and Membership

The paper approved by the IJB to establish the Audit Committee was circulated with the papers including the Terms of Reference explaining the function of the Audit Committee.

It was confirmed the meeting was quorate.

Cllr McGill recommended substitutes should be able to attend the audit committee in the event of members being unable to attend. Jane Grant advised would need to be a voting member.

The AC agreed substitutes at Audit Committee were appropriate however they are required to be a voting member.

3. Consideration of Any Requirement for Additional Officers to Attend Audit Committee.

Appropriate for Shiona Strachan, Chief Officer to be present at meetings.

The AC agreed to invite Shiona Strachan, Chief Officer to be in attendance at future AC meetings.

Action: Formally Invite Shiona Strachan.

4. Annual Internal Audit Report

Kevin O’Kane presented paper.

Kevin advised the report was submitted to the Audit Committee to comply with the requirements of Public Sector Internal Audit Standards.

Kevin advised that there are no concerns around the consistence of the Annual Governance Statement.

It was noted that due to a typographical error, the report will be corrected and re-circulated.

The report will now be presented to the September meeting of the Clackmannanshire & Stirling Integration Joint Board.

5. Internal Audit Plan

Kevin O’Kane presented paper. Advised developed in consultation with Chief Officer and Chief Finance Officer. Kevin also advised it has been developed so that is it aligned with the Integration Joint Board’s Strategic Risk Register as at June 2016 and will help ensure that the Integration Joint Board complies with The Local Authority Accounts Regulations 2014. Councillor Bobby McGill advised it would be helpful for a “Glossary of Terms” to be made available for those who are not familiar with the terms used within the report.

The Audit Committee was asked to consider the draft plan.

6. Financial Assurance Report

Kevin O’Kane presented paper. Kevin advised the report advises the Audit Committee of the Integration Financial Assurance work that was undertaken for 2015/16 by the Internal Audit services within NHS Forth Valley, Clackmannanshire Council and Stirling Council. It was further advised that Scottish Government has published guidance which recommends that the Audit Committees are provided with a report by the Health Board and Local Authority.

7. Unaudited 2015/16 Accounts

Ewan Murray presented paper and advised the 2015/16 Accounts have been prepared in accordance with the Code of Practice on Local Authority Account in the United Kingdom and he Local Authority Accounts (Scotland) Regulations 2014. Ewan advised final accounts will be presented to the Clackmannanshire & Stirling Integration Joint Board for approval.

8. External Auditors Report

Lindsay Robertson advised external audit work has been completed including full transactional testing due to the limited number and value of transactions and that there were no material issues arising. Lindsay advised awaiting revised financial statements from the Chief Finance Officer.

No material items to bring to the attention of the Audit Committee at this moment in time. The external auditors report on the final accounts will follow in due course.

9. Support and Development Requirements for Audit Committee Members

It was agreed that a 1 hour development session would be useful for Audit Committee members. It was agreed the IJB Chief Finance Officer and Internal Audit would examine options for this possibly on a Pan-Forth Valley basis with members of Falkirk IJB Audit Committee.

10.AOCB

Nothing to report.

11.Frequency of Meetings and Date of Next Meeting.

It was agreed for future meetings to take place 3 times a year. They were agreed in principle for February 2017, June 2017 and September 2017.

Clackmannanshire & Stirling
Integration Joint Board

Audit Committee

16 February 2017

This report relates to
Item 7 on the agenda

Annual Audit Plan 2016/17

(Paper presented by Paul Craig, Audit Scotland)

For Approval

Approved for Submission by	Ewan C. Murray, Chief Finance Officer
Author	Paul Craig, Audit Scotland
Date:	9 February 2017
List of Background Papers:	

Title/Subject: Annual Audit Plan 2016/17
Meeting: Clackmannanshire & Stirling Integration Joint Board: Audit Committee
Date: 16 February 2017
Submitted By: Paul Craig, Audit Scotland
Action: For Approval

1. Introduction

- 1.1 The attached audit plan summarises the planned audit activity, audit approach and audit issues and risks and the responsibilities of the appointed auditor and Chief Finance Officer / Section 95 Officer of the IJB.

2. Recommendations

The Audit Committee is asked to:

- 2.1. Consider and approve the Annual Audit Plan for 2016/17

3. Background

- 3.1. The responsibilities of independent auditors are established by The Public Bodies (Joint Working) (Scotland) Act 2014, The Local Government (Scotland) Act 1973 and the Code of Audit Practice, and guided by the auditing profession's ethical guidance.
- 3.2. Auditors in the public sector give an independent opinion on the financial statements.

4. Resource Implications

- 4.1. The proposed audit fee for the 2016/17 audit is £17,400.

5. Impact on Integration Joint Board Priorities and Outcomes

- 5.1. N/A

6. Legal & Risk Implications

- 6.1 The Public Bodies (Joint Working) (Scotland) Act 2014 specifies that Integration Joint Boards (IJBs) should be treated as if they were bodies falling within section 106 of the Local Government (Scotland) Act 1973. The financial statements of the IJB are prepared in accordance with the 1973 Act and the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).
- 6.2 The annual audit plan details an assessment of audit risks and associated planned audit work.

7. Consultation

- 7.1. The IJB Chief Officer and Chief Finance Officer were consulted on the Annual Audit Plan.

8. Equality and Human Rights Impact Assessment

- 8.1. N/A.

9. Exempt reports

- 9.1. Not exempt.

Clackmannanshire and Stirling Integration Joint Board

Annual Audit Plan 2016/17



 AUDIT SCOTLAND

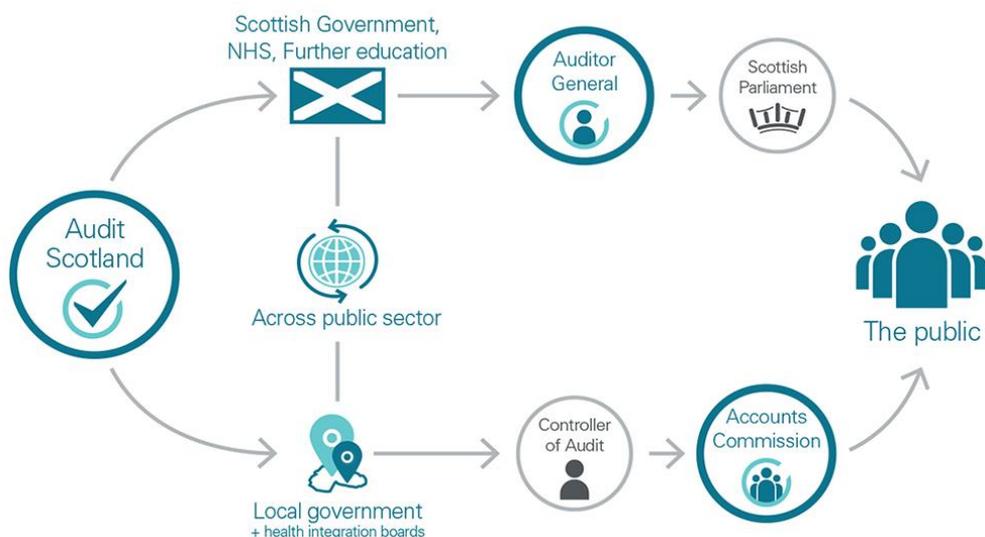
Prepared for Clackmannanshire and Stirling Integrated Joint Board

February 2017

Who we are

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

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

Contents

Risks and planned work	4
Audit risks	4
Reporting arrangements	6
Audit fee	7
Responsibilities	7
Audit scope and timing	8
Financial statements	8
Internal audit	10
Audit dimensions	10
Independence and objectivity	12
Quality control	12

Risks and planned work

1. This annual audit plan contains an overview of the planned scope and timing of our audit and is carried out in accordance with International Standards on Auditing (ISAs), the [Code of Audit Practice](#), and any other relevant guidance. This plan identifies our audit work to provide an opinion on the financial statements and related matters and meet the wider scope requirements of public sector audit. The wider scope of public audit contributes to conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

Audit risks

2. Based on our discussions with staff, attendance at committee meetings and a review of supporting information we have identified the following main risk areas for Clackmannanshire and Stirling IJB. We have categorised these risks into financial risks and wider dimension risks. The key audit risks, which require specific audit testing, are detailed in [Exhibit 1](#).

Exhibit 1

Audit Risk	Management assurance	Planned audit work
Financial statement issues and risks		
<p>1 Risk of management override of controls</p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls in order to change the position disclosed in the financial statements.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable in this instance.</p>	<ul style="list-style-type: none"> • Detailed testing of journal entries. • Review of accounting estimates. • Focused testing of accruals and prepayments. • Evaluation of significant transactions that are outside the normal course of business.
<p>2 Preparation of Financial Statements</p> <p>Operational financial statements are required for the first time in 2016/17, and are more complex than in the prior year.</p> <p>There is a risk that the procedures for agreeing the year end balances are not fully embedded; and that this may not be agreed in time to enable NHS Forth Valley to meet its deadline for approving and reporting its accounts by 9 June 2017. There is also a risk that the annual</p>	<ul style="list-style-type: none"> • The Chief Finance Officers' Network is working with the Scottish Government, CIPFA and Audit Scotland to agree and adopt a standard annual accounts template. • The Chief Finance Officer and the partner bodies will work closely to plan and prepare the 2016/17 accounts. This includes working to a mutually agreed timetable. They will meet regularly to monitor 	<ul style="list-style-type: none"> • We will continue to engage with officers prior to the accounts being prepared to help ensure the relevant information is disclosed and timetable met. • We will review the governance statement against the Code requirements. • Check that accounting policies are appropriate and complete. • Obtain assurances from the auditors of each of the

Audit Risk	Management assurance	Planned audit work
<p>accounts are not in accordance with the 2016/17 Code of Practice on Local Authority Accounting in the UK (the "Code").</p>	<p>progress, to ensure accurate and Code compliant unaudited accounts are presented to the Integration Joint Board for approval at their meeting in 7 June 2017</p> <ul style="list-style-type: none"> A sound system of budgetary control, including regular budget monitoring. 	<p>partner bodies over the accuracy, completeness and appropriate allocation of the IJB ledger entries.</p> <ul style="list-style-type: none"> Review of compliance with accounting standards as part of financial statements audit.
<p>3 Governance statement and management assurances</p> <p>The preparation of the financial statements of the IJB relies on the provision of financial and non-financial information from the systems of the three partner bodies. The Chief Finance Officer of the IJB must obtain assurance; that the costs transferred to the accounts of the IJB are complete and accurate and were incurred on behalf of the IJB for services prescribed in the integration scheme.</p> <p>There is a risk that the Chief Finance officer does not have adequate assurance that information received from each party is accurate and complete.</p>	<ul style="list-style-type: none"> The integration scheme specifies the financial reporting responsibilities of the partner bodies. Regular monitoring of financial information and periodic reporting to the IJB. Strong working relationships with the councils and health board. Due diligence completed on the budget setting process. 	<ul style="list-style-type: none"> Assess whether the governance statement adequately reflects the position of the IJB. Confirm financial reporting throughout the year is accurately reflected in the year end position. Consider whether appropriate action is taken on issues raised in Internal Audit reports. We will obtain audit assurances from the auditor of the councils and health board regarding the accuracy and allocation of IJB transactions; and obtain confirmations that they are recorded in the correct financial year.
Wider dimension risks		
<p>4 Financial sustainability - 2016/17 budget overspend</p> <p>Based on the current budget monitoring report covering the period to 30th November 2016, there is a projected overspend of £0.924 million. It is anticipated that the IJB budget recovery action will not produce a balanced financial position for the partnership in 2016/17 and as such there is a risk that constituent authorities with projected overspends will be required to provide additional non-recurrent funding to meet the projected in-year cost of providing delegated services.</p>	<ul style="list-style-type: none"> Regular financial monitoring is reported to the IJB. The budget update for February 2017 and subsequent reports to the IJB will identify plans to achieve savings on a recurring basis and also address likely future savings challenges. The constituent authorities have been requested to finance their respective overspends in 2016/17 on a non recurrent basis. 	<ul style="list-style-type: none"> Review whether budget monitoring is robust and accurately reflects the financial position. Confirm and assess the steps taken to determine and agree future savings requirements with partner bodies. Review evidence of recovery plan or remedial action being taken on areas of overspend.
<p>5 Financial sustainability - financial planning</p> <p>The IJB's 2017/18 budget is still being developed. The savings required for 2017/18 are likely to</p>	<ul style="list-style-type: none"> Due diligence will be completed on the budget setting process. This will reflect on the experience gained in 2016/17, and the 	<ul style="list-style-type: none"> Review outcome of due diligence exercise. Review of the effectiveness of the IJB's financial plans. Review of the IJB's progress

Audit Risk	Management assurance	Planned audit work
<p>be more challenging than those required in 2016/17. There is high projected growth in demand and increased costs to fund the living wage, self directed support and home care. If recurring savings are not agreed for the 2016/17 financial year the challenge of meeting the savings gap will increase. There is a risk that delays in agreeing the 2017/18 budget will impact negatively on the financial management of the IJB and service delivery.</p>	<p>need to meet recurring savings requirements.</p> <ul style="list-style-type: none"> The timing of NHS financial planning and associated partnership budget contributions is a national issue. We continue to raise this through a number of forums both locally and nationally. The risk register recognises the need to deliver efficiencies in the integrated functions. It is intended to produce a three year plan that aligns financial requirements to the delivery plan and the development of localities. 	<p>in agreeing a budget and savings proposals for 2017/18.</p>
<p>6 Reserves Policy</p> <p>The integration scheme outlines that the IJB has the power to hold reserves and highlights that any future year contributions from reserves should be in line with the reserves policy.</p> <p>Until the reserves policy is approved and in place, there is a risk that the IJB may be unclear on how it utilises reserves or accounts for under and overspends.</p>	<ul style="list-style-type: none"> The Integration Scheme outlines how over or underspends should be treated by the IJB and its constituent partners. 	<ul style="list-style-type: none"> Monitor progress of reserves policy and comment, as appropriate, in the annual audit report. Check that the agreed reserves policy adequately outlines how the IJB is able to hold reserves in the event of future managed over or underspends.

Reporting arrangements

3. Audit reporting is the visible output for the annual audit. All annual audit plans and the outputs as detailed in [Exhibit 2](#), and any other outputs on matters of public interest will be published on our website: www.audit-scotland.gov.uk.

4. Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft management reports will be issued to the relevant officers to confirm factual accuracy.

5. We will provide an independent auditor's report to Clackmannanshire and Stirling Integration Joint Board and the Accounts Commission summarising the results of the audit of the annual accounts. We will provide the Accountable Officer, Auditor General for Scotland and the Accounts Commission with an annual report on the audit containing observations and recommendations on significant matters which have arisen in the course of the audit.

Exhibit 2

2016/17 Audit outputs

Audit Output	Target date	Audit Committee Date
Annual Audit Report including ISA 260 requirements	30th August 2017	TBC*
Signed Independent Auditor's Report	30th August 2017	TBC*

* The dates for audit committee meetings from June 2017 require to be confirmed.

Audit fee

6. The proposed audit fee for the 2016/17 audit of Clackmannanshire and Stirling IJB is £17,400. In determining the audit fee we have taken account of the risk exposure of Clackmannanshire and Stirling IJB, the planned management assurances in place and the level of reliance we plan to take from the work of internal audit. Our audit approach assumes receipt of the unaudited financial statements, with a complete working papers package by 23 May 2017.

7. Where our audit cannot proceed as planned through, for example, late receipt of unaudited financial statements or being unable to take planned reliance from the work of internal audit, a supplementary fee may be levied. An additional fee may also be required in relation to any work or other significant exercises outwith our planned audit activity.

Responsibilities

Audit Committee and Accountable Officer

8. Audited bodies have the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives.

9. The audit of the financial statements does not relieve management or the Integration Joint Board, as those charged with governance, of their responsibilities.

Appointed auditor

10. Our responsibilities as independent auditor are established by the Local Government (Scotland) Act 1973 and the Code of Audit Practice, and guided by the auditing profession's ethical guidance.

11. Auditors in the public sector give an independent opinion on the financial statements. We also review and report on the arrangements within the audited body to manage its performance, regularity and use of resources. In doing this, we aim to support improvement and accountability.

Audit scope and timing

Financial statements

12. The statutory financial statements audit will be the foundation and source for the majority of the audit work necessary to support our judgements and conclusions. We also consider the wider environment and challenges facing the public sector. Our audit approach includes:

- understanding the business of Clackmannanshire and Stirling IJB and the associated risks which could impact on the financial statements
- assessing the key systems of internal control, and establishing how weaknesses in these systems could impact on the financial statements
- identifying major transaction streams, balances and areas of estimation and understanding how Clackmannanshire and Stirling IJB will include these in the financial statements
- assessing the risks of material misstatement in the financial statements
- determining the nature, timing and extent of audit procedures necessary to provide us with sufficient audit evidence as to whether the financial statements are free of material misstatement.

13. We will give an opinion on the financial statements as to:

- whether they give a true and fair view in accordance with applicable law and the 2016/17 Code of the state of the affairs of Clackmannan and Stirling IJB as at 31 March 2017 and of the income and expenditure of the Clackmannan and Stirling IJB for the year then ended
- whether they have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2016/17 Code
- whether they have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Materiality

14. Materiality defines the maximum error that we are prepared to accept and still conclude that that our audit objective has been achieved. It helps assist our planning of the audit and allows us to assess the impact of any audit adjustments on the financial statements. We calculate materiality at different levels as described below. The calculated materiality values for Clackmannanshire and Stirling Integration Joint Board are set out in [Exhibit 3](#).



Exhibit 3

Materiality values

Materiality level	Amount
Planning materiality - This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It has been set at 1% of gross expenditure for the year ended 31 March 17 based on the latest budget for 2016/17	£1.650 million
Performance materiality - This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement we have calculated performance materiality at 50% of planning materiality.	£0.825 million
Reporting threshold - We are required to report to those charged with governance on all unadjusted misstatements in excess of the 'reporting threshold' amount. This has been calculated at 1% of planning materiality.	£0.016 million

15. We review and report on other information published with the financial statements including the management commentary, annual governance report and the remuneration report. Any issue identified will be reported to the Audit Committee or equivalent.

Timetable

16. To support the efficient use of resources it is critical that a financial statements timetable is agreed with us for the production of the unaudited accounts. An agreed timetable is included at Exhibit 4 which takes account of submission requirements and planned Audit Committee dates:

Exhibit 4

Financial statements timetable

 Key stage	 Date
Agreement of transactions and balances with partner bodies	15 May 2017
Latest submission date of unaudited [body's] financial statements with complete working papers package	23 May 2017
Consideration of unaudited financial statements by those charged with governance	22 June 2017
Latest date for final clearance meeting with Chief Finance Officer	August 2017 - TBC
Agreement of audited unsigned financial statements; Issue of Annual Audit Report including ISA 260 report to those charged with governance	TBC once audit committee dates known
Independent auditor's report signed	TBC once audit committee dates known

Internal audit

17. Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to rely on the work of internal audit wherever possible and as part of our planning process we carry out an assessment of the internal audit function.

18. Internal audit services are provided by the partner bodies. Overall planning and reporting of these services, as they impact the IJB, are being provided by the Stirling Council internal audit team for the first three years.

Adequacy of Internal Audit

19. We carry out an annual assessment of internal audit to determine whether it has sound documentation standards and reporting procedures in place and complies with the main requirements of the Public Sector Internal Audit Standards (PSIAS). Overall, we concluded that the audit service provided by Stirling Council to the IJB generally complies with the PSIAS.

Areas of reliance

20. In respect of our wider governance and performance audit work we plan to review the findings and consider areas of internal audit work including:

- Review of IJB Governance Arrangements
- Integration Financial Assurance

Audit dimensions

21. Our audit is based on four audit dimensions that frame the wider scope of public sector audit requirements as shown in [Exhibit 5](#).

Exhibit 5

Audit dimensions



22. In the local government sector, the appointed auditor's annual conclusions on these four dimensions will contribute to an overall assessment and assurance on best value.

Financial sustainability

23. As auditors we consider the appropriateness of the use of the going concern basis of accounting as part of the annual audit. We will also comment on the body's financial sustainability in the longer term. We define this as medium term (two to five years) and longer term (longer than five years) sustainability. We will carry out work and conclude on:

- the effectiveness of financial planning in identifying and addressing risks to financial sustainability in the short, medium and long term
- the appropriateness and effectiveness of arrangements in place to address any identified funding gaps

Financial management

24. Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. We will review, conclude and report on:

- whether Clackmannanshire and Stirling IJB has arrangements in place to ensure systems of internal control are operating effectively
- whether Clackmannanshire and Stirling IJB can demonstrate the effectiveness of budgetary control system in communicating accurate and timely financial performance
- how Clackmannanshire and Stirling IJB has assured itself that its financial capacity and skills are appropriate
- whether Clackmannanshire and Stirling IJB has established appropriate and effective arrangements for the prevention and detection of fraud and corruption.

Governance and transparency

25. Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision-making and transparent reporting of financial and performance information. We will review, conclude and report on:

- whether the Clackmannanshire and Stirling IJB can demonstrate that the governance arrangements in place are effective
- whether the Audit Committee, Board members and staff demonstrate high standards of behaviour and receive sufficient training and development
- whether there is effective scrutiny, challenge and transparency on the decision-making and finance and performance reports
- the quality and timeliness of financial and performance reporting.

Value for money

26. Value for money refers to using resources effectively and continually improving services. We will review, conclude and report on whether Clackmannanshire and Stirling IJB can provide evidence that it is demonstrating value for money in the use of its resources and achievement of outcomes.

Strategic plan for the five year appointment

27. As part of our responsibility to report on the audit dimensions over the current audit appointment we have identified the following areas of proposed audit work (this will be subject to annual review):

Exhibit 6

Strategic plan

Dimension	2016/17	2017/18	2018/19 to 2020/21
Financial sustainability	Financial planning		
Financial management	Financial governance and resource management		
Governance and transparency	Role of Boards follow up		
Value for money	Operational efficiency		

Independence and objectivity

28. Auditors appointed by Audit Scotland must comply with the Code of Audit Practice. When auditing the financial statements auditors must also comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has in place robust arrangements to ensure compliance with these standards including an annual “fit and proper” declaration for all members of staff. The arrangements are overseen by the Assistant Auditor General, who serves as Audit Scotland’s Ethics Partner.

29. The engagement lead for Clackmannanshire and Stirling Integration Joint Board is David McConnell, Assistance Director. Auditing and ethical standards require the appointed auditor to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of Clackmannanshire and Stirling IJB.

Quality control

30. International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor’s report or opinion is appropriate in the circumstances.

31. The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards and the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General for Scotland. To ensure that we achieve the required quality standards Audit Scotland conducts peer reviews, internal quality reviews and is currently reviewing the arrangements for external quality reviews.

32. As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We welcome feedback at any time and this may be directed to the engagement lead.

Clackmannanshire and Stirling Integration Joint Board

Annual Audit Plan 2016/17

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or info@audit-scotland.gov.uk

For the latest news, reports and updates, follow us on:



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
T: 0131 625 1500 E: info@audit-scotland.gov.uk
www.audit-scotland.gov.uk

Clackmannanshire & Stirling
Integration Joint Board

Audit Committee

16 February 2017

This report relates to
Item 8 on the agenda

Internal Audit Progress Report

(Paper presented by Kevin O’Kane)

For Noting

Approved for Submission by	Ewan C. Murray, Chief Finance Officer
Author	Kevin O’Kane, Chief Internal Auditor
Date	9 February 2017
List of Background Papers:	Audit Committee, 1 September 2016 – Draft Internal Audit Annual Plan 2016/17

Title/Subject: Internal Audit Progress Report
Meeting: Clackmannanshire & Stirling Integration Joint Board: Audit Committee
Date: 16 February 2017
Submitted By: Kevin O’Kane, Chief Internal Auditor
Action: For Noting

1. Introduction

- 1.1 This report presents a report on Internal Audit’s progress against the Internal Audit Annual Plan 2016/17, which was approved by the Audit Committee on 1 September 2016. The Plan sets out a programme of work that includes two specified reports in addition to an Annual Internal Audit Report and an annual plan for the following year.
- 1.2 As at 9 February 2017, one of the two specified reports has been issued: the report, on Corporate Governance Arrangements, is attached at Appendix 1. The report provides a substantial assurance opinion in respect of those arrangements, and does not identify any critical or high risk findings. The report makes a number of recommendations to strengthen corporate governance arrangements: these have been accepted by the Chief Officer and the Chief Finance Officer.
- 1.3 This report also identifies Internal Audit activity expected to be delivered in respect of 2016/17, as well as providing a forward look to priorities for 2017/18.

2. Executive Summary

- 2.1. The risk-based Internal Audit Annual Plan 2016/17 was approved by the Audit Committee on 1 September 2016. The Plan was developed so that it is aligned with the Integration Joint Board’s Strategic Risk Register as at June 2016, and will help ensure that the Integration Joint Board complies with The Local Authority Accounts (Scotland) Regulations 2014. It provided for the delivery of two reviews in addition to Internal Audit’s Annual Plan and Annual Report. Those focus of those reviews is:
- financial reporting arrangements, including consideration of: alignment with and impact on the Strategic Plan; savings monitoring arrangements; and, protocols for variations of budgets and directions; and,
 - governance processes, including arrangements to develop and monitor progress on delivery of the Strategic Plan.
- 2.2. As at 9 February 2017, one of the two specified reports has been issued: the report, on Corporate Governance Arrangements, is attached at Appendix 1.

The report provides a substantial assurance opinion in respect of those arrangements, and does not identify any critical or high risk findings. It identifies 3 medium, and 2 low risk findings, and makes recommendations to help strengthen the corporate governance arrangements: these have been accepted by the Chief Officer and the Chief Finance Officer.

- 2.3. It is anticipated that a further report in respect of 2016/17, on financial reporting arrangements including operational reporting to the Chief Officer and to the Integration Joint Board, will be presented to the Audit Committee on 22 June 2017. It is also intended that the draft Internal Audit Annual Plan 2017/18 will be presented to that meeting. The Internal Audit Annual Report 2016/17 is likely to be presented to the Audit Committee on 14 September 2017.
- 2.4. The Chief Internal Auditor has started to consider priorities for consideration under the Internal Audit Annual Plan 2017/18. Areas identified for potential review at this stage include the Performance Management Framework (in relation to implementation of the Strategic Plan), and progress on re-design of services. The Chief Internal Auditor would welcome the Audit Committee's thoughts on these and alternative priorities.

3. Recommendations

The Audit Committee is asked to:

- 3.1. consider the findings, risks, recommendations, agreed actions and statement of assurance set out in the Internal Audit report at Appendix 1 (see section 5 of this report);
- 3.2. note the anticipated timing of the remaining outputs under the Internal Audit Annual Plan 2016/17 (see section 6 of this report); and,
- 3.3. note the initially-identified Internal Audit priorities for the draft Internal Audit Annual Plan 2017/18, and provide any comments on these and potential alternatives (see section 7 of this report).

4. Background

- 4.1. The Integration Joint Board agreed, on 24 February 2016, that Internal Audit services would be provided by the Internal Audit teams within the constituent authorities, with responsibility for Chief Internal Auditor duties rotating between those authorities' Chief Internal Auditors on a three-year basis. The Chief Internal Auditors agreed that Stirling Council's Audit Manager should be nominated as Chief Internal Auditor to the Integration Joint Board for the initial three-year period, covering the financial years up to 31 March 2019, and this was approved by the Integration Joint Board on 27 April 2016.
- 4.2. Internal Audit's work is governed by the requirements of a common set of UK Public Sector Internal Audit Standards (PSIAS), adopted and issued by the

Chartered Institute of Public Finance & Accountancy (CIPFA) and the Institute of Internal Auditors (IIA). The Public Sector Internal Audit Standards cover a number of areas, including the development of risk-based audit plans.

- 4.3. Public Sector Internal Audit Standard 2010 (Planning) requires the Integration Joint Board's Chief Internal Auditor to establish risk-based audit plans that are consistent with the Integration Joint Board's key priorities and risks, in order to determine the priorities of the internal audit activity.
- 4.4. The Chief Internal Auditor presented a draft Internal Audit Annual Plan to the Audit Committee on 1 September 2016 for consideration and approval. The Plan proposed the delivery of two reports, concerning corporate governance arrangements and financial reporting, in addition to an annual report and the preparation of the following year's annual plan. The Committee's consideration and discussion included the desirability and timing of a report on performance management in relation to the Strategic Plan.

5. Internal Audit Report: Corporate Governance Arrangements

- 5.1. The risk-based Internal Audit Annual Plan 2016/17 includes a review of governance processes, including arrangements to develop and monitor progress on delivery of the Strategic Plan. That review has now been completed, and a report is attached at Appendix 1.
- 5.2. The audit found that governance policies and procedures have been developed and approved and the roles and responsibilities of IJB members have been defined and meetings are taking place regularly. However, while there is evidence of performance and financial scrutiny, arrangements for those areas are still being developed to ensure they are more efficient, and more clearly linked to key priorities and the Strategic Plan.
- 5.3. Generally, from the findings of the review, Internal Audit can provide **substantial assurance** that the corporate governance arrangements are appropriate and are operating effectively. A definition of this assurance category is set out at Appendix 1 to the report itself. The report does not identify any critical or high risk findings, but does make recommendations to help strengthen the corporate governance arrangements in relation to 3 medium and 2 low risk findings identified during the review. The Chief Officer and the Chief Finance Officer have accepted all of those recommendations without significant amendment.
- 5.4. The Chief Officer and Chief Finance Officer have accepted the findings of this report, and will work closely with the partners address the recommendations that have been made.

6. Completion of the Internal Audit Annual Plan 2016/17

- 6.1 The Chief Internal Auditor expects the programme of work outlined in the Internal Audit Annual Plan 2016/17 to be achieved in time for the Audit Committee meeting of 14 September 2017. This will enable the Chief Internal Auditor to provide an Annual Report to inform the Committee's consideration of the unsigned, audited financial statements and associated governance statement at that meeting.
- 6.2 The Annual Report will include an update of progress on the implementation of agreed actions identified in reports presented during the year, including the Internal Audit Annual Report for the previous year. It will be presented to the Audit Committee on 14 September 2017, unless the Chief Internal Auditor has received sufficient assurances from the partners to be able to bring this forward to the Committee's meeting in June.
- 6.3 There is one further audit review to be conducted under the Annual Plan 2016/17. That is a review of financial reporting arrangements including operational reporting to the Chief Officer and to the Integration Joint Board, including consideration of: alignment with and impact on the Strategic Plan; savings monitoring arrangements; and, protocols for variations of budgets and directions. The Internal Audit team for NHS Forth Valley will provide resource for the delivery of this review, which the Chief Internal Auditor anticipates will be reported to the Audit Committee on 22 June 2017.
- 6.4 The Chief Internal Auditor has discussed the provision of relevant internal audit reports within the partner bodies to the Integration Joint Board Audit Committee. There are no such reports to bring forward to this meeting, but the Chief Internal Auditor, who is also Audit Manager for Stirling Council, will continue to liaise with the Clackmannanshire and NHS Forth Valley Internal Audit teams with a view to bringing relevant reports to the Audit Committee's attention in future.
- 6.5 The Chief Internal Auditor will continue to bring national reports by the Accounts Commission and Audit Scotland to the Audit Committee's attention. One such report has been issued since the previous meeting of the Committee on 1 September 2016, and is presented to this meeting as a separate agenda item.

7. Internal Audit Annual Plan 2017/18

- 7.1 The Chief Internal Auditor expects to present a draft Internal Audit Annual Plan 2017/18 to the Audit Committee on 22 June 2017. The draft Plan will be informed by consultation with the Chief Officer, Chief Finance Officer and the partners' Internal Audit teams. The Chief Internal Auditor will also take account of any views expressed by the Audit Committee in developing the draft Plan.
- 7.2 Initially, the Chief Internal Auditor has identified reviews of the Performance Management Framework (in relation to implementation of the Strategic Plan),

and progress on re-design of services as potential subjects for review. The Chief Internal Auditor would welcome the Audit Committee's thoughts on these and alternative priorities.

8. Conclusions

- 8.1. An Internal Audit of corporate governance arrangements has been completed and a report on this is attached at Appendix 1. The report concludes that Internal Audit can provide **substantial assurance** that the corporate governance arrangements are appropriate and are operating effectively, while noting that scrutiny arrangements for performance scrutiny (including financial performance) are still being developed to ensure they are more efficient, and more clearly linked to key priorities and the Strategic Plan. The report did not identify any critical or high risk items, and contains an agreed Action Plan (Appendix 3 of the report itself) to strengthen corporate governance arrangements.
- 8.2 The Chief Internal Auditor expects the programme of work outlined in the Internal Audit Annual Plan 2016/17 to be achieved in time for the Audit Committee meeting of 14 September 2017. This will enable the Chief Internal Auditor to provide an Annual Report to inform the Committee's consideration of the unsigned, audited financial statements and associated governance statement at that meeting.
- 8.3 The Chief Internal Auditor expects to present a draft Internal Audit Annual Plan 2017/18 to the Audit Committee on 22 June 2017. The draft Plan will be informed by consultation with the Chief Officer, Chief Finance Officer and the partners' Internal Audit teams and will also take account of any views expressed by the Audit Committee in developing the draft Plan.

9. Resource Implications

- 9.1. This report has no direct financial implications for the Integration Joint Board. However, the implementation of actions agreed in response to the internal audit report at Appendix 1 will require resource input from Integration Joint Board officers and support services within the Partnership.

10. Impact on Integration Joint Board Priorities and Outcomes

- 10.1. This report, and the provision of an Internal Audit service in general, helps the Integration Joint Board and the Partnership in their delivery against National Health & Wellbeing Outcome 9: Resources are used effectively and efficiently - to deliver Best Value and ensure scarce resources are used effectively and efficiently in the provision of health and social care services.

11. Legal & Risk Implications

- 11.1. The Internal Audit Annual Plan 2016/17 will help to ensure that the Integration Joint Board complies with The Local Authority Accounts (Scotland) Regulations 2014. It has been developed so that it is aligned with the Integration Joint Board's Strategic Risk Register as at June 2016. The delivery of an Internal Audit service in itself helps address risk HSC002 in the Strategic Risk Register: Leadership, Decision Making and Scrutiny [including effectiveness of governance arrangements and potential for adverse audits and inspections].

12. Consultation

- 12.1. The Internal Audit Annual Plan 2016/17 was subject to consultation with the Chief Officer, Chief Finance Officer, the chief internal auditors of the constituent authorities and the Integration Joint Board's external auditor (Audit Scotland).
- 12.2. The Chief Internal Auditor provided a consultative draft of the Corporate Governance Arrangements report (Appendix 1) to the Chief Officer and Chief Finance Officer.

13. Equality and Human Rights Impact Assessment

- 13.1. N/A.

14. Exempt reports

- 14.1. Not exempt.



**Clackmannanshire
Council**



Internal Audit Review

**Clackmannanshire & Stirling
Integration Joint Board**

**Corporate Governance
Arrangements**

Auditor(s) Kevin O’Kane, Chief Internal Auditor
Jason Ross, Internal Auditor

Issue date 9 February 2017

Issued to

Shiona Strachan Chief Officer
Ewan Murray Chief Finance Officer

Copied to

External Audit (Audit Scotland)

Contents

Section	Page
1. Executive Summary and Audit Opinion	3
2. Background, Scope and Objectives	6
3. Risks & Recommendations	8
 Appendices	
1. Classifications: Audit Opinion and Individual Findings	17
2. Limitations & Responsibilities	19
3. Action Plan	20

This report has been prepared solely for Clackmannanshire & Stirling Integration Joint Board. We do not accept or assume any liability or duty of care for any other purpose or to any other party. This report should not be disclosed to any third party, quoted or referred to without our prior written consent.

Internal audit work is performed in accordance with Public Sector Internal Audit Standards (PSIAS).

1. Executive Summary and Audit Opinion

Audit Opinion	Risks & Recommendations					
	<u>Critical</u>	<u>High</u>	<u>Medium</u>	<u>Low</u>	<u>Advisory</u>	
Substantial Assurance	Risks identified	-	-	3	2	-
	Recommendations	-	-	4	3	-

The table above sets out the number and classification of risks identified in the course of our audit, as well as the number and importance of agreed improvement actions arising from those risks. It should be noted that there may be more than one agreed action in respect of any given risk and, where that is the case, the additional action(s) may not necessarily be of the same significance as the underlying risk itself.

Background

- 1.01 We performed a review of the Integration Joint Board’s (IJB) Corporate Governance arrangements as part of the programme of work approved in the Annual Internal Audit Plan 2016/17.
- 1.02 The IJB and the Health and Social Care Partnership are governed by an Integration Scheme that has been subject to statutory approval under the Public Bodies (Joint Working) (Scotland) Act 2014, which requires Health Boards and Local Authorities to integrate planning for, and delivery of, certain adult health and social care services. The Integration Scheme is a legally binding agreement between the partners, describing what the parties will do to enable the IJB to meet its responsibilities.
- 1.03 IJB members are accountable to the public for the provision of quality services, for establishing the policy framework and for decisions taken at IJB meetings. Members are also responsible for making decisions about services and budgets.
- 1.04 This report addresses elements of the following Partnership priorities and risks:

National Health & Wellbeing Outcomes	<p>9. Resources are used effectively and efficiently</p> <p>To deliver Best Value and ensure scarce resources are used effectively and efficiently in the provision of health and social care services</p>
Strategic Risk Register	<p>HSC002 Leadership, Decision Making and Scrutiny [including effectiveness of governance arrangements and potential for adverse audits and inspections]</p> <p>This risk relates to the establishment of effective governance structures and to implement them effectively. The potential effect is failure to:</p> <ul style="list-style-type: none"> • comply with legislation; • deliver Strategic Plan outcomes; • satisfy audit and external inspection bodies; and, • avoid associated reputational damage.

Assurance Opinion

- 1.05 Generally, from the findings of our review, we can provide **substantial assurance** that the corporate governance arrangements are appropriate and are operating effectively. A definition of this assurance category is set out at Appendix 1 to this report.
- 1.06 Governance policies and procedures have been developed and approved and the roles and responsibilities of IJB members have been defined and meetings are taking place regularly. However, while there is evidence of performance and financial scrutiny, arrangements for those areas are still being developed to ensure they are more efficient, and more clearly linked to key priorities and the Strategic Plan.

Summary of findings

- 1.07 We did not identify any critical or high risk findings during our review. We have, however, identified 3 medium, and 2 low risk findings, and made recommendations to help strengthen the corporate governance arrangements.
- 1.08 The table below summarises our findings in respect of the specific risks addressed by our review (see Scope & Objectives in section 2 of this report).

	Risks	Findings
1	Governance policies and procedures, and related roles and responsibilities, are not clear and comprehensive.	We found that that appropriate key policies and procedures have been developed and approved, and are largely clear and comprehensive. We recognise that the IJB is still at an early stage of development, and noted that development and improvement has continued throughout 2016/17.
2	Monitoring reports in respect of the Strategic Plan fail to comply with the Performance Management Framework and do not provide a clear link between money spent, outputs and the outcomes delivered.	The process of providing a formal Performance Report to the IJB was implemented from the November 2016 meeting onward, in a format that is cognisant of the Outcomes and Indicators that are set-out in the Strategic Plan and the Performance Management Framework. The Performance Report is continuing to evolve, and a first Annual Performance Report, including specified information, must be published by 31 July 2017. We also note that, while monitoring and other reports were linked to the Strategic Plan, the nature of such links could be set out more clearly.
3	There is inadequate oversight of services commissioned from the partners.	While the IJB has had proper oversight of commissioning proposals and the implementation of the Scottish Living Wage for commissioned services, and the delivery of commissioned services is covered to an extent within the Performance Report, there is scope to further develop the reporting of services commissioned from within the Partnership and from third parties.

	Risks	Findings
4	Monitoring reports are not timely or of appropriate quality.	We found that the monitoring reports produced were timely and of appropriate quality. We recommend that the suite of monitoring reports is extended to Locality Plans once those are in place.
5	Monitoring reports are not subject to appropriate scrutiny and challenge.	<p>The membership of the IJB is notably large, largely due to its unique nature, which could hinder effective governance. However, observation and review of minutes has provided evidence that proper scrutiny and challenge has occurred. The IJB should regularly review its structure, including membership levels.</p> <p>The IJB has taken initial steps to help ensure that members have the skills, training and confidence to provide effective scrutiny and challenge. The approved development recommendations for the period 2016 to 2018 should be subject to monitoring to ensure that they are properly taken forward.</p>
6	Integration Joint Board decisions are not transparent and are not turned into action.	The agenda and minutes of the IJB, setting out decisions taken, are made public. The effect of those decisions can be seen in subsequent reports, publications and actions.

1.09 We have made recommendations to the Chief Officer and the Chief Finance Officer in respect of each of our findings. The Chief Officer and the Chief Finance Officer have accepted all of those recommendations without significant amendment.

Management response

1.10 The Chief Officer and Chief Finance Officer accept the findings of this report, and will work closely with the partners address the recommendations that have been made.

2. Background, Scope and Objectives

Background

- 2.01 The Public Bodies (Joint Working) (Scotland) Act 2014 introduced a significant programme of reform affecting most health and social care services. The reforms aim to ensure services are well integrated, and that people receive the care they need at the right time and in the right setting, with a focus on community-based and preventative care. The reforms are far-reaching, creating opportunities to overcome previous barriers to change.
- 2.02 Integration Joint Boards established under the Act need to establish and operate effective governance arrangements to ensure that their functions of the IJB are discharged appropriately, and to enact and implement decisions taken at IJB meetings.

Processes and Controls

- 2.03 The Clackmannanshire & Stirling Integration Joint Board was operational by the statutory deadline of 1 April 2016, and its membership is in line with the Public Bodies (Joint Working) (Scotland) Act 2014 and the IJB's own Integration Scheme.
- 2.04 Key corporate governance policies and procedures that have been approved by the IJB include the Strategic Plan, Standing Orders, Financial Regulations, Scheme of Delegation, Performance Management Framework and Risk Management Strategy.
- 2.05 Key monitoring reports that have been regularly submitted to the IJB during the first full year of operation include:
- the Delayed Discharge Progress Report (at each meeting);
 - the Programme Workstreams Update (April and June 2016) and the Chief Officer Report (from September 2016);
 - the Financial Report (from September 2016);
 - the Performance Report (from November 2016);
 - Living Wage implementation update reports (from September 2016); and,
 - the Strategic Risk Register (June 2016 and February 2017).
- 2.06 All reports presented to the IJB, which meets approximately every 2 months, are subject to approval by the Chief Officer. Subsequent decisions taken by the board are clearly documented in the meeting minutes.

Scope and objectives

- 2.07 Our review considered the corporate governance arrangements for the Clackmannanshire & Stirling Integration Joint Board. The scope of the audit was a review of the IJB's governance processes, including arrangements to develop and monitor progress on delivery of the Strategic Plan, to consider whether these have been properly implemented and are effective.
- 2.08 The specific objectives of the review were to consider whether appropriate arrangements are in place and operating effectively to mitigate the following risks:

- governance policies and procedures, and related roles and responsibilities, are not clear and comprehensive;
- monitoring reports in respect of the Strategic Plan fail to comply with the Performance Management Framework and do not provide a clear link between money spent, outputs and the outcomes delivered;
- there is inadequate oversight of services commissioned from the partners;
- monitoring reports are not timely or of appropriate quality;
- monitoring reports are not subject to appropriate scrutiny and challenge; and,
- IJB decisions are not transparent and are not turned into action.

3. Risks & Recommendations

3.01 Governance Policies and Procedures

2016/17 is the first full year of integration, and the evolution of the IJB and the Partnership is at an early stage. The Annual Internal Audit Report 2015/16 recognised that the key corporate governance arrangements, including policies and procedures had been put in place.

It is acknowledged that corporate governance is still being refined and developed, in terms of both substance and format: for example, revised Standing Orders were recommended for approval in February 2017, the Scheme of Delegation and delegation of operational services have been further developed, and the formats of the Performance Report and Strategic Risk Register have been improved since they were first presented.

We noted that policies and procedures did not appear to be subject to version control and scheduled review to ensure that these are maintained in such a way as to be up-to-date and compliant with relevant legislation, guidance and corporate arrangements.

Finding rating	Low risk
Risk(s) identified	The absence of version control and a scheduled review of policies and procedures increases the risk that these are not maintained in such a way as to be up-to-date and compliant with relevant legislation, guidance and corporate arrangements.
Recommendation	1. All governance policy and procedural documents should be subject to clear version control and timetable for review, and should include a scheduled minimum review period or date. A central log of policies and procedures should be maintained and should be used to monitor and prompt those reviews.
Agreed Action	1. A log of policies and procedures will be established and maintained. The internal Standard Operating Procedure for the IJB will reflect the existence of the Log and the schedule for items will reflect the timetable for review.
Responsible officer	1. Programme Manager
Target date	1. 30 June 2017

3.02 Performance Reporting

Integration Joint Boards are responsible for effective monitoring and reporting on the delivery of integrated services and related outcomes, as set out in Strategic Plans. We note that the first formal Performance Report submitted to the IJB was not until the meeting on 16 November 2016, although it is intended that the report will now be submitted to all meetings.

The format of the Performance Report is based around the Local Outcomes identified in the Strategic Plan. The first report, presented in November 2016 mapped the National Health and Wellbeing Outcomes, national Core Suite of Integration Indicators and developing Partnership Indicators to those Local Outcomes, and focussed on the Partnership's position against the National Outcomes, measured by the national Indicators. The second report (February 2017) focused on some Partnership Indicators, including consideration of delayed discharges activity. The format of the report includes a summary at section 1 and a statistical overview at section 2. However, work is ongoing in terms of setting actual targets for delivery, and in the development of a balanced scorecard as identified in the Performance Management Framework.

IJBs are required by section 42 of the [Public Bodies \(Joint Working\) \(Scotland\) Act 2014](#) to produce an Annual Performance Report by 31 July each year, publicly reporting on progress towards improving outcomes. This should include a range of matters such as delivery of the national health and wellbeing outcomes, integration delivery principles, performance in respect of localities, best value, and review of the Strategic Plan. Those contents are set-out in the Performance Management Framework, which incorporates a copy of the Public Bodies (Joint Working) (Content of Performance Reports) (Scotland) Regulations 2014. The Chief Finance Officer has advised that the Annual Performance Report is in development.

We note that, generally, reports to the IJB are not clearly and consistently referenced to the Strategic Plan: for example by stating that a report, which may be recommending a particular decision is taken by the IJB, relates to a specified Local Outcome.

Finding rating	Medium risk
Risk(s) identified	<p>Various monitoring reports are prepared and presented to the IJB: however, these are not clearly and consistently referenced to the Strategic Plan, increasing the risk that IJB decisions and scrutiny may not properly consider the context of the Strategic Plan and the impact of outcomes contained therein.</p> <p>As the IJB is required to prepare an annual performance report, for the first time, by 31 July 2017, there is a risk that it may fail to comply with statutory requirements in terms of the content of that report.</p>
Recommendation	<ol style="list-style-type: none"> 2. The IJB report template should be amended such that the section 'Information on Integration Joint Board Outcomes and Priorities' prompts officers to clearly link the reports and associated recommendations to specific Local Outcome(s), where relevant, and to provide key, explanatory information. 3. Officers should continue the development of the first Annual Performance Report, ensuring that IJB Members are able to give this proper scrutiny before the required date of publication, and that it is comprehensive in terms of the content required by the Performance Management Framework while being clear and user-friendly.

Agreed action	<ol style="list-style-type: none"> 2. The format of the report template will reviewed to enhance clarity of linkage to specific Local Outcomes and Strategic Plan priorities. 3. The Performance and Measurement Group are continuing to work on further development of performance reporting, including planning for the Annual Performance Report. An update will be provided on this at 7 June 2017 IJB meeting. Requirements for any additional briefing to and further scrutiny by IJB members will be considered in light of progress in as Annual Performance Report develops.
Responsible officers	<ol style="list-style-type: none"> 2. Chief Officer 3. Head of Performance and Governance, NHS Forth Valley
Target date	<ol style="list-style-type: none"> 2. 31 March 2017 3. 30 June 2017

3.03 Oversight of Commissioned Services

The IJB has adopted a business model whereby it commissions services through the Partnership, and from the individual partners. There is no reporting specifically on the delivery of commissioned services, although aspects of these have been considered through, for example, the Performance reports that commenced in November 2016. The first such report provided information, for example, on progress against the Partnership Indicator Delayed Discharges over 2 Weeks for Clackmannanshire and Stirling (separately), explaining performance in the context of commissioned services (specifically, homecare).

The IJB considered, in June 2016, a report on Commissioning for Health and Social Care that included and set-out an approach to contract monitoring and reviewing the effectiveness of the commissioning strategy. The report was for information, not for decision, and acknowledged that full consultation would be integral to any future commissioning activities.

We noted the following examples of IJB oversight of commissioned services:

- consideration and approval for the IJB to commission independent advocacy services for the Partnership (September 2016);
- approval of the progression of the Partners in Choice Framework procurement process (November 2016); and,
- regular reports on the implementation of the Scottish Living Wage for commissioned services in the Partnership (since September 2016).

Finding rating	Medium risk
Risk(s) identified	The lack of specific reporting on the delivery of services commissioned to the partners or through the Partnership increases the risk of delay in identifying and addressing service delivery issues. However, we note that commissioning arrangements remain under development, and that Performance Reports are used to highlight service delivery – although there have only been two such reports to date and that process is also evolving.
Recommendation	4. The IJB should consolidate and further develop its reporting arrangements to ensure that it receives clear and timely information on the delivery of commissioned services, analysed in such a way as to highlight any issues that require to be considered and addressed.
Agreed action	4. A Market Position Statement is currently being prepared for presentation to an approval by the IJB in June 2017, and will clearly lay out the range and type of services the IJB will commission. It will be accompanied by an analysis of the range of commissioned services. The MPS forms a key part of the Strategic Plan. In addition the IJB has agreed the recent needs assessments in respect of housing for older people and homelessness – again the reports form part of the Strategic Plan and further work will be carried out with the local Strategic Housing Authorities to develop the implementation plans linked to their strategic housing plans. It will be proposed to the IJB that there is an annual update on the range of commissioned services as part of the annual performance report.

Responsible officer	4. Chief Officer
Target date	4. 31 March 2017

3.04 Timing and Quality of Monitoring Reports

Key monitoring reports that have been regularly submitted to the IJB during the first full year of operation include:

- the Delayed Discharge Progress Report (at each meeting);
- the Programme Workstreams Update (April and June 2016) and the Chief Officer Report (from September 2016);
- the Financial Report (from September 2016);
- the Performance Report (from November 2016); and,
- the Strategic Risk Register (June 2016 and February 2017).

The provision and content of regular monitoring reports to the IJB has improved during the year, though it is noted that the Performance Report in particular is at an early stage in its development, there having been only two such reports to February 2017).

It is noted that the Financial Reports have consistently highlighted a projected overspend, the reasons for this, and the actions that are being taken to address this. The report to the IJB in February 2017 also highlighted that: “it is now clear that budget recovery action will not produce a balanced financial position for the partnership in 2016/17 and as such the constituent authorities with projected overspends have been requested to provide a corporate position in terms of providing additional non-recurrent funding to meet the projected in-year cost of providing delegated services.” This has demonstrated good practice in terms of providing transparent information to IJB Members for scrutiny and decision-making purposes.

We note that the information contained in the February 2017 reports were of good timeliness, taking account of the period for preparation and consideration of agenda papers – the Performance and Delayed Discharge reports related to December 2016, while the Financial Report was up to the end of November 2016.

We note that the Locality Plans are still in draft and, up to February 2017, have not been submitted to the IJB for approval, and that the overarching Delivery Plan for the Partnership will be the subject of a detailed report to the March meeting of the IJB. It is important that monitoring arrangements are put in place promptly to allow the IJB to monitor progress on the achievement of those plans once they are in place.

Finding rating	Medium risk
Risk(s) identified	Any delay in implementing arrangements to monitor progress against Locality Plans, including the provision of timely and accurate reports to the IJB, may hinder the effectiveness of those Plans and the achievement of related outcomes.
Recommendation	5. The implementation of the Partnership’s Delivery Plan and associated Locality Plans should be supported by approved monitoring arrangements, including regular, timely and accurate reports to the IJB.

Agreed action	5. The Delivery Plan will be in place from March 2017, aligned to the budget and resources. The full Delivery Plan will include the initial elements of the Locality Plans. The full development of detailed Locality Plans will be a priority for the IJB over 2017/18. Ongoing reporting requirements will be considered during this period: meanwhile the IJB will receive regular updates either through the Chief Officer's report or through specific update reports on locality development.
Responsible officer	5. Chief Officer
Target date	5. 31 March 2018

3.05 Scrutiny and Challenge

The membership of the IJB is consistent with both legislation (the [Public Bodies \(Joint Working\) \(Integration Joint Boards\) \(Scotland\) Order 2014](#) and the agreed and approved Integration Scheme. However, we note that there are currently 34 members (including 5 advisory members and one vacancy), compared with required levels of 20 under the legislation and 25 under the Integration Scheme. We also note that some members have highlighted the size of the membership, and that Audit Scotland highlighted the IJB as an example of a “very large board” in its report on [Health & Social Care Integration](#) (December 2016). At the same time, it also needs to be noted that only 12 of the members have voting rights, and that the size of membership is heavily influenced by the IJB incorporating two Councils as opposed to one in all other IJBs in Scotland.

It is essential that IJB members possess the skills, knowledge and confidence to perform their scrutiny role effectively. Following the Board Development Session held on 20 November 2015, the IJB approved a number of Board development recommendations for the period 2016 to 2018. While further development sessions have taken place during 2016, the approved optional personal development process, including an individual assessment tool for use by Board members in relation to their own functioning and development needs, has not yet been implemented.

Finding rating	Low Risk
Risk(s) identified	<p>The relatively large size of the IJB membership increases the risk that it may be unable to deliver effective scrutiny, for example, through consideration and discussion of reports presented to it in the time available at meetings.</p> <p>The lack of formal, ongoing assessment and identification of Members’ development needs, and monitoring to ensure that related objectives are met, increases the risk that IJB Members may not have the skills required to provide effective scrutiny and challenge.</p>
Recommendation	<p>6. The IJB should regularly review and assess the effectiveness of its structure, including its composition, to consider whether this adequately supports effective operation and scrutiny.</p> <p>7. Progress against the Board development recommendations that were approved in February 2016 should be monitored and reported via the regular Chief Officer reports.</p>
Agreed action	<p>6. The structure and composition of the IJB will be kept under review, taking account of the ongoing development of IJB and Partnership arrangements</p> <p>7. Given pending changes to IJB membership post the May 2017 Local Authority elections, the development requirements of members will be re-assessed in the period thereafter and an updated development plan presented to the IJB for consideration and approval.</p>
Responsible officer	<p>6. Chief Officer</p> <p>7. OD Adviser, Clackmannanshire and Stirling Health and Social Care Partnership</p>

Target date	6. 31 March 2018 7. 31 October 2017
--------------------	--

Appendix 1 – Classifications

Overall level of assurance

Level of Assurance	Definition
Comprehensive assurance	Sound systems for risk, control, and governance are in place and should be effective in mitigating risks to the achievement of business and control objectives. Some improvements to existing controls in a few, relatively minor, areas may be required.
Substantial assurance	The systems for risk, control, and governance are largely satisfactory, but there is some scope for improvement as the present arrangements could undermine the achievement of business and/or control objectives and/or leave them vulnerable to some risk of error/abuse.
Limited assurance	The systems for risk, control, and governance have some satisfactory aspects, but contain a number of significant weaknesses that are likely to undermine the achievement of business and/or control objectives and leave them vulnerable to an unacceptable risk of error/abuse.
No assurance	The systems for risk, control, and governance are ineffectively designed and/or are operated ineffectively such that business and/or control objectives are not being achieved and the risk of serious error/abuse is unacceptable. Significant improvements are required.

Individual finding ratings

Risk Rating	Description
Critical	<p>A finding that could have a critical impact in terms of:</p> <ul style="list-style-type: none"> operational performance; or monetary or financial statement impact; or breach in laws and regulations that could result in material fines or consequences; or the IJB’s reputation.
High	<p>A finding that could have a significant impact in terms of:</p> <ul style="list-style-type: none"> operational performance; or monetary or financial statement impact; or breach in laws and regulations that could result in significant fines or consequences; or the IJB’s reputation.

Risk Rating	Description
Medium	<p>A finding that could have a moderate impact in terms of:</p> <ul style="list-style-type: none"> • operational performance; or • monetary or financial statement impact; or • breach in laws and regulations that could result in moderate fines or consequences; or • the IJB's reputation.
Low	<p>A finding that could have a minor impact in terms of:</p> <ul style="list-style-type: none"> • operational performance; or • monetary or financial statement impact; or • breach in laws and regulations with limited consequences; or • the IJB's reputation.
Advisory	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or poor practice.</p>

Appendix 2 - Limitations & responsibilities

Limitations inherent to the internal auditor's work

We have undertaken a review of corporate governance arrangements, subject to the limitations outlined below.

Internal control

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding achievement of the Integration Joint Board's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgment in decision-making, human error, deliberate circumvention of control processes by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of the development, operation and effectiveness of corporate governance arrangements is as at the period from April 2016 to February 2017. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

Internal Audit endeavours to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we will perform further work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when performed with due professional care, do not guarantee that fraud will be detected. Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities that may exist.

The Integration Joint Board's Chief Internal Auditor should be informed of all suspected or detected fraud, corruption or impropriety in order to consider the adequacy of the relevant controls, and to evaluate the implication of fraud and corruption for his opinion on the Integration Joint Board's internal control environment.

Appendix 3 – Action Plan

No.	Ref	Recommendation	Agreed Action	Risk Rating	Responsible Officer	Target Date
1	3.01	All governance policy and procedural documents should be subject to clear version control and timetable for review, and should include a scheduled minimum review period or date. A central log of policies and procedures should be maintained and should be used to monitor and prompt those reviews.	A log of policies and procedures will be established and maintained. The internal Standard Operating Procedure for the IJB will reflect the existence of the Log and the schedule for items will reflect the timetable for review.	Low	Programme Manager	30 June 2017
2	3.02	The IJB report template should be amended such that the section 'Information on Integration Joint Board Outcomes and Priorities' prompts officers to clearly link the reports and associated recommendations to specific Local Outcome(s), where relevant, and to provide key, explanatory information.	The format of the report template will be reviewed to enhance clarity of linkage to specific Local Outcomes and Strategic Plan priorities.	Medium	Chief Officer	31 March 2017
3	3.02	Officers should continue the development of the first Annual Performance Report, ensuring that IJB Members are able to give this proper scrutiny before the required date of publication, and that it is comprehensive in terms of the content required by the Performance Management Framework while being clear and user-friendly.	The Performance and Measurement Group are continuing to work on further development of performance reporting, including planning for the Annual Performance Report. An update will be provided on this at 7 June 2017 IJB meeting. Requirements for any additional briefing to and further scrutiny by IJB members will be considered in light of progress in as Annual Performance Report develops.		Head of Performance and Governance, NHS Forth Valley	30 June 2017

No.	Ref	Recommendation	Agreed Action	Risk Rating	Responsible Officer	Target Date
4	3.03	The IJB should consolidate and further develop its reporting arrangements to ensure that it receives clear and timely information on the delivery of commissioned services, analysed in such a way as to highlight any issues that require to be considered and addressed.	A Market Position Statement is currently being prepared for presentation to an approval by the IJB in June 2017, and will clearly lay out the range and type of services the IJB will commission. It will be accompanied by an analysis of the range of commissioned services. The MPS forms a key part of the Strategic Plan. In addition the IJB has agreed the recent needs assessments in respect of housing for older people and homelessness – again the reports form part of the Strategic Plan and further work will be carried out with the local Strategic Housing Authorities to develop the implementation plans linked to their strategic housing plans. It will be proposed to the IJB that there is an annual update on the range of commissioned services as part of the annual performance report.	Medium	Chief Officer	31 March 2017
5	3.04	The implementation of the Locality Plans should be supported by approved monitoring arrangements, including regular, timely and accurate reports to the IJB.	The Delivery Plan will be in place from March 2017, aligned to the budget and resources. The full Delivery Plan will include the initial elements of the Locality Plans. The full development of detailed Locality Plans will be a priority for the IJB over 2017/18. Ongoing reporting requirements will be considered during this period: meanwhile the IJB will receive regular updates either through the Chief Officer's report or through specific update reports on locality development.	Medium	Chief Officer	31 March 2018

No.	Ref	Recommendation	Agreed Action	Risk Rating	Responsible Officer	Target Date
6	3.05	The IJB should regularly review and assess the effectiveness of its structure, including its composition, to consider whether this adequately supports effective operation and scrutiny.	The structure and composition of the IJB will be kept under review, taking account of the ongoing development of IJB and Partnership arrangements.	Low	Chief Officer	31 March 2018
7	3.05	Progress against the Board development recommendations that were approved in February 2016 should be monitored and reported via the regular Chief Officer reports.	Given pending changes to IJB membership post the May 2017 Local Authority elections, the development requirements of members will be re-assessed in the period thereafter and an updated development plan presented to the IJB for consideration and approval.		OD Adviser, Clackmannanshire and Stirling Health and Social Care Partnership	31 October 2017



**Clackmannanshire
Council**



Clackmannanshire & Stirling
Integration Joint Board

Audit Committee

16 February 2017

This report relates to
Item 9 on the agenda

Review of Financial Regulations and Draft Reserves Policy and Strategy

*(Paper presented by Ewan C. Murray, Chief Finance
Officer)*

For Approval

Approved for Submission by	Ewan C. Murray, Chief Finance Officer
Author	Ewan C. Murray, Chief Finance Officer
Date:	9 February 2017
List of Background Papers:	
Integration Joint Board Special Meeting 30 March 2016 – 5.1 Financial Regulations	

Title/Subject: Review of Financial Regulations and Draft Reserves Policy and Strategy
Meeting: Clackmannanshire & Stirling Integration Joint Board: Audit Committee
Date: 16 February 2017
Submitted By: Ewan C. Murray, Chief Finance Officer
Action: For Noting and Approval

1. Introduction

- 1.1 As set out by the Public Bodies (Joint Working) (Scotland) Act 2014 and the supporting guidance from the Integrated Resourcing Advisory Group (IRAG) Integration Joint Boards are required to agree a set of financial regulation to ensure appropriate financial governance arrangements are in place and are regularly reviewed.
- 1.2 As part of these arrangements an appropriate reserves policy and strategy should also be considered and regularly reviewed.

2. Recommendations

The Audit Committee is asked to consider this report and:

- 2.1. Note that the Chief Finance Officer has performed a review of the Integration Joint Boards Financial Regulations in light of experience to date and does not consider that any substantive changes are required at this point in time.
- 2.2. Consider and recommend the Reserves Strategy attached at Appendix II for approval by the Integration Joint Board in line with 2017/18 budget setting.
- 2.3. Note that that it good practice that the Financial Regulations and Reserves Policy are reviewed periodically and approve a further review no later than March 2018.

3. Background

- 3.1. The Forth Valley wide Finance Workstream developed initial Financial Regulations and a Reserve Policy and Strategy for approval by the Integration Joint Boards taking into account extant national guidance from the Integrated Resourcing Advisory Group.
- 3.2. The Integration Joint Board approved a set of Financial Regulations at its special meeting of 30 March 2016

4. Financial Regulations

- 4.1. The Integration Joint Board has undertaken a review of the Financial Regulations in light of the experience to date of the Integration Joint Board.
- 4.2. In light of this review no substantive changes are proposed to the Financial Regulations. Minor amendments have been made to reflect the Audit Committee and the approval of the Scheme of Delegation.
- 4.3. A clear and explicit reserves policy and strategy should be considered and agreed by the Integration Joint Board to supplement the Financial Regulations.

5. Reserves Policy and Strategy

- 5.1. A model Reserves Policy and Strategy was developed by the Forth Valley wide Finance Workstream and part of their workplan.
- 5.2. The Integration Joint Board Chief Finance Officer has reviewed the model Reserves Policy and Strategy and used this as a basis for a proposed reserves policy and strategy for approval Clackmannanshire and Stirling Integration Joint Board. This is attached as Appendix II.
- 5.3. It is not envisaged that the Integration Joint Board will hold significant reserves, however, robust financial management and control requires the Integration Joint Board to give consideration to the holding of General Reserves to provide protection against unforeseen and/or unavoidable costs arising.
- 5.4. As part of the reserves policy a maximum target level for General Reserves of £1.25m is proposed which is approximately 0.75% of the partnership budget.
- 5.5. The reserves policy and strategy will require further consideration as the Integration Joint Board develops its medium term financial strategy.

6. Resource Implications

- 6.1. The Resource implications associated with the reserves policy and strategy will be considered as part of the Integration Joint Boards budget setting for 2017/18.

7. Impact on Integration Joint Board Priorities and Outcomes

- 7.1. The reserves policy and strategy will assist in appropriately managing the financial resources available to deliver the Strategic Plan.

8. Legal & Risk Implications

- 8.1. The requirement for Financial Regulations for the Integration Joint Board are set out in the Public Bodies (Joint Working) (Scotland) Act 2014 and the supporting guidance from the Integrated Resourcing Advisory Group (IRAG)

9. Equality and Human Rights Impact Assessment

- 9.1. N/A.

10. Exempt reports

- 10.1. Not exempt.

APPENDIX I – FINANCIAL REGULATIONS

CLACKMANNANSHIRE AND STIRLING INTEGRATION JOINT BOARD FINANCIAL REGULATIONS

1. DEFINITIONS AND INTERPRETATION

1.1 "**1973 Act**" means the Local Government (Scotland) Act 1973;

"**Act**" means the Public Bodies (Joint Working) (Scotland) Act 2014;

"**Board**" means Integration Joint Board;

"**Chief Finance Officer**" means the Chief Finance Officer of the Board appointed by the Board in terms of section 95 of the 1973 Act;

"**Chief Officer**" means the Chief Officer of the Board appointed by the Board in terms of s10 of the Act;

"**Council**" means Clackmannanshire or Stirling Council;

"**Integrated Budget**" means the Integrated Budget of the Board set in accordance with the provisions of the Integration Scheme.

"**Integration Joint Board Budget or IJB Budget**" means the Integrated Budget as defined above plus the 'Set-Aside' budget per the provisions of the Integration Scheme. This includes Partnership Funding including the Integrated Care Fund, Delayed Discharge Fund, Integration Fund and any other external funding for Health and Social Care.

"**Set-Aside Budget**" means the sum to be set aside and made available by the NHS Board to the Integration Joint Board in respect of those delegated functions which are carried out in a large hospital.

"**Integration Scheme**" means the Integration Scheme between the Parties approved by the Scottish Ministers.

"**Directions**" means the instruction to carry out functions defined in the Act and Integration Scheme.

"**Accountable Officer**" means the officer personally answerable to the Scottish Parliament in accordance with Section 15 of the Public Finance and Accountability (Scotland) Act 2000. For Health Boards this is the Chief Executive.

"**NHS**" means Health Board;

"**Parties**" means the Council and the NHS (and "**Party**" means either of them); and

"**Strategic Plan**" means the plan which the Board is required to prepare and implement in relation to the delegated provision of health and social care services to adults in accordance with section 29 of the Act.

1.2 Words in these Financial Regulations that are also used in the Board's other governing documents shall, where possible, have the same meanings as they have in those other governing documents.

2. SCOPE AND OBSERVANCE

- 2.1 The Board is a legal entity in its own right, created by Parliamentary Order, following Ministerial approval of the Integration Scheme. The Parties adopted a 'body corporate' arrangement- s1(4)(a) of the Act.
- 2.2 The Board 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 function of management and, therefore, a responsibility placed upon the appointed members and officers of the Board. In particular:-
- (1) NHS (Financial Provisions) (Scotland) Regulations 1974 require NHS Directors of Finance to design, implement and supervise systems of financial control and NHS circular 1974 (GEN) 88 requires the Director of Finance to:
 - . approve the financial systems;
 - . approve the duties of officers operating these systems; and
 - . maintain a written description of such approved financial systems including a list of specific duties.
 - (2) Section 95 of the 1973 Act requires that every local authority shall make arrangements for the proper administration of its financial affairs and shall secure that the proper officer of the authority has responsibility for the administration of those affairs.
- 2.3 Members of the Board have a duty to abide by the highest standards of probity in dealing with financial issues. This is achieved by ensuring everybody is clear about the standards to which they are working and the controls in place to ensure these standards are met.
- 2.4 The key controls and control objectives for financial management standards are:-
- (1) the promotion of the highest standards of financial management by the Board;
 - (2) a monitoring system to review compliance with the financial regulations;
 - (3) comparisons of actual and forward projection of financial performance with planned/budgeted performance that are reported to the Board; and
 - (4) the Audit Committee of the Board fulfilling its duties under its Terms of Reference.
- 2.5 In all matters to do with the management and administration of the IJB Budget by the Board and its officers exercising such delegated powers as the Board has agreed in this regard, these Financial Regulations will apply in all circumstances.
- 2.6 Prior to any funding being passed by one of the Parties to the Board as part of the Integrated Budget, the Financial Regulations or Standing Financial Instructions of the relevant Party will apply. Similarly, once funding has been approved from the Integrated Budget by the Board and directed by it to the Council or the NHS for the purposes of service delivery, the Standing Financial Instructions or Financial Regulations of the relevant Party will then apply to the directed sum, which will be utilised in accordance with the priorities determined by the Board in its Strategic Plan.

3. FINANCIAL MANAGEMENT

Responsibility of Board

3.1 The Integration Scheme sets out the detail of the integration arrangements agreed between the Parties in accordance with the Act. In relation to financial management it specifies:-

- (1) the functions which are delegated to the Board by the NHS and the Council.
- (2) the financial management arrangements including treatment of budget variances;
- (3) the reporting arrangements between the Board, the NHS and the Council;
- (4) the method for determining the payment to be made available by the NHS and the Council to the Board; and
- (5) giving directions to the NHS and the Council that are designed to ensure resources are spent according to the Strategic Plan.

3.2 The Board is responsible for the production of the Strategic Plan, setting out the needs, priorities and services for its population over the medium term (3 years), including:-

- (1) the payment from the Council
- (2) the payment from the NHS to the Board
- (3) the amount set aside by the NHS for delegated services.

Responsibility of the Chief Officer

3.3 The Chief Officer will discharge his/her duties in respect of the delegated functions by:-

- (1) ensuring that the Strategic Plan meets the requirement for economy, efficiency and effectiveness in the use of the Board resources.

Responsibility of the Chief Finance Officer

3.4 The Board is required to appoint an officer responsible for its financial administration. This post, known as the Chief Finance Officer, will fulfill a role equivalent of the section 95 officer within the Council.

3.5 The Chief Finance Officer will discharge his/her duties in respect of the available resources by:-

- (1) establishing financial governance systems for the proper use of the available resources;
- (2) ensuring that the Strategic Plan meets the requirement for best value in the use of the Board's resources; and
- (3) ensuring that the directions given by the Chief Officer to the NHS and the Council provide for the resources that are allocated in respect of the directions

to be spent according to the Strategic Plan. It is the responsibility of the Chief Finance Officer to ensure that the provisions of the directions enable the Parties to discharge their responsibilities in this respect

3.6 The responsibilities of the NHS's accountable officer, (the NHS's Chief Executive) and the Council's Chief Financial Officer (section 95 officer) are as follows:-

- (1) the NHS's accountable officer and the Council's section 95 officer discharge their responsibility, as it relates to the resources that are delegated to the Board.
- (2) the NHS's Director of Finance and the Chief Financial Officer (section 95 officer) of the Council will provide specific advice and professional support to the Chief Officer to support the production, and when necessary the periodic review of, the Integration Scheme;
- (3) the NHS's Director of Finance and the Chief Financial Officer (section 95 officer) of the Council will provide ongoing support and advice to the Chief Officer in the delivery of operational services within the NHS and the Council.

4. FINANCIAL PLANNING

Strategic Plan

4.1 The Board is responsible for the production of the Strategic Plan -setting out the needs, priorities and services for its population over the medium term (3 years). This should include a medium term financial plan for the resources within the scope of the Strategic Plan, incorporating:-

- (1) the Integrated Budget- aggregate of payments to the Board; and
- (2) the Set-aside Budget- the amount set aside by the NHS for delegated services.

4.2 While the NHS and the Council should provide indicative three year rolling funding allocations to the Board to support the Strategic Plan and the medium term financial planning process such indicative allocations would remain subject to annual approval by all Parties.

4.3 It is the responsibility of the Chief Officer and the Chief Finance Officer to develop a draft IJB budget based on the Strategic Plan and to present this to the Parties for consideration and agreement within each Party's budget setting process. The draft budget should take account of such factors as:-

- (1) **Activity Changes:** the impact on resources in respect of increased demand (e.g. demographic pressures and increased prevalence of long term conditions) and for other planned activity changes;
- (2) **Cost inflation:** pay and supplies cost increases;
- (3) **Efficiencies:** all savings (including increased income opportunities and service rationalisations/cessations) should be agreed between the Board and the Council / NHS as part of the annual rolling financial planning process to ensure transparency;

- (4) **Performance on outcomes:** the potential impact of efficiencies on agreed outcomes must be clearly stated and open to discussion and consideration by the Council and the NHS;
- (5) **Legal requirements:** legislation may entail expenditure commitments that should be taken into account in adjusting the amounts to be paid, or set aside, to the Board by the Parties;
- (6) **Transfers to/from the set aside budget for hospital services:** as set out in the Strategic Plan;
- (7) **Adjustments to address equity:** the Council and the NHS may choose to adjust contributions to smooth the variation in weighted capita resource allocations across partnerships; information to support this will be provided by the Information Services Division (part of NHS National Services Scotland) and the Analytical Services Division (part of Scottish Government).

Limits on Expenditure

- 4.4 No expenditure shall be incurred by the Board unless it has been included within the approved IJB Budget and Strategic Plan, except:-
- (1) where additional funding has been approved by the NHS and/or the Council and the IJB Budget / Strategic Plan updated appropriately;
 - (2) where additional funding has been allocated by the Scottish Government following approval of the IJB budget;
 - (3) in emergency situations in terms of any scheme of delegation; and
 - (4) as provided for in paragraph 4.6 below (Virement).

Virement

- 4.5 Virement is defined by CIPFA as "the transfer of an under spend on one budget head to finance additional spending on another budget head, in accordance with an Authority's 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 or department to another. This would also include transfers between the two arms of the budget.
- 4.6 Virement rules are set out in sections 8.8.1, 8.8.2 and 8.8.3 of the IJB Integration Scheme.
- (1) The Chief Officer is permitted to transfer resources between the arms of the Integrated Budget which fall within the scope of the Strategic Plan subject to there being no overall increase in net budget, no forward impact on future years and does not breach authorisation levels to be determined in accordance with the Scheme of Delegation.

Scheme of Delegation

- 4.7 A scheme of delegation has been developed and approved agreed to allow the Chief Officer and Chief Finance Officer the appropriate level of authority to discharge their responsibilities.

Budgetary Control

- 4.8 It is the responsibility of the Board Chief Finance Officer, in consultation with the Director of Finance of the NHS and the Chief Financial Officer (section 95 officer) of Council, to agree a consistent basis and timetable for the preparation and reporting of management accounting information. In line with section 8.10.2 of the Integration Scheme this will include quarterly financial reports to the Integration Joint Board.
- 4.9 The Board Chief Finance Officer along with the Director of Finance of the NHS and the Chief Financial Officer (section 95 officer) of the Council shall, put in place a **system of budgetary control which will provide the Chief Officer with management accounting information for both arms of the integrated budget and for the IJB budget in aggregate.**

Variances

- 4.10 The Integration Scheme specifies how in year over/under spends will be treated. Where it appears that any heading of income or expenditure may vary significantly from that appearing in the Strategic Plan, it shall be the duty of the Chief Officer and the Chief Finance Officer, in conjunction with the NHS's Director of Finance and the Chief Financial Officer (section 95 officer) of the Council, to report in accordance with the appropriate method established for the purpose by the Board, the NHS and the Council, the details of the variance and any remedial action required.

Reports to the Board

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

Legality of Expenditure

- 4.12 It shall be the duty of the Chief Officer to ensure that no expenditure is incurred, or included within the Strategic Plan, unless it is within the legal powers of the Board. In cases of doubt the Chief Officer should consult the respective legal advisors of the NHS and the Council before incurring expenditure. Expenditure on new service developments, initial contributions to other organisations and responses to new emergency situations which require expenditure, must be clarified as to legality prior to being incurred.

Management of Reserves

- 4.13 Legislation empowers the Board to hold reserves, which should be accounted for in the financial accounts and records of the Board.
- 4.14 As any underspend will be held by the Party holding the respective budget and only adjusted through subsequent allocations from the Board no interest will be credited to the Board for balances held and these will be accounted for within the financial records of the Councils or NHS Board.

VAT

- 4.15 HM Revenues and Customs have confirmed that there is no requirement for a separate VAT registration for the Board as it will not be delivering any services within the scope of VAT. This position will require to be kept under review by the Chief Finance Officer should the operational activities of the Board change and a need to register be established.

Procurement/Commissioning of Services

- 4.16 The Public Bodies (Joint Working) (Proceedings, Membership and General Power of Integration Boards) (Scotland) Order 2014 provides that the Board may enter into a contract with any person in relation to the provision to the Board of goods and services for the purpose of carrying out the functions conferred on it by the Act.
- 4.17 As a result of specific VAT and accounting issues associated with the Board contracting directly for the provision of goods and services, the Chief Officer is required to consult with the NHS's Director of Finance and the Chief Financial Officer (section 95 officer) of the Council, and the Chief Finance Officer prior to any direct procurement exercise being undertaken.

Accounting Procedures and Records

- 4.18 All accounting procedures and records of the Board shall be determined by the Chief Finance Officer. These will also be subject to discussion and agreement with the Director of Finance / Chief Financial Officer of the NHS / Council as appropriate.
- 4.19 Legislation provides that the Board is subject to the audit and accounts provision of a body under section 106 of the 1973 Act. This requires audited annual accounts to be prepared with the reporting requirements specified in the relevant legislation and regulations - section 12 of the Local Government in Scotland Act 2003 and regulations under section 105 of the 1973 Act. These will be proportionate to the limited number of transactions of the Board whilst complying with the requirement for transparency and true and fair reporting in the public sector.

Financial Statements of the Board

- 4.20 The reporting requirements for the Board 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 105 of the 1973 Act.
- 4.21 The financial statements including the Annual Accounts and associated reporting requirements must be completed to meet the audit and publication timetable specified in regulations. 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 the NHS and the Council meet their respective statutory and publication requirements for the single entity and group accounts.
- 4.22 The Chief Finance Officer shall agree the financial statements production timetable with the external auditors of the Board, the NHS and the Council.

5. INTERNAL AUDIT

Responsibility for Internal Audit

- 5.1 The Board shall establish adequate and proportionate internal audit arrangements for review of the adequacy of the arrangements for risk management, governance and control of the allocated resources, but not the amount or sufficiency of the allocated resources. This will include determining who will provide the internal audit service for the Board and nominating a Chief Internal Auditor.
- 5.2 The operational delivery of internal audit services within the NHS and the Council will be contained within their respective and established arrangements.
- 5.3 The Internal Audit Service will undertake its work in compliance with the Public Sector Internal Audit Standards.
- 5.4 On or before the start of each financial year, the Board's Chief Internal Auditor will prepare and submit a strategic risk based audit plan to the Audit Committee for approval. It is recommended this is shared for information with the relevant committee of the NHS and the Council.
- 5.5 The Board's Chief Internal Auditor will submit an annual audit report of the Internal Audit function to the Chief Officer and the Audit Committee indicating the extent of audit cover achieved and providing a summary of audit activity during the year. As a minimum the annual audit report and Chief Internal Auditor's opinion will also be reported to the audit committee of the NHS Board and the Audit and Governance Panel of the Council.

Authority of Audit

- 5.6 The Board's Chief Internal Auditor or their authorised representatives shall have authority, on production of identification, to:-
 - (1) obtain entry at all reasonable times to any premises or land used or operated by the Board;
 - (2) have access to all systems, records, documents and correspondence relating to any financial and other transactions of the Board; and
 - (3) require and receive such explanations as are necessary concerning any matter under examination.

6. RISK MANAGEMENT AND INSURANCE

Responsibility for Insurance and Risk

- 6.1 The Board shall make appropriate insurance arrangements for all activities of the Board in accordance with the risk management strategy.
- 6.2 The Chief Officer shall 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 Board and for which it is the general custom to ensure. This will include the provision of appropriate insurance in respect of members of the Board acting in a decision making capacity.

- 6.3 The Board has become a member of the Scottish Government Clinical Negligence and Other Risks Scheme (CNORIS)- a risk transfer and financing scheme. The Chief Officer and the Chief Finance Officer will review the requirement for membership of CNORIS on an annual basis.
- 6.4 The NHS's Director of Finance and the Chief Financial Officer (section 95 officer) of the Council will ensure that the Chief Officer has access to professional support and advice in respect of risk management.

7. ECONOMY, EFFICIENCY AND EFFECTIVENESS (BEST VALUE)

- 7.1 The Chief Officer will ensure that arrangements are in place to maintain control and clear public accountability over the public funds delegated to the Board. This will apply in respect of:
- (1) the resources delegated to the Board by the Council and the NHS; and
 - (2) the resources paid to the Council and the NHS by the Board for use as directed and set out in the Strategic Plan.
- 7.2 Best practice principles as set out in the Code of Guidance on Funding External Bodies and Following the Public Pound should be incorporated into the Strategic Plan and the directions made by the Board to allow the Chief Finance Officer, the NHS's accountable officer and the Council's section 95 officer to discharge this duty.
- 7.3 The Board has a duty to put in place proper arrangements for securing Best Value in the use of resources and delivery of services. There shall be a process of strategic planning which shall have full Board member involvement, in order to establish the systematic identification of priorities and realisation of Best Value in the delivery of services. It shall 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 Board provides Best Value.
- 7.4 The Chief Officer shall 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.

8. OBSERVANCE OF FINANCIAL REGULATIONS

Responsibility of Chief Officer and The Chief Finance Officer

- 8.1 It shall be the duty of the Chief Officer, assisted by the Chief Finance Officer, to ensure that these Financial Regulations are made known to the appropriate persons within the Board and the Partnership and to ensure that they are adhered to.

Breach of Regulations

- 8.2 A breach of these Financial Regulations must be reported immediately to the Chief Officer, who may then discuss the matter with the NHS's Chief Executive, the Council's Chief Executive or another nominated or authorised person as appropriate to decide what action to take.

Review of Financial Regulations

- 8.3 These Financial Regulations shall be the subject of regular review by the Chief Finance Officer in consultation with the NHS's Director of Finance and the Council's section 95 officer, and where necessary, subsequent adjustments will be submitted to the Board for approval

APPENDIX II – DRAFT RESERVES POLICY AND STRATEGY

Clackmannanshire and Stirling IJB Draft Reserves Policy and Strategy

1 Introduction

- 1.1 This document outlines the Clackmannanshire & Stirling Integrated Joint Board's (IJB) strategy for developing and holding financial reserves.
- 1.2 The strategy is linked to the IJB's Strategic Plan objectives and the developing medium term financial strategy highlighting the financial risks and challenges facing the IJB and its constituent partners beyond the current financial year.
- 1.3 The strategy will be reviewed annually to ensure all financial changes and challenges facing the IJB and its constituent partners are taken into account in determining the appropriate level of reserves to hold for the future.

2 Legislative/Regulatory Framework

- 2.1 The Public Bodies (Joint Working) (Scotland) Act 2014 establishes the framework for the integration of health and social care in Scotland. The Act empowers an IJB to hold reserves subject to an agreed reserves strategy.
- 2.2 As the IJB is considered a Local Authority body under section 106 of the Local Government (Scotland) Act 1973, all relevant legislative and regulatory principles as applied to local authorities have been deemed equally applicable to the IJB.
- 2.3 In Scotland, explicit statutory powers under Schedule 3 of the Local Government (Scotland) Act 1975 permit local authorities to establish a Capital Fund, alongside a requirement to maintain a General Fund Reserve. Within the General Fund Reserve, local authorities are allowed to earmark elements for specific intended purposes.
- 2.4 Local Authority Accounting Practice (LAAP) Bulletin 99 published in July 2014 provides advice from the Chartered Institute of Public Finance and Accountancy (CIPFA) in respect of local authority reserves and balances. The principles and good practice examples contained within the LAAP bulletin have been applied in developing the proposed reserves strategy for the IJB.
- 2.5 Legislation also places a range of safeguards that help to prevent local authorities over-committing themselves financially as follows:
 - The balanced budget requirement, for Scotland this is derived from Section 93 of the Local Government Finance Act 1992;
 - The Chief Finance Officer's duty to report on robustness of estimates and adequacy of reserves when considering the annual budget requirement;
 - The Chief Finance Officer's duty to make arrangements for, in addition to having responsibility for, the proper administration of the IJB's financial affairs; and
 - In line with the Prudential Code, the Chief Finance Officer's duty to have full regard to affordability when making recommendations about future

capital programs, including giving due consideration to the level of long term revenue commitments.

3 Reserve Policies

- 3.1 Pressures on public finances now and over the medium term are intense with the result that the constituent partners do not currently have the capacity to provide extra resources to provide reserves. Therefore, the ability to build up and retain reserves for unforeseen events and circumstances becomes not only difficult, but something that requires careful consideration.
- 3.2 Having the right level of reserves is important. If reserves are very low, there may be little resilience to financial shocks and sustained financial challenges.
- 3.3 Reserves should not be used to fund material levels of ongoing operational costs as they are not a permanent funding solution for this type of expenditure. They may, however, be used for small-scale initiatives which do not impact on the overall reserves strategy.
- 3.4 Reserves should act as a “buffer” to absorb one-off pressures or to enable a short-term bridge to fill a gap until a sustainable funding solution is identified.
- 3.5 Contributions from reserves should only be used to set a balanced budget where reserves have been specifically earmarked for future projects as agreed by the IJB.
- 3.6 The level of reserves to be held should be based on an assessment of the likelihood and impact of financial and operational risks.
- 3.7 In addition to maintaining an adequate reserves balance to protect against risks, it may also be necessary to plan for an increase in reserves as a means of meeting Strategic Plan objectives.
- 3.8 Reserves in excess of prudent estimated levels should not be held. This will ensure unnecessary cash balances do not build up which may impact on resources available for operational activities.

4 Types of Reserve

Earmarked Reserves

- 4.1 Earmarked Reserves provide a means of accumulating funds for use in a later financial year to meet known or planned initiatives. Earmarked Reserves will increase through decisions of the IJB and will decrease as they are spent on their specific intended purposes.
- 4.2 The purpose of an Earmarked Reserve is to set aside amounts for initiatives that extend beyond one year or as a contingency against a specific situation occurring. Once an Earmarked Reserve has been established by the IJB it is the responsibility of the Chief Finance Officer of the IJB to ensure funds are spent in line with their purpose. The purpose of each Earmarked Reserve should be reviewed annually to ensure that it is still relevant.

General Reserves

- 4.3 General Reserves represent non-earmarked elements of IJB funds. The main purposes of General Reserves are firstly to operate as a working balance to help manage the impact of uneven cash flows, and secondly to provide a contingency to cushion the impact of emerging or unforeseen events or genuine emergencies.
- 4.4 Ideally, the build-up of a robust level of General Reserves should be established as a target within the IJB's medium term financial strategy. This will of course be dependent on the ability of the constituent partners to provide extra resources to help achieve this aim.

Capital Reserves

- 4.5 Capital reserves represent monies set aside to meet expenditure of a capital nature, as opposed to day to day expenditure on operational activities.

5 Principles of a Risk Based Approach to Reserves

- 5.1 The level of reserves required and their purpose will be agreed as part of the annual budget setting process and reflected in the Strategic Plan agreed by the IJB. Each of the constituent partners will be able to review the levels of reserves held by the IJB as part of the annual budget setting process, and in the context of both the Strategic Plan and the IJB's reserve policy.
- 5.2 In order to assess the level of reserves, the Chief Finance Officer of the IJB should take account of the financial and operational risks facing the IJB over the life of the medium term financial strategy. The estimate of these risks should include (but are not limited to):
- The reasonableness of underlying budget assumptions.
 - Inflationary pressures.
 - Realisation of income targets.
 - Trends and current spending patterns.
 - Known future legislative or other regulatory changes.
 - Ability to achieve Strategic Plan objectives.
 - Estimates of likely demand for demand-led budgets.
 - A review of any major risks associated with future years' budgets.
 - The availability of any revenue contingency budget.
 - Discussions and contributions from constituent partners.
- 5.3 The Chief Finance Officer should develop and implement proper arrangements to manage these risks, including adequate and effective systems of internal control.
- 5.4 The Chief Finance Officer's advice on the level of reserves should be set in the context of the IJB's risk register and medium term plans, and should not focus exclusively on short-term considerations. Advice should be given on the level

of reserves over the lifetime of the medium term financial plan, and should also take account of the expected need for reserves in the longer term.

- 5.5 Risk management should be embedded within the IJB, with the IJB risk register being regularly updated and reviewed.
- 5.6 Part of the risk management process involves taking appropriate action to mitigate or remove risks where this is possible, which in turn may lead to a lower level of reserves being required. A balance will need to be found between maintaining adequate levels of reserves and investing in risk reduction measures.
- 5.7 Whilst it will primarily be the responsibility of the IJB and its Chief Finance Officer to maintain a sound financial position, external auditors will regularly express their views on the adequacy of the reserves of the IJB for which they carry out the audit function. However, it will not be the responsibility of external auditors to prescribe the optimum or minimum level of reserves for an individual IJB.

6 Management of Reserves

Overview

- 6.1 The required levels of Earmarked and General Reserves and their purpose will be agreed as part of the annual budget setting process and reflected in the Strategic Plan agreed by the IJB. The constituent partners will be able to review the levels of reserves held by the IJB as part of this process.
- 6.2 The level of Earmarked and General Reserves to be maintained may change from year to year depending on any changes to the financial risks facing the IJB, and/or resources needed for investment to meet Strategic Plan objectives and budgetary control.
- 6.3 Any in-year call on General Reserves will generally only be approved to meet the cost of unexpected and unforeseen expenditure, or where an opportunity has arisen which is time limited and/or meets an objective within the Strategic Plan.
- 6.4 The IJB will allocate resources it receives from the constituent partners in line with the Strategic Plan. In doing this it will be able to use its power to hold Earmarked and General Reserves, so that in some years it may plan for an underspend to build up reserves, and in others to breakeven, or to use a contribution from reserves in line with the Reserve Policy and Strategy.

Use of Reserves

- 6.5 Decisions on the use of General Reserves should take account of the financial and operational risks that could impact on the IJB's position, and should be made in a coordinated and planned way to ensure that best use is made of these resources.
- 6.6 For this reason it is important that any approval to use General Reserves complies with the IJB's Reserves Policy and Strategy and a formal procedure facilitates this process.

- 6.7 The application to use General Reserves should be submitted to the IJB for approval and should include as a minimum:
- How the application meets the requirements of the Reserves Policy and Strategy.
 - Why the use of reserves is considered to be the most appropriate form of funding.
 - Whether the use of reserves is required to meet an objective of the Strategic Plan, or is outside of this.
 - Whether the constituent partners been consulted on the proposal to use reserves.
 - A statement from the IJB's Chief Finance Officer detailing the current level of reserves and projected year end position.

6.8 With reference to section 8 of the Clackmannanshire and Stirling Integration Scheme, the following in-year scenarios could impact on any General Reserves held by the IJB:

- **In-Year Overspend on the Operational Integrated Budget** - Where there is a projected overspend against an element of the operational budget, the IJB may decide to increase the payment to the affected body by utilising the balance of the General Reserve of the IJB (if available) in line with the Reserve Policy and Strategy.
- **In-Year Underspend on the Operational Integrated Budget** - Underspends on either arm of the operational integrated budget should be returned from the relevant constituent partner to the IJB and carried forward through General Reserves (with the exception of underspends that arise due to material differences between assumptions used in setting the payments to the Integration Joint Board and actual events).

Reporting Arrangements for Reserves

6.9 In terms of reporting on Earmarked and General Reserves, all budget reports to the IJB should include from the Chief Finance Officer of the IJB (where applicable):

- A statement reporting on the annual review of Earmarked Reserves. The statement should list the various Earmarked Reserves, the purposes for which they are held and provide advice on the appropriate levels. It should also show the estimated opening balances for the year, planned additions/withdrawals and the estimated closing balances.
- A statement showing the estimated opening General Reserve balance for the year ahead, the addition to/withdrawal from the reserve, and the estimated end of year balance.
- A statement on the adequacy of Earmarked and General Reserves in respect of the forthcoming financial year and the IJB's medium term financial strategy.

7 Level of Reserves

Earmarked Reserves

- 7.1 As mentioned previously, Earmarked reserves provide a means of accumulating funds for use in a later financial year to meet known or planned initiatives. As such, the level of any required Earmarked Reserve is likely to be known with reasonable certainty. The purpose of each Earmarked Reserve should be reviewed annually to ensure that it is still relevant.

General Reserves

- 7.2 There is generally no prescriptive basis for the level of General Reserves that should be held. The level of General Reserves will depend on the financial risks and challenges facing the IJB and its constituent partners, but ideally as a minimum, should be capable of covering all estimated financial risks including contingent liabilities.
- 7.3 However, as mentioned previously, the pressures on public finances now and over the medium term are intense with the result that the constituent partners do not currently have the capacity to provide extra resources to provide for General Reserves. Therefore, the ability to build up and retain General Reserves for unforeseen events and circumstances becomes not only difficult, but something that requires careful consideration.
- 7.4 Given the current pressures and financial constraints on public sector finances, it is recommended that the medium term financial strategy for the IJB includes as a target, the building up of a General Reserve balance when financial capacity of the constituent partners allows.
- 7.5 Setting a suitable target level of General Reserves provides its own difficulties. Many of the financial risks impacting on the IJB will be difficult to estimate, and the ability to benchmark other IJB reserve policies and strategies is currently not yet available.
- 7.6 Most Scottish local authorities have a policy to maintain General Reserves at around 2% to 4% of their net spending on services. For example, Stirling Council maintains a target level of reserves between 2% - 2.5%, and Clackmannanshire Council at a minimum of 3%.
- 7.7 If applying a similar approach to both the Clackmannanshire & Stirling Integration Joint Board based on their total available budgeted resources (£167.6m), a maximum target level of General Reserves of say 0.75% would equate to £1.257m.
- 7.8 Alternatively, a maximum level of General Reserves could simply be established on the basis of a cash value, e.g. £1m.

Capital Reserves

- 7.9 It is currently not anticipated that the IJB will require to hold a Capital Reserve.
- 7.10 The IJB will identify the specific asset requirements to support the Strategic Plan. Where the Chief Officer of the IJB identifies as part of the Strategic Plan

new capital investment requirements, a business case should be developed and submitted to all constituent partners to consider.

- 7.11 Options may include one or more of the constituent partners approving the project from its own capital budget or where appropriate, using the hub initiative. The existing procedures in the constituent partners should be used to consider capital bids and business cases.

8 Conclusion

- 8.1 Robust financial management and control requires the Integration Joint Board to give consideration to the holding of General Reserves to provide protection against unforeseen and/or unavoidable costs arising.
- 8.2 Given the pressures however on the finances of the constituent partners currently and over the medium term, the expectation is that General Reserves will not be available to the Integration Joint Board.
- 8.3 Although there is no requirement or expectation placed on the Integration Joint Board to build up General Reserves, it is still appropriate to at least consider a prudent “target” level of reserves that may be achievable in the future when financial capacity allows.
- 8.4 It is recommended that a maximum target level of General Reserves for the Integration Joint Board be set at a cash value of £1.25 million which is approximately 0.75% of the total partnership budget. This target will be subject to review as part of future annual budget setting processes.
- 8.5 Where appropriate, Earmarked Reserves should also be considered to plan for major expenditure or one-off significant payments.
- 8.6 It is currently not anticipated that the Integration Joint Board will require to hold a Capital Reserve.

Clackmannanshire & Stirling
Integration Joint Board

Audit Committee

16 February 2017

This report relates to
Item 10 on the agenda

Accounts Commission report: Social Work in Scotland

(Paper presented by Kevin O’Kane)

For Noting

Approved for Submission by	Ewan C. Murray, Chief Finance Officer
Author	Kevin O’Kane, Chief Internal Auditor
Date	9 February 2017
List of Background Papers:	
None	

Title/Subject: Accounts Commission report: Social Work in Scotland
Meeting: Clackmannanshire & Stirling Integration Joint Board: Audit Committee
Date: 16 February 2017
Submitted By: Kevin O’Kane, Chief Internal Auditor
Action: For Noting

1. Introduction

- 1.1 The Accounts Commission published its national report on Social Work in Scotland, prepared by Audit Scotland, on 22 September 2016. A copy of the report is attached at Appendix 1. As this is a national report, it is not aimed specifically at Clackmannanshire and Stirling Integration Joint Board. However, it contains a number of key messages and recommended actions for Councils and Integration Joint Boards.
- 1.2 The Chief Internal Auditor is drawing this report to the Audit Committee’s attention in accordance with good governance practice. It is anticipated that Integration Joint Board officers will prepare a more detailed paper in response to this report, and will present this to the Audit Committee on 22 June 2017.

2. Executive Summary

- 2.1. The Accounts Commission’s report highlights that Councils now spend £3.1 billion on social work services, and that current approaches to providing services will not be sustainable in the longer term. The report estimates that, nationally, social work services may cost up to £667 million a year more by 2020 unless new ways of delivering those services are implemented.
- 2.2. The report advises that fundamental decisions should be taken on how services are to be provided in the future. Councillors must have knowledge and skills to deal with the complexities and risks involved, leading a wider debate with local people on the level, nature and affordability of services, and involve users in deciding how services are designed, commissioned and run.
- 2.3. The report contains 22 recommendations and sub-recommendations for Councils, 16 of which are joint recommendations to Councils and Integration Joint Boards. The recommendations cover: social work strategy and service planning; governance and scrutiny arrangements; workforce; and service efficiency and effectiveness. The report also contains a ‘self-assessment checklist for council members’, which “elected members may wish to consider in relation to social work in their own council.”.

3. Recommendations

The Audit Committee is asked to:

- 3.1. note the contents of the Accounts Commission's national report: Social Work in Scotland, attached at Appendix 1, and in particular the key messages and recommendations sections 5 and 6 of this report;
- 3.2. to note that a suite of supplementary documents to the Accounts Commission report attached at Appendix 1 is available at the following [link](http://www.audit-scotland.gov.uk/report/social-work-in-scotland) or at: <http://www.audit-scotland.gov.uk/report/social-work-in-scotland>; and,
- 3.3. to make any comments or recommendations the Committee considers may be necessary or appropriate for the Integration Joint Board to undertake in order to meet the best practice set out in the Accounts Commission report.

4. Background

- 4.1. The Accounts Commission is the public spending watchdog for local government. It holds councils and various joint boards and committees in Scotland to account and help them improve. It operates impartially and independently of councils and of the Scottish Government, and meets and reports in public. Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act, 2000. It provides services to the Auditor General for Scotland and the Accounts Commission for Scotland.
- 4.2. The report, Social Work in Scotland, has been prepared by Audit Scotland for the Accounts Commission. It is the first time the Commission has looked at the entire range of social work services across the country.
- 4.3. The report was published on 22 September 2016, and contains a suite of four supplementary documents (for conciseness, only the report is attached here). Those can be accessed at the following [link](http://www.audit-scotland.gov.uk/report/social-work-in-scotland) or at: <http://www.audit-scotland.gov.uk/report/social-work-in-scotland> .
- 4.4. The supplementary documents identify:
 - how the views of users and carers were gathered as part of the review (a separate consultant's report);
 - Audit Scotland's review methodology, which included fieldwork visits to 6 Councils (Clackmannanshire and Stirling were not among those);
 - the governance arrangements in place in selected Councils & Integration Joint Boards; and,
 - a checklist of issues that Elected Members may wish to consider in relation to social work within their own Council.

5. Purpose and Key Messages

5.1 The overall aim of the report is to examine how effectively Councils are planning to address the financial and demographic pressures facing social work services, with the objectives being to assess:

- the scale of the financial and demand pressures facing social work services;
- the strategies councils are adopting to meet these challenges;
- the effectiveness of governance arrangements, including how elected members lead and oversee social work services; and
- the impact of financial and demand pressures on people who use services and on carers, and how Councils involve them in planning service provision.

5.2 The report highlights that:

- since 2011/12 social work services spending has increased by 3% whilst Councils' overall spending has fallen by 11%; savings have been made by reducing social work services and cutting costs;
- councils still spend £3.1 billion on social work services, but current approaches will not be sustainable, and it is estimated that by 2020 social work services will need up to £667 million a year more (a 21% increase), unless new ways of delivering those services are implemented; and,
- councils now have to implement a raft of new legislation and policies. Social work has largely been reorganised into new Integration Joint Boards with the NHS, resulting in a more complex roles and responsibilities, and financial pressures that include implementation of the costs of the Living Wage across the social work sector.

5.3 The Accounts Commission sets out the following key messages in its report:

- current approaches to delivering social work services are not sustainable in the long term, and reducing costs further could affect service quality. Councils and Integration Joint Boards need to work with the Scottish Government to make fundamental decisions about how to provide future services. They need to work more closely with service providers, service users and carers to commission services in a way that makes best use of locally-available resources and expertise. They also need to build communities' capacity to better support vulnerable local people to live independently in their own homes and communities;
- councils' Social Work departments face significant financial challenges from pressures caused by a real-terms reduction in overall Council spending, demographic change, and the cost of implementing new legislation and policies. If Councils and Integration Joint Boards continue to provide services in the same way, these changes will require Council social work spending to increase by up to £667 million by 2020;

- integration of health and social care has made governance arrangements more complex but, regardless of integration, Councils retain statutory responsibilities in relation to social work services. Elected Members have important leadership and scrutiny roles and it is essential that they assure themselves that service quality is maintained and that risks are managed effectively. They have a key role to play in a wider conversation with the public about service priorities and in managing people's expectations of future social work and care services that Councils can afford to provide. The Scottish Government also has an important role to play in setting the overall context of the debate; and,
- with integration and other changes over recent years, the key role of the Chief Social Work Officer (CSWO) has become more complex and challenging. Councils need to ensure that CSWOs have the status and capacity to enable them to fulfil their statutory responsibilities effectively.

6. Recommendations

6.1 The report recommends that Councils and Integration Joint Boards should:

Social work strategy and service planning

- instigate a frank and wide-ranging debate with their communities about the long-term future for social work and social care in their area to meet statutory responsibilities, given the funding available and the future challenges;
- work with the Scottish Government, their representative organisation (the Confederation of Scottish Local Authorities (COSLA) or the Scottish Local Government Partnership (SLGP)), Social Work Scotland and other stakeholders to review how to provide social work services for the future and future funding arrangements;
- develop long-term strategies for the services funded by social work by;
 - carrying out a detailed analysis of demographic change and the contribution preventative approaches can make to reduce demand for services;
 - developing long-term financial and workforce plans;
 - working with people who use services, carers and service providers to design and provide services around the needs of individuals;
 - working more closely with local communities to build their capacity so they can better support local people who may be at risk of needing to use services;
 - considering examples of innovative practice from across Scotland and beyond; and
 - working with the NHS and Scottish Government to review how to better synchronise partners' budget-setting arrangements to support these strategies.

Governance and scrutiny arrangements

- ensure that the governance and scrutiny of social work services are appropriate and comprehensive across the whole of social work services, and review these arrangements regularly as partnerships develop and services change;
- improve accountability by having processes in place to:
 - measure the outcomes of services, for example in criminal justice services, and their success rates in supporting individuals' efforts to desist from offending through their social inclusion;
 - monitor the efficiency and effectiveness of services;
 - allow Elected Members to assure themselves that the quality of social work services is being maintained and that Councils are managing risks effectively;
 - measure people's satisfaction with those services; and,
 - report the findings to Elected Members and the Integration Joint Board.

Service efficiency and effectiveness

- when planning an initiative, include evaluation criteria and extend or halt initiatives depending on the success of new approaches in improving outcomes and value for money; and,
- work with COSLA to review the eligibility framework to ensure that it is still fit for purpose in the light of recent policy and legislative changes.

6.2 The Accounts Commission also recommends that Councils should:

Governance and scrutiny arrangements

- demonstrate clear access for, and reporting to, the council by the CSWO, in line with guidance;
- ensure the CSWO has sufficient time and authority to enable them to fulfil the role effectively;
- ensure that CSWO annual reports provide an annual summary of the performance of the social work service, highlighting achievements and weaker areas of service delivery, setting out the council's response and plans to improve weaker areas and that these are actively scrutinised by elected members;

Workforce

- work with their representative organisation (COSLA or the SLGP), the Scottish Government and private and third sector employers to put in place a coordinated approach to resolve workforce issues in social care; and
- as part of their contract monitoring arrangements, ensure that providers who use zero hours contracts allow staff to accept or turn down work without being penalised.

Service efficiency and effectiveness

- benchmark their services against those provided by other councils and providers within the UK and overseas to encourage innovation and improve services.

7. Conclusions

- 7.1. The Accounts Commission's report highlights a number of key messages and makes a number of important recommendations that are relevant to the Integration Joint Board. It is anticipated that Integration Joint Board officers will bring forward a detailed paper in response to the report to the Audit Committee on 22 June 2017.

8. Resource Implications

- 8.1. There are no resource implications directly associated with drawing attention to the Accounts Commission's report.

9. Impact on Integration Joint Board Priorities and Outcomes

- 9.1. This report, and the provision of an Internal Audit service in general, helps the Integration Joint Board and the Partnership in their delivery against National Health & Wellbeing Outcome 9: Resources are used effectively and efficiently - to deliver Best Value and ensure scarce resources are used effectively and efficiently in the provision of health and social care services.

10. Legal & Risk Implications

- 10.1. There are no legal implications directly associated with drawing attention to the Accounts Commission's report.
- 10.2. Consideration of the Accounts Commission's report, and actions in response to the recommendations contained within, will help address risk HSC002 in the Strategic Risk Register: Leadership, Decision Making and Scrutiny [including effectiveness of governance arrangements and potential for adverse audits and inspections].

11. Consultation

- 11.1. None.

12. Equality and Human Rights Impact Assessment

- 12.1. N/A.

13. Exempt reports

13.1. Not exempt.

Health and social care series

Social work in Scotland



ACCOUNTS COMMISSION 

Prepared by Audit Scotland
September 2016

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/ac 

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

Contents



Key facts	4
Summary	5
Part 1. Challenges facing social work services	11
Part 2. How councils are addressing the challenges	24
Part 3. Governance and scrutiny arrangements	39
Endnotes	46



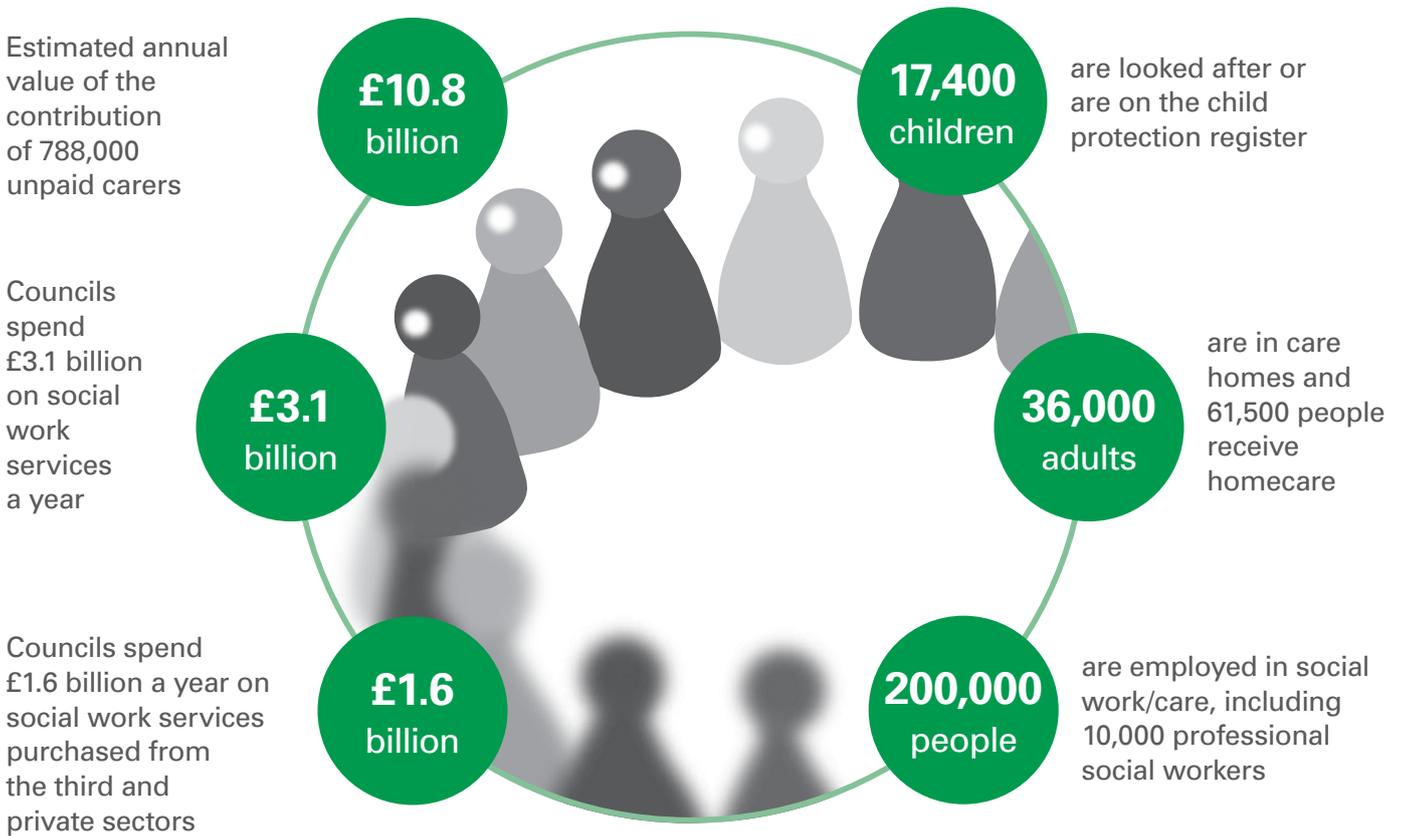
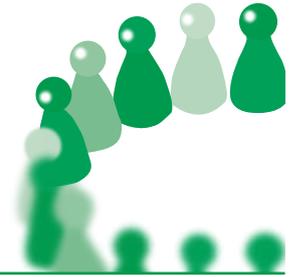
These quote mark icons appear throughout this report and represent quotes from interested parties.

Links

 PDF download

 Web link

Key facts



Summary



Key messages

- 1** Current approaches to delivering social work services will not be sustainable in the long term. There are risks that reducing costs further could affect the quality of services. Councils and Integration Joint Boards (IJBs) need to work with the Scottish Government, which sets the overall strategy for social work across Scotland, to make fundamental decisions about how they provide services in the future. They need to work more closely with service providers, people who use social work services and carers to commission services in a way that makes best use of the resources and expertise available locally. They also need to build communities' capacity to better support vulnerable local people to live independently in their own homes and communities.
 - 2** Councils' social work departments are facing significant challenges because of a combination of financial pressures caused by a real-terms reduction in overall council spending, demographic change, and the cost of implementing new legislation and policies. If councils and IJBs continue to provide services in the same way, we have estimated that these changes require councils' social work spending to increase by between £510 and £667 million by 2020 (16–21 per cent increase).
 - 3** The integration of health and social care has made governance arrangements more complex, but regardless of integration, councils retain statutory responsibilities in relation to social work services. Elected members have important leadership and scrutiny roles in councils. It is essential that elected members assure themselves that service quality is maintained and that risks are managed effectively. Elected members have a key role to play in a wider conversation with the public about service priorities and managing people's expectations of social work and social care services that councils can afford to provide in the future. The Scottish Government also has an important role to play in setting the overall context of the debate.
 - 4** With integration and other changes over recent years, the key role of the chief social work officer (CSWO) has become more complex and challenging. Councils need to ensure that CSWOs have the status and capacity to enable them to fulfil their statutory responsibilities effectively.
-

current approaches to delivering social work services will not be sustainable in the long term

Key recommendations

Social work strategy and service planning

Councils and IJBs should:

- instigate a frank and wide-ranging debate with their communities about the long-term future for social work and social care in their area to meet statutory responsibilities, given the funding available and the future challenges ([paragraph 111](#))
- work with the Scottish Government, their representative organisation (COSLA or the Scottish Local Government Partnership (SLGP)), Social Work Scotland and other stakeholders to review how to provide social work services for the future and future funding arrangements ([paragraphs 35–41](#))
- develop long-term strategies for the services funded by social work by:
 - carrying out a detailed analysis of demographic change and the contribution preventative approaches can make to reduce demand for services ([paragraph 52](#))
 - developing long-term financial and workforce plans ([paragraph 81](#))
 - working with people who use services, carers and service providers to design and provide services around the needs of individuals ([paragraphs 69–72](#))
 - working more closely with local communities to build their capacity so they can better support local people who may be at risk of needing to use services ([paragraph 112](#))
 - considering examples of innovative practice from across Scotland and beyond ([paragraphs 54, 67–68](#))
 - working with the NHS and Scottish Government to review how to better synchronise partners' budget-setting arrangements to support these strategies ([paragraph 36](#)).

Governance and scrutiny arrangements

Councils and IJBs should:

- ensure that the governance and scrutiny of social work services are appropriate and comprehensive across the whole of social work services, and review these arrangements regularly as partnerships develop and services change ([paragraphs 87– 93](#))
- improve accountability by having processes in place to:
 - measure the outcomes of services, for example in criminal justice services, and their success rates in supporting individuals' efforts to desist from offending through their social inclusion
 - monitor the efficiency and effectiveness of services

- allow elected members to assure themselves that the quality of social work services is being maintained and that councils are managing risks effectively
- measure people’s satisfaction with those services
- report the findings to elected members and the IJB ([paragraph 90, 108–109](#)).

Councils should:

- demonstrate clear access for, and reporting to, the council by the CSWO, in line with guidance ([paragraphs 104–106](#))
- ensure the CSWO has sufficient time and authority to enable them to fulfil the role effectively ([paragraphs 102–107](#))
- ensure that CSWO annual reports provide an annual summary of the performance of the social work service, highlighting achievements and weaker areas of service delivery, setting out the council’s response and plans to improve weaker areas and that these are actively scrutinised by elected members ([paragraphs 108–110](#)).

Workforce

Councils should:

- work with their representative organisation (COSLA or the SLGP), the Scottish Government and private and third sector employers to put in place a coordinated approach to resolve workforce issues in social care ([paragraphs 21–23](#))
- as part of their contract monitoring arrangements, ensure that providers who use zero hours contracts allow staff to accept or turn down work without being penalised ([paragraph 24](#)).

Service efficiency and effectiveness

Councils and IJBs should:

- when planning an initiative, include evaluation criteria and extend or halt initiatives depending on the success of new approaches in improving outcomes and value for money ([paragraphs 53–53](#))
- work with COSLA to review the eligibility framework to ensure that it is still fit for purpose in the light of recent policy and legislative changes ([paragraphs 46–47](#))

Councils should:

- benchmark their services against those provided by other councils and providers within the UK and overseas to encourage innovation and improve services ([paragraphs 54, 67–68](#)).
-

Introduction

1. Scottish councils' social work departments provide and fund essential support to some of the most vulnerable people in society. They supported and protected over 300,000 people in 2014/15, around 70 per cent of whom were aged 65 and over.¹ Social work departments also provide and fund social care, for example care at home for older people who require help with dressing and taking medication. People supported by social work and social care in Scotland in 2014/15 included:

- 15,404 looked-after children (LAC), that is children in the care of their local authority
- 2,751 children on the child protection register, a list of children who may be at risk of harm²
- 61,500 people who received homecare services³
- 36,000 adults in care homes.⁴

2. In 2014/15, councils' net expenditure on social work was £3.1 billion.⁵ Net spending is total spending less income, for example from charges for services. Just over 200,000 people work in social work and social care, around one in 13 people in employment in Scotland.⁶ Many are employed in the private and third sectors that councils commission to provide services.⁷ In addition, the Scottish Government estimates that there are 759,000 unpaid carers aged 16 and over in Scotland, 17 per cent of the adult population, and 29,000 young carers under 16.⁸

3. Social work services have recently been reorganised. The Public Bodies (Joint Working) (Scotland) Act 2014 requires councils and NHS boards to create an integration authority to be responsible for the strategic planning of adult social care services, some health services and other functions delegated to it. It is also responsible for ensuring the delivery of those functions. The Integration Joint Board (IJB) also has an operational role as described in the locally agreed operational arrangements set out within their integration scheme. The Act also allows councils to integrate children's and families' services and criminal justice social work.

4. Councils delegate their responsibility for strategic planning of adult social services, and any other services they have decided to include, to the integration authority. All council areas, apart from Highland, have created an IJB to plan and commission integrated health and social care services in their areas. The voting membership of IJBs comprise equal numbers of council elected members and NHS board non-executive directors. Our recent report *Health and social care integration* includes a description of the integration arrangements in each council area.⁹

5. The Scottish Government sets the legislative basis and the overall strategic framework for the delivery of social work. Its overall vision is 'a socially just Scotland with excellent social services delivered by a skilled and valued workforce which works with others to empower, support and protect people, with a focus on prevention, early intervention and enablement'.¹⁰ The Scottish Government also sets the key outcomes that councils' social work services are expected to contribute to achieving, for example 'Our people are able to maintain their independence as they get older and are able to access appropriate support

when they need it.' This report focuses on councils' social work services, but recognises the role of the Scottish Government in setting the overall context in which councils operate.¹¹

About the audit

6. The overall aim of the audit was to examine how effectively councils are planning to address the financial and demographic pressures facing social work. The objectives were to assess:

- the scale of the financial and demand pressures facing social work
- the strategies councils are adopting to meet these challenges
- the effectiveness of governance arrangements, including how elected members lead and oversee social work services
- the impact of financial and demand pressures on people who use services and on carers, and how councils involve them in planning how services are provided.

7. Social work comprises a wide range of services, and we have not covered all of them in this report. We also did not examine health and social care integration arrangements, which will be the subject of separate audit work, but we did consider their impact on councils' financial, operational and governance arrangements. Our methodology included:

- fieldwork interviews with elected members, senior managers and social workers in six council areas, Midlothian, East Renfrewshire, Comhairle nan Eilean Siar, Glasgow City, Perth and Kinross and West Lothian
- meetings and focus groups with stakeholders, including:
 - 33 focus groups and 12 interviews with service users and carers (165 participants)
 - four focus groups with service providers (over 40 participants)
 - attending the Coalition of Carers in Scotland Annual General Meeting
- desk research, including analysing both the impact of legislation and policy, and financial and demographic data.

8. Our audit took into account the findings of previous audits including:

- [Commissioning social care](#)  (March 2012)
- [Reshaping care for older people](#)  (February 2014)
- [Self-directed support](#)  (June 2014)
- [Health and social care integration](#)  (December 2015)
- [Changing models of health and social care](#)  (March 2016)

In addition, we are planning further audit work on health and social care integration and following up our report on self-directed support.

9. We have produced four supplements to accompany this report:

- **[Supplement 1](#)**  presents the findings of our survey of service users and carers.
- **[Supplement 2](#)**  lists advisory group members, who gave advice and feedback at important stages of the audit. It also describes the detailed audit methodology, the roles and responsibilities of the key social work organisations and social work legislation.
- **[Supplement 3](#)**  describes the governance and scrutiny arrangements in each of our fieldwork councils, providing an illustration of the variety and complexity of arrangements across Scotland.
- **[Supplement 4](#)**  is a self-assessment checklist for elected members.

10. This report has three parts:

- **[Part 1](#)** Challenges facing social work services.
- **[Part 2](#)** Strategies to address the challenges.
- **[Part 3](#)** Social work governance and scrutiny arrangements.

Part 1

Challenges facing social work services



Key messages

- 1 Councils' social work departments provide important services to some of the most vulnerable people across Scotland. But they are facing significant challenges. These include financial pressures caused by a real-terms reduction in overall council spending, demographic changes, and the cost of implementing new legislation and policies. We have estimated that these changes require councils' social work spending to increase by between £510 and £667 million by 2020 (16–21 per cent increase), if councils and IJBs continue to provide services in the same way. Additional funding provided to IJBs via the NHS may partially relieve the financial pressures.
- 2 Councils are implementing a wide range of legislation and policy changes aimed at improving services, better supporting carers, improving outcomes for people and increasing the wages paid to adult care workers. This has significant financial implications. Councils are also under pressure due to increasing demand associated with demographic changes, particularly people living longer with health and care needs.
- 3 Since 2010/11, councils' total revenue funding has reduced by 11 per cent in real terms. Social work spending increased by three per cent in real terms over the same period, and now accounts for a third of overall council spending. Further reductions in councils' budgets are an additional pressure on social work services, particularly as their financial commitments continue to increase.
- 4 Social care providers have difficulty recruiting and retaining suitably qualified staff, particularly homecare staff and nursing staff. However, the number of social workers has increased over recent years.

councils' social work departments provide important services to some of the most vulnerable people across Scotland

Social work is a complex group of services

11. Social work departments provide and fund a wide range of specialist services for children, adults and families, and other specific groups. These services aim to improve the quality of their lives and help people to live more independently ([Exhibit 1, page 12](#)). Each of these client groups will include people requiring care, support or protection. For example, through care at home, child protection or helping people overcome addiction. Social workers deal with people with complex problems and with vulnerable people who need support at different

times or sometimes throughout their lives. They often specialise in particular service areas, for example criminal justice, children and families or mental health.

Social work services are implementing a considerable volume of legislation and policy change

12. Since the Scottish Parliament was established, there has been an increase in the volume of legislation related to social work. Councils are currently implementing several important pieces of legislation ([Exhibit 2, page 13](#)). This legislation is designed to improve services and the outcomes for people who use them, for example by bringing about increasingly personalised services to meet individuals' needs. However, implementing legislation can increase financial pressures and staff workload in the medium term.

Exhibit 1

Social work and social care services

Social work provides a variety of services to protect and support people in three client groups.

Children's services 	Adult services 	Criminal Justice services 
Support for families	Residential care	Offender services
Child protection	Care at home	Providing social enquiry reports
Adoption services	Day care	Supervision of community payback and unpaid work
Kinship care	Hospital discharge coordination	Supporting families of prisoners
Fostering	Adult support and protection	Supervision of offenders on licence
Child care agencies	Mental health and addiction services	
Looked-after young people	Dementia and Alzheimer's services	
Day care	Supporting people with disabilities	
Residential care	Services to support carers	
Child and adolescent mental health	Provision of Aids and adaptations	
Supporting child refugees	Re-ablement services	
Supporting trafficked children	Supported living	
Support for young people involved in offending behaviour	Supporting refugee families	
Support for children with disabilities and their families	Supporting victims of people trafficking	
	Intermediate care	

Exhibit 2

Social work and social care services

Councils are implementing a great deal of legislation, some with significant cost implications.

Legislation 	Key features of legislation 	Associated costs   (from the financial   memorandum to the Bills)
Social Care (Self-Directed Support) (Scotland) Act 2013	The Act aims to ensure that adults and children (including carers and young carers) have more choice and control over how their social care needs are met. It stipulates the forms of self directed support (SDS) that councils must offer to those assessed as requiring community care services.	<ul style="list-style-type: none"> All local authorities are at different stages in the self-directed support agenda, meaning costs will vary widely.
The Children and Young People (Scotland) Act 2014	The Act makes provisions over a wide range of children's services policy, including 'Getting it Right for Every Child'. It includes: <ul style="list-style-type: none"> local authorities and NHS boards having to develop joint children's services plans in cooperation with a range of other service providers a 'named person' for every child extending free early learning and childcare from 475 to 600 hours a year for all three and four-year-olds and two-year-olds who have been 'looked after' or have a kinship care residence order a statutory definition of 'corporate parenting' increasing the upper age limit for aftercare support from 21 to 26. 	Additional annual costs estimated to be: <ul style="list-style-type: none"> £78.8 million in 2014/15 £121.8 million in 2016/17 £98.0 million in 2019/20 Cumulative total from 2014-15 to 2019-20 is £595 million.
The Public Bodies (Joint Working) (Scotland) Act 2014	The aim of the Act is to achieve greater integration between health and social care services to improve outcomes for individuals. It also aims to improve efficiency by 'shifting the balance of care' from the expensive acute sector, such as large hospitals, to less expensive community settings. The Scottish Government estimates partnerships should achieve potential efficiencies of £138-£157 million a year by providing support to keep people out of hospital and enabling them to return home as soon as they are well enough.	Costs to health boards and local authorities: <ul style="list-style-type: none"> 2014/15: £5.35 million 2015/16: £5.6 million 2016/17: £5.6 million.

Cont.

Legislation 	Key features of legislation 	Associated costs   (from the financial memorandum to the Bills)  
<p>The Carers (Scotland) Act 2016</p>	<p>The Act aims to improve support to carers by:</p> <ul style="list-style-type: none"> • changing the definition of a carer so that it covers more people • placing a duty on local authorities to prepare an adult care and support plan or young carer statement for anyone it identifies as a carer, or for any carer who requests one • introducing a duty for local authorities to provide support to carers who are entitled under local criteria • requiring local authorities and NHS boards to involve carers in carers' services • introducing a duty for local authorities to prepare a carers strategy • requiring local authorities to establish and maintain advice and information services for carers. 	<p>Estimated additional costs for local authorities are:</p> <ul style="list-style-type: none"> • £11.3-£12.5 million in 2017/18, rising to £71.8-£83.5 million by 2021/22. • The total estimated impact on councils between 2017/18 and 2022/23 is £245-£289 million.
<p>The Community Justice (Scotland) Act 2016</p>	<p>The Community Justice (Scotland) Bill seeks to establish new arrangements for providing and overseeing community justice. Currently eight community justice authorities (CJAs) bring together a range of agencies to coordinate local services for offenders and their families. They will be abolished and replaced by a model involving national leadership, oversight and support for community justice services by a new body called Community Justice Scotland, funded by, and responsible to, Scottish ministers.</p>	<p>The provisions will have few if any financial implications for local authorities other than during the transitional period.</p>
<p>The UN Convention on the Rights of Persons with Disabilities (UNCPRD) (Scottish framework and delivery plan)</p>	<p>The delivery plan provides a framework to allow people with disabilities to have the same equality and human rights as non-disabled people. It includes legislation, such as Self-Directed Support and the Children and Young People (Scotland) Act 2014. The draft delivery plan groups the UNCPRD articles into four outcomes covering equal and inclusive communication and access to:</p> <ul style="list-style-type: none"> • the physical and cultural environment, transport and suitable affordable housing • healthcare and support for independent living, with control over the use of funding • education, paid employment and an appropriate income and support whether in or out of work • the justice system. 	<p>It is difficult to predict the overall impact in terms of cost, but it may have a significant impact on the way councils deliver services.</p>

Note: Cost information is taken from the financial memorandum that accompanies each Bill.

Source: Audit Scotland

13. In addition to changes in legislation, there have been a number of significant policy developments, some backed by legislation, that require considerable change to the way that social work services are provided. These include:

- **Increased personalisation of services** – Personalisation of services, for example through self-directed support (SDS), is a major change to the way councils support people with social care needs. The human rights principles of fairness, respect, equality, dignity and autonomy for all form the basis of SDS. Social work professionals need to see people as equal partners in determining their care needs and controlling how they meet their needs. This means they are not limited to choosing from existing services. Social work services may need to move spending away from existing services towards giving people their own budget to spend. This can lead to a reduction in use of some services. However, it can be difficult for councils to withdraw existing underused services because of public and political pressures.
- **An increased focus on prevention** – The report from the Commission on the Future Delivery of Public Services (the Christie Commission) highlighted the need to transform the way public services are planned and delivered.¹² The report identified prevention, early intervention and providing better outcomes for people and communities as key to this transformation.
- **An increased focus on joint working** – A series of initiatives over recent years has aimed to encourage a more joined-up approach to health and social care. These include the creation of Local Health Care Cooperatives (LHCCs) in 1999, and their replacement by Community Health Partnerships (CHPs) in 2004. LHCCs and CHPs lacked the authority to redesign services fundamentally.¹³ The Public Bodies (Joint Working) (Scotland) Act 2014 aimed to achieve greater integration between health and social care services to improve outcomes for individuals and improve efficiency by ‘shifting the balance of care’ from the acute sector to community settings.

14. New legislation often has financial consequences and, to allow MSPs to consider the full impact of legislation, a financial memorandum to each Bill sets out the estimated cost of implementation. These are the best available estimates at the time, but have sometimes proved inaccurate. The Scottish Government may fund or partially fund these costs but councils sometimes dispute these estimates and the level of funding required.

15. New legislation can also affect how councils deliver services by creating entitlements to services based on specific criteria. Councils need to respond to these and manage the expectations of people who use services and carers. These entitlements can be based on needs assessments, or on the expected outcomes, or they can create rights to services for particular groups. Transitions are important as entitlements change depending on age. For example:

- Children have the right to specific support that adults may not have. As a result, councils have to be careful in managing the expectations of parents as children reach adulthood.
- People aged over 65 may be entitled to free personal care, but 64-year-olds with similar needs may have to make a financial contribution to their care.



I receive 37 hours of support and seven sleepovers. I get personal care, support with the running of my flat, to shop and support to be involved in the community. They also enable me to attend university.

Service user, physical disabilities



When [grandchild] turned 16 I was told that this Saturday service was going to stop because he would now be under adult services. I had no forewarning, no-one from adult services contacted me; I contacted them and they couldn't offer any support. It's a funding issue.

Carer

Social work services face significant demographic challenges

16. The impact of demographic change on health and social care spending has already been well reported.¹⁴ Between 2012 and 2037, Scotland's population is projected to increase by nine per cent. All parts of the population are projected to increase, but by different amounts:

- the number of children by five per cent
- the working age population by four per cent
- the number of people of pensionable age by 27 per cent.¹⁵

17. Overall demand for health and social care will depend significantly on the number of older people and the percentage who require care. Although life expectancy continues to increase, healthy life expectancy (HLE), that is the number of years people can expect to live in good health, has not changed significantly since 2008 ([Exhibit 3](#)). This means that a larger number of older people may require support for longer, unless HLE increases. Councils and the Scottish Government have taken steps to try to increase HLE. This includes measures to reduce smoking, alcohol consumption and environmental pollution and providing information to the public about the benefits of a healthy lifestyle.

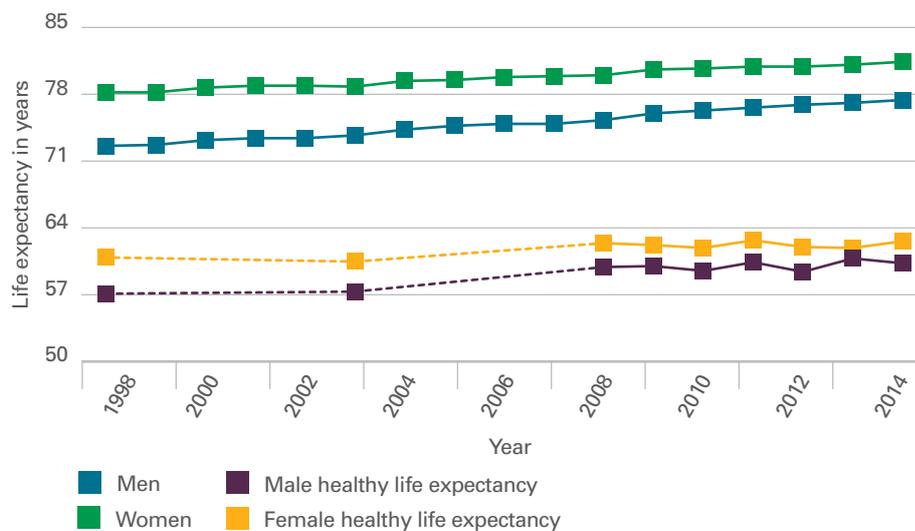
Supporting looked-after children and child protection has increased demand on social work services

18. Looked-after children (LAC) are children in the care of their local authority. They may live in their own home, with foster or kinship carers or in a residential

Exhibit 3

Changes in life expectancy and healthy life expectancy

Life expectancy is increasing faster than healthy life expectancy, potentially increasing service pressures.



Note: Data on healthy life expectancy was not collected annually until 2008.

Source: Scottish Health Survey, Scottish Household Survey, National Records of Scotland births, deaths and populations data

home. Most become looked after for care and protection reasons. The term also includes unaccompanied children seeking asylum and young people who have been illegally trafficked. As at July 2015, 17,357 children in Scotland, around 1.8 per cent of the total, were looked after or on the child protection register.^{16,17} Of these 15,404 were looked after, 2,751 were on the child protection register and 798 were both looked after and on the register. While there has been a recent reduction, possibly due to improvements in prevention, the number of LAC has increased by 36 per cent since 2000, although the numbers and trends vary among councils. The number of children on the child protection register increased by 34 per cent between 2000 and 2015, with three in every 1,000 children under 16 now on the register. In smaller councils, the number of children on the register (and resultant workload) can fluctuate significantly, particularly when sibling groups in large families are registered.

19. The reasons for these increases are likely to be complex. Many of the councils we visited think that increases in drug and alcohol use by parents are important factors. Others have seen an increase in reporting of domestic abuse and alcohol-related incidents in more affluent areas that might have gone unreported in the past. In addition, early intervention policies are likely to have led to an increase in the number of looked after children, but a decrease in the time that councils look after them. Early intervention means identifying people at risk and intervening to prevent the risk. Between 2007 and 2014, the number of children removed from the register who had been on it for less than a year increased from 2,421 (79 per cent of the total) to 3,930 (87 per cent). Over the same period, the number of children who had been on the register for more than a year fell from 663 to 569.

Councils and service providers face difficulties in recruiting staff

20. Just over 200,000 people work in social work and social care services, representing around one in 13 people in employment in Scotland.¹⁸ Almost half work part time and 85 per cent are women. The private sector is the biggest employer (42 per cent of staff), followed by the public sector (31 per cent) and the third sector (28 per cent). This distribution varies considerably among councils, and the public sector is the biggest provider in the three island authorities.

21. Many third and private sector providers raised staff recruitment as a significant issue for them. Councils have fewer recruitment problems, the exception being in remote rural areas, where it can be difficult to recruit specialised staff. Third and private sector providers reported that the apparent causes for these difficulties included:

- **Low pay** – providers in both the private and third sectors felt that the rates councils pay under their contracts only allowed them to pay staff at, or near, the minimum wage. In addition, travel time between clients is sometimes unpaid.
- **Antisocial hours** – providing homecare often requires carers to assist people to get out of bed in the morning and into bed at night. This can mean weekend working, split shifts and antisocial hours, with no additional pay. The increased personalisation of care has contributed to this as carers increasingly provide care to suit individuals, rather than fitting individuals into the care system.



Driving down costs to the extent that staff are recognised as being in a 'low wage sector' increases the problem of recruitment.

Service provider

- **Difficult working conditions** – staff have to take care of people with a variety of care needs that some find difficult, for example, assisting people with bathing and personal hygiene, or who have dementia or incontinence.

22. The cycle of continually recruiting and training staff is costly and could potentially have an impact on the quality of services provided. Service provider focus groups highlighted a need to provide staff with a sustainable career path to improve recruitment and retention. Overall, the public sector has the most stable workforce and the private sector the least, although this does not appear to be the case for all categories of staff ([Exhibit 4](#)).¹⁹

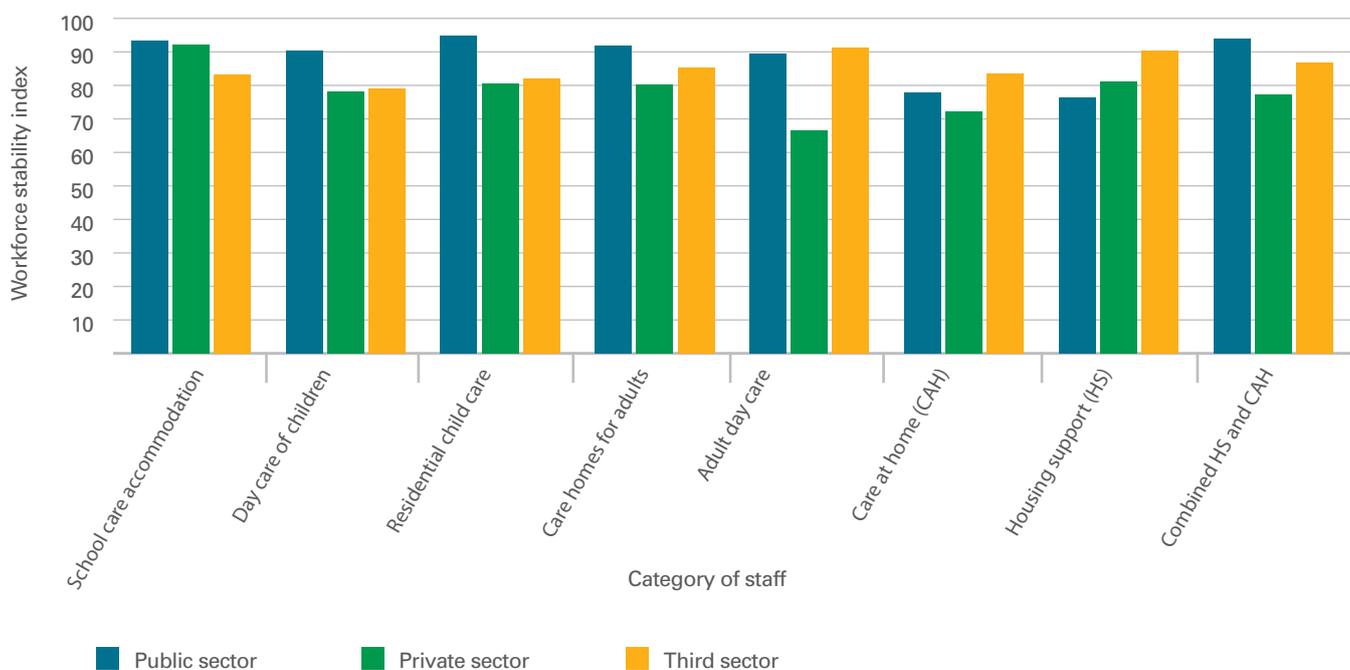
23. Some care providers expressed concerns that leaving the EU and the potential introduction of a points-based immigration system could create problems for staff recruitment. A 2008 workforce survey indicated that 6.1 per cent of the social care workforce in Scottish care homes for older people were EU – non-UK workers, and a further 7.3 per cent were employed under work permits. Most of those employed from within the EU came from Poland and the Czech Republic and those from outside the EU were from the Philippines, India and China.²⁰

24. Four per cent of the workforce have a no guaranteed hours (NGH) contract.²¹ When combined with the other contract types that may be considered a zero hours contract (bank and casual or relief), they comprise roughly ten per cent of the contracts in the workforce. Providers believe zero hours contracts are

Exhibit 4

Social work workforce stability 2013/14

The public sector workforce is generally the most stable.



Note: Because of data limitations, the SSSC cannot provide an accurate estimate for turnover. However, they are able to calculate a 'stability index' of staff who are still in post after a year. If the index is 90 per cent it means that 10 per cent of staff present at the start of the period are no longer present. It is important to note that this does not mean that turnover is 10 per cent as the measure excludes staff who joined and left within the period under consideration.

Source: Scottish Social Services Council (SSSC)

essential to provide a flexible and personalised service to people, while also providing flexibility for staff. These contracts are suitable as long as they are not exclusive and staff are free to accept or turn down work without being penalised. As part of good contract management, councils should ensure that providers use zero hours contracts properly.

25. There are skills and staffing shortages in several areas of social work and social care, including:

- **Homecare staff** – 69,690 people work in housing support or care at home.²² Both third sector and private sector providers find it difficult to recruit staff. Rapid staff turnover is a significant threat to maintaining service standards, particularly in adult day care.
- **Nursing staff** – 6,620 registered nurses work in the care sector, 4,930 of them in adult care homes. Ninety-one per cent of registered nurses are in the private sector. Care providers in both the private and third sectors are having trouble recruiting qualified nursing staff for care homes. As a result, providers were trying to recruit staff from outside the UK. Although data is not collected on vacancy rates for nursing staff in the care sector, there were 2,207 whole-time equivalent (WTE) vacant nursing and midwifery posts in the NHS in Scotland at 31 March 2016.²³
- **Mental health officers (MHOs)** – are specialist social workers with a statutory role in the detention and treatment of people with mental illness. They look into the circumstances of individuals where people have concerns about their mental health. They can apply for a court order that would allow an individual to be taken to a ‘place of safety’ for up to seven days.²⁴ In December 2014, the number of registered MHOs was at its lowest level since 2005. However, in 2015 there was a small increase (two per cent) to create a total of 670 practising MHOs. In 2015 there were 15 unfilled posts for MHOs in Scotland and 17 further post holders who were unavailable, for example through career breaks or secondments, about five per cent of the total.²⁵

The professional social work role is changing

26. The workforce includes 11,127 professional social workers registered in Scotland. Almost three-quarters, 8,242, work in councils and 2,040 (18 per cent) are employed by other providers. Most of the rest are self-employed, unemployed or recently retired. Not all qualified social workers work in roles where they are required by law to hold a social work qualification (statutory roles), for example they may work in management roles. The number of WTE social workers employed by councils in statutory roles increased significantly between 2001 and 2015, from 3,873 to an estimated 5,630. Of these, 31 per cent work with adults, 49 per cent with children, 15 per cent in criminal justice; five per cent work generically.²⁶

27. The majority of social workers in our focus groups were optimistic about their role and their ability to make a positive difference to people’s lives. Changes in structural and partnership arrangements in health and social care have introduced more working in multidisciplinary teams, for example with health visitors or occupational therapists. Social workers sharing offices with other disciplines can be both rewarding and effective. We found that social workers who had worked in multidisciplinary teams for some time were convinced that improved

communication with community NHS staff had improved services. However, some were concerned about erosion of their professional identity. Moreover, adapting to working with colleagues from a different culture, for example in approaches to risk, could be challenging.

Unpaid carers provide the majority of social care in Scotland

28. The Scottish Government estimates that there are 759,000 unpaid carers aged 16 and over in Scotland, around 17 per cent of the adult population. Of these, 171,000 (23 per cent) provide care for 35 hours or more a week. In addition, there are an estimated 29,000 young carers under 16, around four per cent of the under 16 population.²⁷ There are many more unpaid carers providing support to people than those in the paid social services workforce.

29. In 2010, the Scottish Government reported that unpaid carers saved health and social services an estimated £7.68 billion a year.²⁸ More recently, Carers UK estimated the value of unpaid care in Scotland to be £10.8 billion, more than three times current social work net spending.²⁹

30. The Carers (Scotland) Act 2016 became law in March 2016. It provides for the planning and provision of support, information and advice for unpaid carers and encourages councils to become involved in carers' services. It also means councils are required to prepare a carer support plan for carers, including young carers, who want one. A carer support plan sets out information about the carer's circumstances, the amount of care they are able and willing to provide, the carer's needs for support and the support available. The Act also requires each council to establish and maintain an information and advice service for carers who live or care for people in its area.

Social work services are facing considerable financial pressures

31. In 2014/15, councils' net spending on social work services was £3.1 billion (**Exhibit 5, page 21**). Services for older people made up around 44 per cent of this spending, and services for children and families around 28 per cent. A range of other services make up the remainder.

32. In 2016/17, councils' total revenue funding, that is the funding used for day-to-day spending, will be five per cent lower than in 2015/16. This is a reduction of 11 per cent in real terms since 2010/11.³⁰ This is a significant pressure on all council services, including social work. The 2016/17 figure does not include £250 million that the Scottish Government allocated to health and social care integration authorities to support social care, because the Scottish Government routed it through the NHS boards' budgets rather than council budgets.

33. Against the trend of falling council spending, councils' total social work net spending increased in real terms from £3.2 billion to £3.3 billion between 2010/11 and 2014/15, an average increase of 0.8 per cent a year.³¹ As a result, spending on social work increased from 28.9 per cent to 32 per cent of council spending.³² An analysis of council accounts found that two-thirds of councils reported social work budget overspends totalling £40 million in 2014/15. Most councils identified homecare services for adults and older people as the service under most pressure.



(Unpaid) Carers do everything! Link everything! Anchor everything!

Carer



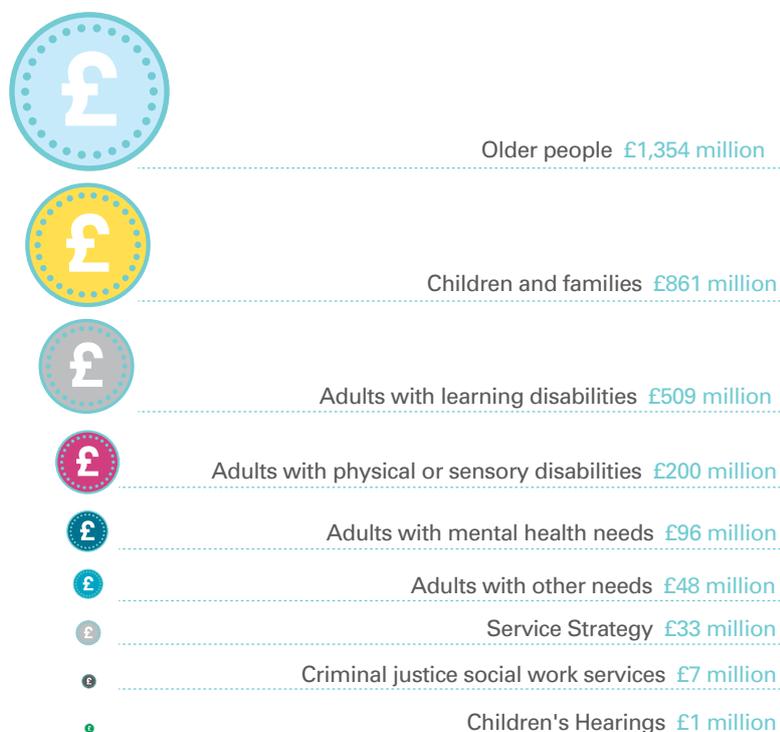
24/7 carers are there, understanding the person's needs.

Carer

Exhibit 5

Social work spending, 2014/15

Around 44 per cent of the £3.1 billion net social work spending is on services for older people and this percentage is likely to increase with demographic change.



Source: Local Government Financial Statistics 2014-15 (Annex A), February 2016

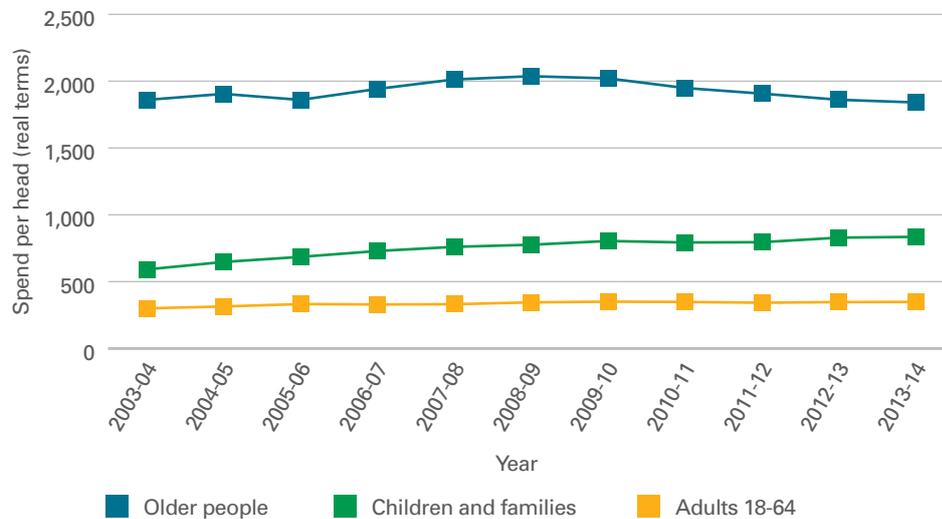
34. There have been significant long-term changes in spending per head among different age groups ([Exhibit 6, page 22](#)). The reduction in spending on older people is a combination of a lower percentage of older people receiving services ([paragraph 46](#)) and a reduction in the real-terms cost of care homes ([paragraph 62](#)) and homecare ([paragraph 59](#)). The increase in spending on children and families may be related to an increase in the number of looked after children, an increase in the complexity of children and families' cases and an increased focus on early intervention.

Few councils and IJBs have long-term spending plans for social work

35. We examined council budgets and spending plans for 2015/16, 2016/17 and beyond to assess whether the trends identified above are likely to continue in the medium term. Budget information is more difficult to collect and interpret than historic expenditure information because councils do not present this information consistently. In addition, most IJBs had not finalised their budgets at the time we were conducting our analyses. Budgets for 2016/17 were very similar to 2015/16 in cash terms. We also analysed councils' savings plans. Councils plan to save £54 million from social work budgets in 2016/17, mainly through changing how they provide services, reducing services and making efficiency savings.

Exhibit 6

Real-terms spending on social work services per head, 2003/4 to 2013/14



Source: Expenditure on Adult Social Care Services, Scotland, 2003/4 to 2013/14, Scottish Government

36. Councils and NHS boards work on different financial planning cycles and agree budgets at different times of the year. A survey of IJBs by the Scottish Parliament's Health and Sport Committee found that over half of IJBs were unable to set a budget for 2016/17 before June 2016, and over a quarter before August 2016.³³ A number of responses mentioned delays in receiving the health allocation for the partnership as a cause of difficulty in setting budgets. If councils and NHS boards continue with different budget cycles, it will make it more difficult for IJBs to agree budgets for services in a timely way.

37. In February 2016, as part of the local government settlement, the Scottish Government announced funding of £250 million to support social care for the three years to 2018/19. Some of this funding was to help pay the Living Wage (£8.25 an hour) to all care workers in adult social care, regardless of age from 1 October 2016.

38. The Living Wage Foundation sets the Living Wage. It is up-rated annually and they will announce a new rate in November. The local government settlement does not require councils to increase wages to the new Living Wage rate when the Living Wage Foundation announces it in November.

39. The Scottish Government has estimated that over the period 2012-32, spending on social care for older people will need to increase by between 1.5 per cent and 3.3 per cent a year, depending on changes to healthy life expectancy (HLE).³⁴ We have calculated lower and upper limits of the cost of demographic change based on Scottish Government projections. Added to this are cost pressures arising from legislation, based on their financial memorandums, and the cost implications of the commitment to the Living Wage for care workers ([Exhibit 7](#)).³⁵

Exhibit 7

Potential financial pressures facing Scottish councils by 2019/20

Councils face significant cost pressures.

Reason for cost increase	Lower limit (£ million)	Upper limit (£ million)
 Demographic change (older people only)	£141	£287
 The Children and Young People (Scotland) Act 2014	£98	£98
 The Carers (Scotland) Act 2016	£72	£83
 The Living Wage	£199	£199
Potential cost increase by 2019/20	£510	£667

Source: Audit Scotland analysis of financial memorandums and information provided by the Scottish Government

40. Together they imply increases in social work spending of between £510 and £667 million (a 16–21 per cent increase) by 2019/20. Additional Scottish Government funding to implement legislation and to IJBs (via the NHS) may partially relieve some of these pressures, as could potential savings from health and social care integration and by providing services differently.

41. Councils and IJBs need to develop longer-term financial strategies and plans for social work services, taking into consideration the above financial pressures. For example, they need to assess the affordability of options for changing the way they deliver services, so that elected members can consult the public and make informed decisions. Some of the councils we visited had already done this. For example, West Lothian Council had detailed projections of cost pressures for the client groups in social work and had considered the options available to meet those pressures depending on the level of funding available.

Part 2

How councils are addressing the challenges



Key messages

- 1 Councils have adopted a number of strategies to achieve savings. They have tightened eligibility criteria so that fewer people receive services and targeted funding to people in greatest need. They have also achieved significant savings in the cost of homecare and care homes through competitive tendering and the national care home contract.
- 2 Current approaches will not be sustainable given the scale of the challenge, and there are risks that reducing costs further could affect the quality of services. Fundamental decisions are required on long-term funding and social work service models for the future.
- 3 There has been a limited shift to more prevention and different models of care. Many councils have taken an opportunistic or piecemeal approach to changing how they deliver services, often to meet financial challenges or as the result of initiative funding by the Scottish Government.
- 4 Opportunities for people who use social work services and carers to be involved in planning services are limited. There is scope for councils and IJBs to do more to work with them to design, commission, deliver and evaluate services to achieve better outcomes. Service providers also have an important role to play in commissioning services, and councils are not doing enough to work with them to design services based around user needs.
- 5 People who use services and their carers value the support they get from social work and social care services. Our focus groups had a number of concerns about homecare, such as shorter visits and people using services seeing a number of different carers.
- 6 The Scottish Government's Living Wage commitment provides an opportunity to improve recruitment and retention of social care staff, and to create a more stable skilled workforce. But it adds to the financial pressures on councils and providers.

fundamental decisions are required on long-term funding and social work service models for the future

Councils, COSLA and the Scottish Government have agreed approaches intended to address major long-term pressures

42. Social work services operate within a number of national strategies, developed by the Scottish Government and councils that are intended to

respond to the major challenges set out in [Part 1](#), such as demographic change, personalisation and prevention. These include:

- **Social Services in Scotland: a shared vision and strategy for 2015-2020** – this builds on the *21st Century Social Work Review* published in 2005. It covers the whole of social work and its aims include:
 - encouraging a skilled and valued workforce
 - working with providers, people who use services and carers to empower, support and protect people
 - a focus on prevention, early intervention and enablement.³⁶
- **The 2020 Vision for Health and Social Care in Scotland** envisages that by 2020 people will live longer healthier lives at home, or in a homely setting and that Scotland will have an integrated health and social care system with a focus on prevention and supported self-management.³⁷
- **Reshaping Care for Older People (RCOP)** – a ten-year change programme focused on giving people support to live independently in their own homes and in good health for as long as possible. In 2011/12, the Scottish Government introduced the Change Fund, totalling £300 million to 2014/15, specifically to develop this area of policy.³⁸

43. Our report, *Reshaping care for older people* commented on slow progress of RCOP and the need to monitor its impact. It also reported that initiatives are not always evidence-based or monitored and that it was not clear how councils would sustain and expand successful projects.³⁹ Our report *Changing models of health and social care* concluded that the shift to new models of care is not happening fast enough to meet the growing need, and the new models of care that are in place are generally small-scale and not widespread.⁴⁰

Councils have changed eligibility criteria to reduce the number of people who qualify to receive services to balance their budgets

44. Councils have a statutory duty to assess people’s social care needs. If they assess a person as needing support and eligible to receive services, they must provide or pay for services to meet these needs.⁴¹ If people are eligible for support, the Social Care (Self-Directed Support) (Scotland) Act 2013 also requires councils to offer people a choice of four options in how their social care is provided:

- a direct payment – this allows people to choose how their support is provided, and gives them as much control as they want over their individual budget
- direct the available support – the person asks others to arrange support and manage the budget
- the council arranges support – the councils choose, arrange and budget for services
- a mix of all the above options.

45. To balance their budgets, councils prioritise funding and staff to those people most in need by setting eligibility criteria and assessing each person’s needs against these criteria. Councils have discretion on the thresholds for care they use locally. The level set in each council will depend on the resources available and



I have a say about who is on my team. I got to meet them and do interviews. I did the questions in advance.

Service user, young person with physical disabilities

on the council's policies and priorities. Councils assess people's needs using a common framework of four eligibility levels:

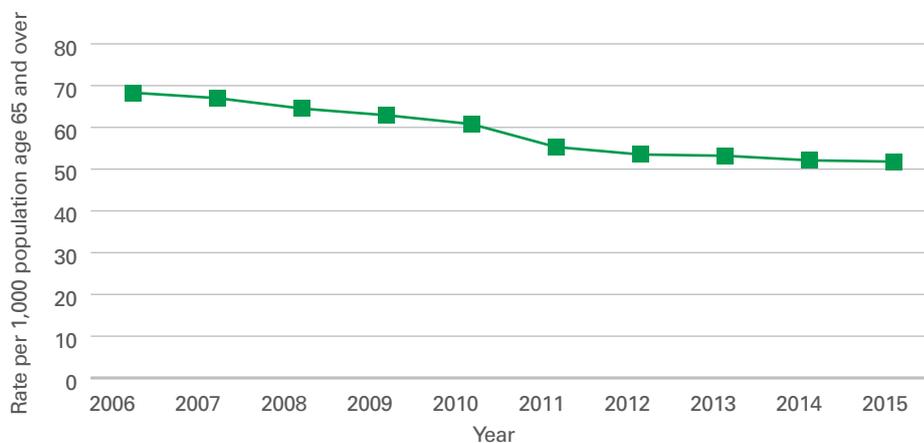
- **Critical Risk (high priority)** – Indicates major risks to an individual's independent living or health and wellbeing likely to require social care services 'immediately' or 'imminently'.
- **Substantial Risk (high priority)** – Indicates significant risks to an individual's independence or health and wellbeing likely to require immediate or imminent social care services.
- **Moderate Risk** – Indicates some risks to an individual's independence or health and wellbeing. These may require some social care services that care providers manage and prioritise on an ongoing basis, or they may simply be manageable over the foreseeable future with ongoing review but without providing services.
- **Low Risk** – Indicates that there may be some quality of life issues, but low risks to an individual's independence or health and wellbeing with very limited, if any, requirement for social care services. There may be some need for alternative support or advice and appropriate arrangements for review over the foreseeable future or longer term.⁴²

46. Because of funding pressures, most councils now only provide services to people assessed as being at critical and substantial risk. Focusing services on people with higher levels of need resulted in a reduction in the percentage of older people receiving homecare between 2006 and 2015, from just under 70 per 1,000 population to 50 per 1,000 ([Exhibit 8](#)). Of the councils we visited, only West Lothian still provides services to people assessed as at moderate risk.

Exhibit 8

Proportion of people aged 65+ receiving homecare, 2006 to 2015

The proportion of people aged 65 and over receiving homecare has fallen from just under 70 per 1,000 to just over 50 per 1,000.



Source: Expenditure on Adult Social Care Services, Scotland, 2003-04 to 2013-14, Scottish Government



47. Because most councils no longer provide services to people in the two lower risk eligibility criteria, and because of the considerable financial and legislative changes in social work since the current framework was developed, it may be an opportune time for COSLA and councils to review the framework to ensure that it is still fit for purpose.

48. Some councils have also limited the level of service they provide in some areas. Examples from our fieldwork include reducing the length of carer worker visits, providing ready meals and frozen meals, with one hot meal per day (leaving snacks for other meals) and restricting showers to once or twice a week for some people.

Councils are finding it hard to fund a strategic approach to prevention

49. Developing a strategic approach to prevention is essential for councils to sustain provision of social services. In 2011, the Christie Commission concluded that Scotland needed to 'devise a model of public services that is both financially sustainable and is capable of meeting the significant longer-term challenges'. It also proposed that a radical shift towards preventative public spending was essential. In September 2011, the Scottish Government set out an ambitious vision to enable everyone to live longer, healthier lives at home or in a homely setting by 2020.⁴³ Central to the vision is a focus on prevention, anticipation and supported self-management. The Scottish Government also set up change funds to stimulate prevention work, specifically in the areas of early years, re-offending and re-shaping care for older people.

50. Councils, IJBs and other stakeholders all believe that prevention is the key to meeting the growing demands for social work services within finite resources. However, the councils we visited varied in how well they are developing and implementing preventative strategies. Some, including West Lothian and East Renfrewshire, have a strong focus on prevention, for example they maintain prevention budgets and build prevention into how they plan and provide services. Councils cited various challenges to shifting service models towards prevention:

- a lack of funding because resources are locked into current service models to meet existing demands and savings may not materialise for several years after implementation
- a lack of social worker time – a concern that social work has become crisis based
- managing relatives' expectations – for example, some relatives prefer the council to provide a full care package of residential care rather than have their relation go through a re-ablement programme to allow them to live more independently at home
- community resistance – for example, opposition to closing a local hospital or care facility to free up funding for more accessible community-based care
- cultural differences between councils and the NHS – a common perception among a number of social workers in our focus groups is that the NHS is more risk averse and less used to giving staff responsibility to take the initiative on the care of individuals.



I had an OT (occupational therapy) assessment, and social work and they gave me 15 minutes of care. It's really not enough time. It's the choice between getting washed or getting dressed

Service user,
physical disabilities

51. Councils have commonly adopted some prevention initiatives, most of which are effective in the short term, but examples of long-term initiatives are more limited. Common prevention activities included:

- **Re-ablement** – involves encouraging people using services (often people leaving hospital) to develop the confidence and ability to live more independently and be less reliant on social care. This is usually a six-week programme of intensive help; it commonly results in people requiring less or even no ongoing support. Glasgow City Council found that 30 per cent of clients had no further need of a service following a period of re-ablement. The change fund initially funded this project but the council now funds it as the savings justify the investment.
- **Using technology** to enable people to continue living in their own homes for longer and to give reassurance to their carers and families. All councils provide a community alarm service. More advanced telecare systems use movement sensors and smoke detectors to alert the service to potential problems or prompt people to take medication. For example, West Lothian Council uses technology to help people with dementia, their families and carers manage issues that may arise in and around the home. Examples include:
 - a GPS device to help relatives or carers to find a vulnerable person if they get lost
 - extreme temperature and flood sensors fitted in kitchens
 - sensors to alert a carer when the person gets out of bed
 - removable sensors, called 'just checking', placed at doorways to monitor movement and assess lifestyle patterns.
- **Early intervention for children and families** is another widely implemented approach. Social work services work with relevant partners to support children and families at risk of needing support that is more intensive in future, or with older children at risk of becoming an offender. Midlothian Council attributed a significant drop in the number of their children on the child protection register from 158 in 2011 to 29 in 2015, at least partially, to early intervention and prevention work.⁴⁴
- **Restricting out of area service for looked-after children** – out of area placements tend to involve young people with troubled histories and challenging behaviour and children with significant learning disabilities. Some out of area placements will be the most suitable for a child, such as where the child has complex treatment needs that the council cannot meet or to ensure they can be effectively safeguarded. However, such placements are very expensive (weekly fees to independent providers range from £800 to £5,500) and can have negative consequences. For example, children may try to run away, putting themselves at risk, and children away for long periods will lose contact with their peers and find it difficult to re-integrate into the local community when they leave care.⁴⁵ Our fieldwork councils reported that keeping children local to their communities, for example in supported foster placements, could achieve better outcomes for children and achieve considerable financial savings for the council.



I have a feature that picks up if I get out of bed for too long, in case I've fallen in the night. I like to get up and wander about if I can't sleep, and then there is this booming voice asking if I am OK! It's a first class service.

Service user, older person

Councils need to measure the impact of prevention initiatives more systematically

52. Measuring and evaluating the success of prevention work is difficult. By its very nature, it is not easy to quantify what has not happened because of

prevention. It is also hard to attribute outcomes to specific courses of action in an environment where many factors are involved. Even so, councils do not always systematically evaluate initiatives, and there is a risk that opportunities for improvement, making savings or stopping ineffective activity are lost. Councils and IJBs should bring together information on the evaluation of successful prevention initiatives. They can use this to make long-term strategic investment decisions towards prevention as a key part of their long-term budget planning, rather than relying on short-term initiative funding as at present. Prevention needs to be seen as an integral part of councils' and IJBs' overall long-term strategies for services they can continue providing over the long term, rather than an add-on financed by short-term funding.

53. In our fieldwork, we found examples of successful evaluation. An evaluation of Glasgow's Recreate service to support ex-offenders found that in 2014/15 it generated a Social Return on Investment of between £6.14 and £9.54 per £1 invested ([Case study 1](#)).⁴⁶

Case study 1

Glasgow Recreate



This service gives ex-offenders the chance to volunteer for up to six months in meaningful roles where they gain new skills and experiences to help them to move forward in their life. Volunteers can access various opportunities, including landscaping and gardening, painting and decorating, retail and warehousing, and woodwork.

With the support of skilled tradespeople, they work on projects for organisations such as community groups, charities, housing associations, and Glasgow Land and Environmental Services. Each volunteer has a dedicated mentor who helps them to access additional volunteering opportunities, housing support, employability services, and money advice and make positive changes in their personal life. They also help volunteers to complete CVs, identify training and development needs, and set goals to help them become more work-ready to help them break the cycle of re-offending.

Volunteers benefit from rail, bus and subway travel, lunch, gym membership, training and development, information about other organisations, and employment support. During 2015/16, there were 58 volunteers in the scheme (up from 34 in 2013/2014), 57 per cent of whom moved into employment. Ninety-six per cent of participants did not re-offend and of those who did, the frequency and severity of the offending was reduced.

Source: Glasgow City Council



Recreate is a good mix of volunteering, learning and mentoring. I worked hard and it paid off.

Recreate volunteer

54. Some councils are learning from experience elsewhere to tackle particular issues. For example, East Renfrewshire Council visited Shropshire County Council to explore how it developed a community-led social work service. It has agreed to be one of three organisations that will pilot the programme in Scotland. There is scope for councils to do more to look at what others are doing, nationally and internationally, and share experience and learning.

Councils have achieved savings through competitive tendering

Councils purchased around £1.6 billion of services in 2014/15

55. Currently, councils spend around £1.6 billion a year on outsourced social care services, roughly two-thirds to the private sector and a third to the third sector ([Exhibit 9](#)). Spending on private sector services is mainly to provide homecare, residential care and nursing homecare for older people (£800 million). Most third sector spending is to provide services for children with disabilities (£244 million). Larger providers provide services across a large number of councils and are in a good position to identify good practice.

56. In procuring services, councils need to take into account the long-term financial viability of care providers. Providers could be put at risk by a combination of several factors, including:

- a fall in the number of care home residents
- increased paybill costs because of knock-on impacts of Living Wage
- increased uncertainty following Brexit may make it difficult for private sector providers to finance capital investment, such as building or refurbishing care homes.

Exhibit 9

Breakdown of contracted out social care spending by sector, 2014/15

Most private sector services are for adults while the third mostly sector provides services for children.

		Third sector £'000	Private sector £'000	Total £'000	
Social care adult		Day care	43	1,156	
		Homecare	18,290	279,693	
		Mental health services	14,297	27,272	
		Nursing homes	19,273	337,649	
		Residential care	1,883	219,962	221,845
Social care children		Adoption	23,208	59,079	
		Childcare services	49,481	79,698	
		Domestic violence	3,229	44,740	
		Children with disabilities	243,878	17,831	261,708
Social care other			195,945	112,363	308,308
Total		569,527	1,051,621	1,621,148	

Note: 'Other' includes advice and counselling services, advocacy service providers, alcohol and drug rehabilitation, community centres, community projects, disability and special needs service providers.

Source: Spikes Cavell database

57. Councils and Scotland Excel need to monitor the financial health of providers as part of their contract monitoring activity. The failure of a provider could have significant consequences for care services as well as people who use care services because Section 12 of the Social Work (Scotland) Act 1968 places a duty on Scottish local authorities to provide or arrange care for any individual in their area who requires assistance in an emergency.

Competitive tendering has reduced the cost of homecare

58. Councils have achieved significant financial savings through outsourcing services such as homecare to the private and third sectors through competitive tendering and re-tendering contracts. The percentage of homecare provided directly by council staff has fallen steadily, both in terms of the number of clients served and the number of hours provided ([Exhibit 10, page 32](#)).

59. Between 2010/11 and 2014/15, the average cost of providing homecare to people aged over 65 fell by 7.2 per cent in real terms, to £20.01 per hour.⁴⁷ An unintended consequence of driving down spending is increased staff turnover, as private and third sector providers employ staff on poorer terms and conditions than some other large employers or councils.

60. Third sector and private sector providers in our focus groups described some councils' procurement processes as inefficient and wasteful. They highlighted inconsistencies in how councils used framework agreements. These are agreements with suppliers to establish the terms that will govern contracts that councils may award during the life of the agreement.⁴⁸ Some private sector providers were concerned that they had invested time and money in signing up to frameworks, only to find that councils did not use their services.

Councils have made savings in the cost of care home services

61. The National Care Home Contract sets out the cost to councils of care home placements into private or third sector care homes. COSLA negotiates the fee structure annually with the representative bodies for private and third-sector providers in Scotland.⁴⁹ These bodies are Scottish Care and the Coalition of Care and Support Providers in Scotland. The contract includes an additional payment for care homes doing well in Care Inspectorate assessments, with penalties for poorly performing homes.

62. Between 2006 and 2015, the number of residents in older people's care homes decreased by two per cent (from 33,313 to 32,771).⁵⁰ The net cost of residential care (gross expenditure on care homes minus income) to councils has been falling. Between 2010/11 and 2014/15, the weekly residential costs to councils for each resident aged 65 or over fell by ten per cent in real terms to £372.⁵¹

63. The pattern of service provision has changed, with an increase in private sector provision and a fall in other sectors. Between 2006 and 2015, the change in the number of older people in residential care in each sector was:

- private sector – increased by five per cent (24,568 to 25,700)
- local authority/NHS – decreased by 23 per cent (4,876 to 3,747)
- third sector – decreased by 14 per cent (3,869 to 3,324).⁵²



Too many (paid) carers – regular new carers needing shown ropes again! Gah!!

Unpaid carer

64. The percentage of adults in care homes who mainly pay for their own care is increasing; the percentage increased from 22 per cent of residents in 2006 to 27 per cent in 2015.⁵³ In 2015, the average gross weekly charge for people who paid for their own care was £708, compared with the average weekly fee for publicly funded residents of £508.⁵⁴

Service providers want to be more involved in commissioning services

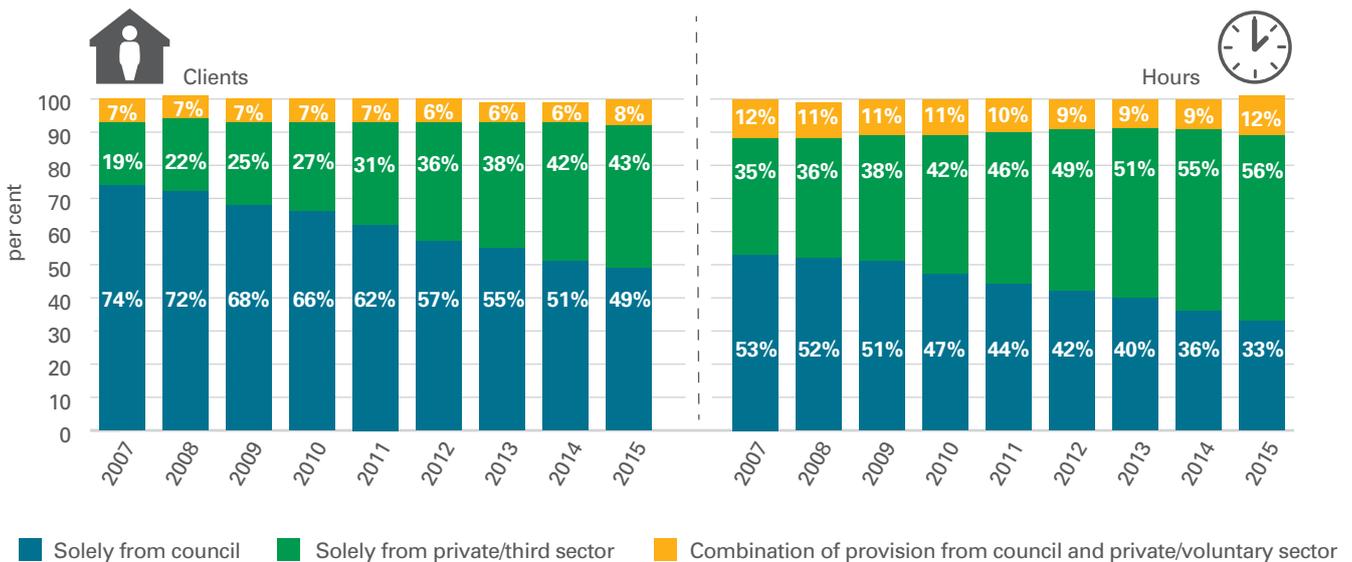
65. Commissioning social care is about how councils, NHS boards and others work together to plan and deliver services that will meet future demands and use resources, such as money, skills and equipment effectively. Jointly planned investment in home or community-based social care can save spending on unnecessary, and relatively expensive, hospital or residential care, and encourage innovation. The Christie Commission concluded that it is particularly important to:

- work closely with individuals and communities to understand their needs, maximise talents, resources, and support self-reliance, and build resilience
- recognise that effective services must be designed with and for people and communities – not delivered ‘top-down’ for administrative convenience
- maximise scarce resources by using all available resources from the public, private and third sectors, individuals, groups and communities.

Exhibit 10

The share of homecare provided by councils and the private/third sector, 2007 to 2015 (all ages)

Homecare provided directly by councils has fallen steadily over the past ten years.



Note: Of data limitations, the SSSC cannot provide an accurate estimate for turnover. However, they are able to calculate a ‘stability index’ of staff who are still in post after a year. If the index is 90 per cent it means that 10 per cent of staff present at the start of the period are no longer present. It is important to note that this does not mean that turnover is 10 per cent as the measure excludes staff who joined and left within the period under consideration.

Source: Social care services, Scotland, 2015, Scottish Government, December 2015

66. Councils have a challenging task to manage the market for providing services in their local area. There are potential tensions around making savings while ensuring high-quality services at a fair cost in an environment of increasing demand and financial pressures. There are risks to the quality of services if councils continue to drive down costs at the rate they have in the past without changing how they provide services.

67. Service providers from our focus groups who work across more than one council area found that different councils have different processes, procedures and attitudes to partnership working. They identified commissioning and procurement as common areas for improvement. In particular they felt that councils should:

- ensure they have staff with the appropriate skills for commissioning, such as financial planning and managing contracts, and be open in commissioning and contract decision-making processes. Some participants complained about unnecessary bureaucracy, noting gaps in expertise and risk appraisal and a lack of awareness of the challenges facing providers, for example the cost of employing qualified and experienced staff
- collect evidence about the effectiveness of all services (both in-house and external) and use this evidence in planning and decision-making. Councils face difficult choices, but providers felt councils sometimes protected their in-house services and workforce while cutting externally provided services, without comparing cost-effectiveness
- improve partnership working and relationships with providers. Although there were pockets of good practice, providers suggested that councils needed to work more collaboratively to provide stability to both those who provide and those who use services
- involve providers more in assessing and designing services, taking advantage of the experience and knowledge of good practice that larger providers have gained from working with councils across the UK.

68. One innovative example we identified was the Public Social Partnerships (PSP) approach used at East Renfrewshire Council ([Case study 2, page 34](#)). PSPs are strategic partnering arrangements, based on a co-planning approach. In this instance, the council worked with third-sector organisations and people who use services to share responsibility for designing services based around the needs of those who use them. Once designed, the council can then commission the service for the longer term. Several service providers in our focus groups mentioned the inclusive approach taken by East Renfrewshire Council as an example of good practice in commissioning services. It is important that councils have effective means of sharing good commissioning practice and working with practitioner groups within national organisations, such as COSLA and Social Work Scotland.



Some councils think 'out of the box', others are in a box with a very large padlock!

Service provider



We are left out of planning discussions while having to deal with the consequences of decisions made by councils.

Provider focus group

70. People in our focus groups, both carers and people using services, valued the support they receive from social work services. Several said that without support they would not be able to cope or maintain employment. Feedback from our survey of 165 people indicated that the type of service provided determined whether service users felt able to influence their service delivery. For example, where service users had one-to-one support or had close relationships with staff in sheltered accommodation, they felt confident about influencing the service.

71. However, a significant number of service users felt that they had little influence over their social care provision. Some had concerns about speaking up in case the care they received was reduced or changed. Others, particularly older people, didn't want to hurt the feelings of the people providing care. While some had experience of raising issues with care providers and services being adapted accordingly, others found that no steps were taken to rectify issues. Some service users then felt care providers did not listen to them. Carers were more likely than people who use services to speak up if they were concerned about any aspects of the service delivery, but carers felt that care professionals did not treat them as partners.⁵⁵

72. People who use social work services, and their carers, are very diverse, with differing needs. Although it is not easy to do, it is important that councils seek views and provide opportunities for involving as wide a range of people as possible in planning services or changing how they are provided. However, we found limited opportunities for people to be involved. Most of the six fieldwork councils involve representatives of both people who use services and carers in planning groups. For example, Perth and Kinross Council includes carer representatives on its multidisciplinary Carers Strategic Group. However, we found less evidence of people who use services and carers being involved more extensively in designing services.

73. Midlothian Council is one example where people who use services and carers are represented on joint planning groups, such as the Joint Older People's Planning Group that developed the Midlothian Joint Older People's Strategy 2011-15. A recent tender exercise for Care at Home in Midlothian included volunteer carers assessing all submissions, interviewing and final scoring. However, carers and people who use services generally have little involvement in commissioning or tendering, and there is scope to do more.

74. All of our fieldwork councils have a carers' strategy. All provide information for carers on their websites, including how and where to get help, which is usually through a carer assessment in the first instance. They also have partnerships with, or links to, other organisations and carers' centres in their area that provide information and support to carers. About half of the carers' centres are network partners of the national organisation Carers' Trust Scotland. Councils use various methods to collect the views of people using services, and of carers, including annual satisfaction surveys, carers' conferences and carer representatives on panels.

75. IJBs' membership must include a representative from people using services and a carer representative.⁵⁶ This is intended to ensure that carers have a role in planning and delivering of services delegated to IJBs. However, this alone is not enough to involve and consult the diverse range of people who use services and carers. Glasgow City Council has a carers' champion to represent the views of carers within the council ([Case study 3, page 36](#)).



I feel very lucky to live in [local authority]. The services for disabled people are the best in Scotland compared to other areas. [Local authority] listened to what people wanted, like supported living and individually tailored support plans.

Carer



Mental health services don't always recognise the carer input until they need them!

Carer



Everything is subject to funding therefore there is no consistency. Carers' centres need to be funded so that their services are ongoing.

Carer centre staff saved my life.

Carers

Case study 3

Glasgow City Council's Carers' Champion



Glasgow City Council's Carers' Champion represents the collective views of the city's unpaid carers within the council and speaks independently on carer issues. His role includes raising the profile of unpaid carers across the council and its wider network of agencies while also helping to develop strategies and policies that will support carers.

Glasgow has also introduced a privilege card for adult carers living in Glasgow who provide care for a Glasgow resident. It entitles them to various savings including:

- savings as part of Glasgow Life's concessionary discount scheme
- 20 per cent discount at a range of cafes in venues, such as art galleries and museums
- 20 per cent off City Parking multi-storey car parks
- discounts at certain cinemas and other commercial outlets.

In July 2015, Glasgow evaluated its Glasgow Carers Partnership, which includes Glasgow City Council, NHS Greater Glasgow and Clyde and voluntary sector organisations supporting carers within Glasgow. The council will use the resulting report and recommendations in planning and investment in carer services.

Source: Glasgow City Council



I had a procedure in hospital and I was in and out the same day, but the carer came to take me to hospital and came back at midnight to take me home. It was above and beyond.

Service user, physical disabilities

Some people we surveyed who use a homecare service were unhappy with the quality of their service

76. Between 2010/11 and 2014/15, the percentage of adults satisfied with social care or social work has fallen from 62 per cent to 51 per cent.⁵⁷ Our survey of 165 people who use services and of carers found that views on homecare dominated their discussions about the quality of care. Generally, participants with positive experiences of their current service provision highlighted some of the following factors:

- the importance of respectful and flexible carer workers
- good relationships with carer workers
- the ability to influence service delivery through self-directed support
- good timekeeping.

77. However, there were many examples of people not happy with their service experience. Common issues identified across all five local authority areas covered included:

- **Length of time a care worker spends with the person** – Most said that the care worker would be in their home for 15–20 minutes at a time. Many reported that this was not enough time to provide good quality care.



I did have [care company], and I got 15 minutes, so I had a choice between having breakfast and them running a bath for me to have on my own once they'd gone, or a shower with no breakfast.

Service user, physical disabilities

- **Timekeeping** – People who receive homecare discussed their experiences of homecare staff arriving earlier or later than expected. People we spoke to were frustrated at the homecare staff's timekeeping and poor communication.
- **Flexibility of role (undertaking tasks)** – Most people felt that the quality of care they received was affected by the limited flexibility of homecare staff in undertaking other household tasks.
- **Meals** – A large number of people receiving homecare and carers were not satisfied with the quality of the meals.
- **Trained homecare staff** – Others questioned the skills of some homecare staff. Their experience was that the homecare staff did not know how to handle them, or use equipment safely.

Paying care staff the Living Wage could help to reduce problems recruiting care staff, but may create other risks for providers

78. The Scottish Government's Living Wage commitment provides clear benefits for low-paid workers. However, increases in employee costs and contract costs will put pressure on councils' and service providers' finances. There are a number of risks with the current approach:

- The Scottish Government has no powers to enforce the Living Wage commitment; the UK Government reserves the power to set and enforce the legal minimum wage. The legal minimum wage across the UK is £7.20 for people aged 25 and over. The Living Wage is £8.25.
- There is a risk that providers operating across the UK may choose not to pay the Living Wage in Scotland.
- There is a risk that this could lead to unsustainable paybill increases. As well as increasing wages, National Insurance contributions and pension contributions will also rise, and service providers will need to maintain wage differentials. A recent survey of independent providers found that almost all will struggle to fund increases to £8.25 an hour. Future rises in the Living Wage may increase this pressure.
- Where councils have awarded contracts based on price before the adoption of the Living Wage, there is a risk that contractors who lost contracts, but who already pay wages at or above the living wage (and offering higher quality services) may ask councils to re-tender contracts.

79. Applying the Living Wage also provides significant opportunities to better manage the staffing issues we describe in [Part 1](#). Reduced staff turnover could potentially offset increased costs and provide an opportunity to improve staff skills. It could also make it easier to create a career structure for care workers and an opportunity to specialise, for example in providing services for younger people with particular disabilities, or for older people suffering from dementia.

80. Comhairle nan Eilean Siar and Perth and Kinross council felt there were particular challenges in recruiting suitably qualified staff to deliver services in isolated rural areas. In Eilean Siar, the council has set up college courses to encourage young people to view care as a worthwhile career option ([Case study 4, page 38](#)).



Sometimes they're late and sometimes they don't come at all.

Service user,
learning disabilities



Many people felt it was very important to have some continuity of care worker in terms of safety and building a rapport, but this was lacking. Just depressed at so many different (paid) carers coming in at all different times.

Carer



She gave me a fish pie and it was cold in the middle. She said she didn't have time to do it again, so I had to ask her to make me an omelette."

Service user,
older person

Case study 4

Comhairle nan Eilean Siar: developing a stable workforce



Comhairle nan Eilean Siar faces major demographic change over the next 20 years including a projected 19 per cent decline in the working age population and a 19 per cent increase in the over 75 population. There are also a high number of single person households with no family carers available. To help arrest the decline in working age population through migration, the council has developed a project to make being a care worker a viable and attractive career for young people leaving school, as well as adults looking at career options. There are four programmes:

- **Pre-Nursing Scholarship:** developed to encourage people to take up a nursing career locally and part of a national initiative to increase the nursing workforce. A critical aspect of this programme is the facility to provide equitable access to learning across the Western Isles in rural and remote locations.
- **Prepare to Care:** This course aims to qualify and prepare students for employment, further training, or both of these, within health and social care by developing the knowledge, skills and understanding required to work in the care sector.
- **Senior Phase SVQ2 Pilot:** Provides flexibility in terms of work-based assessment across health and social care and equips young people to work in the community. The newly revised Social Care and Health SVQ2 is being piloted with young people in Uist and Barra by Cothrom in partnership with the council and NHS Western Isles.
- **Foundation apprenticeship:** Skills Development Scotland selected the council's Education and Children Services department as a pathfinder authority for the senior phase vocational pathway development in Health and Social Care.

Source: Comhairle nan Eilean Siar

81. As explained in [Part 1](#), the recruitment and retention of suitable staff is a significant problem across the care sector. Councils and providers need to work together and with the Scottish Government on long-term planning to ensure there is an effective, well-trained sustainable workforce to meet future demand. The Scottish Government has commissioned work to identify the recruitment and retention challenges facing the sector and assess whether there is a case for a national workforce-planning tool. In addition, the Scottish Social Services Council (SSSC) is working with partners to develop career pathways within social care. The first is to develop foundation apprenticeships, a vocational pathway to enable young people to experience work in the care sector and encourage care as a positive career choice.



The girls that came in didn't know how to use a stand aid, and they couldn't do manual lifting.

Service user,
physical disabilities

Part 3

Governance and scrutiny arrangements



Key messages

- 1 The integration of health and social care has resulted in complex and varied governance arrangements for social work services. Elected members have important leadership and scrutiny roles, but there are risks that increased complexity could lead to members not having an overall view of social work. At a time of great change, it is essential that elected members assure themselves that the quality of social work services is being maintained and that councils are managing risks effectively. It is important that elected members receive training and guidance on the operation of the new governance arrangements and that elected members not involved in the IJB are fully informed about its operation.
- 2 The key role of the chief social work officer (CSWO) has changed significantly in recent years and there are risks that CSWOs may have too many roles and have insufficient status to enable them to fulfil their statutory responsibilities effectively.
- 3 There is scope for councils and their community planning partners to do more to promote and empower communities. This includes working with them to design, commission, deliver and evaluate services to achieve better outcomes, and to build capacity to allow communities to do more to support themselves. Elected members need to play a key role engaging with communities in a wider dialogue about council priorities.

elected members need to play a key role engaging with communities in a wider dialogue about council priorities

Social work governance and scrutiny arrangements are more complex because of health and social care integration

82. Councils' responsibilities in relation to social work are set out in the Social Work (Scotland) 1968 Act. The Act's provisions include promoting social welfare, caring for and protecting children, supervising and caring for people put on probation or released from prison and the children's hearings system.

83. Under the Public Bodies (Joint Working) (Scotland) Act 2014, councils and NHS boards are required to create integration authorities. These are responsible for the governance, planning and resourcing of adult social care services, adult primary care and community health services and some hospital services. Governance describes the structures, systems, processes, controls and behaviours by which an organisation manages its activities and performance. The Act also allows councils and NHS boards to integrate other areas of activity, such as children's health and social care services and criminal justice social work.

84. This means that councils delegate to the integration authority (IA) their responsibility for strategic planning for adult social services and for any other services they decide to include. Councils still carry the ultimate responsibility for the delivery of social work services in their area and elected members need to assure themselves that the council is meeting its statutory responsibilities.

85. IAs are responsible for planning and commissioning functions delegated from the local council and NHS board. IAs can adopt one of two main structures. All areas except the Highland Council area are following the body corporate model. Under this, they have created an Integration Joint Board (IJB) to plan and commission integrated health and social care services in their areas. Highland is following the lead agency model, NHS Highland is the lead for adult health and care services, with Highland Council the lead for children's community health and social care services. IJBs are local government bodies, as defined by Section 106 of the Local Government (Scotland) Act 1973. Councils and NHS boards delegate budgets to the IJB. The IJB decides how to use these resources to achieve the objectives of its strategic plan. The IJB then directs the council and NHS board to deliver services in line with this plan.

86. Councils have adopted various arrangements for integration. Nine councils integrated children's social work services within the IJB and 16 councils integrated social work criminal justice services.⁵⁸ The following arrangements were adopted by our fieldwork councils:

- Midlothian Council and Comhairle nan Eilean Siar include criminal justice but not children's social work services.
- East Renfrewshire Council and Glasgow City Council include both children's social work and criminal justice social work services.
- West Lothian Council and Perth and Kinross Council only include adult services.

87. The governance and scrutiny arrangements in four of our fieldwork councils (Comhairle nan Eilean Siar, Glasgow, Perth and Kinross and West Lothian) are included in [Supplement 3](#) . These illustrate the variety and complexity of arrangements now in place within councils.

88. At the time of our fieldwork, governance arrangements were still under discussion. Council chief executives were clear that accountability lies with the council for services delegated to the IJB because, under legislation, the council retains statutory responsibility for delivering social work services. But we have previously highlighted the risk that ultimate responsibility might lie with IJBs, which plan and direct councils and NHS boards in how services are to be delivered.⁵⁹ All parties need to recognise this risk and set out clearly an agreed understanding of each other's roles and responsibilities. It is essential that the chief officer of the IJB is clear about how this joint accountability will work in practice.

89. Accountability arrangements for the IJB chief officer are complex. The chief officer has a dual role. They are accountable to the IJB for the responsibilities placed on the IJB under the Act and the integration scheme. They are accountable to the council and NHS board for any operational responsibility for integrated services, as set out in the integration scheme.

90. Governance and scrutiny arrangements for IJB and non-IJB services within our fieldwork councils varied, even where the same services are included within

the IJB's remit. For example, in East Renfrewshire, scrutiny of performance happens within the IJB Audit and Performance Committee and an annual report is presented to the Council. While Comhairle nan Eilean Siar concluded that appropriate scrutiny could be provided within its existing council committee structure and that a separate mechanism for IJB functions was not required.

[Supplement 3](#)  shows the variation in integration arrangements in four of our fieldwork councils. Whatever model councils choose, elected members need to assure themselves that the scrutiny arrangements are working effectively.

91. As governance and scrutiny arrangements for social work were still in transition at the time of our fieldwork visits (some changes were implemented in March 2016), it is too early to make judgements as to whether there are duplications or gaps in scrutiny. Councils indicated that they would review arrangements if they did not appear to be working effectively. Our fieldwork highlighted a number of potential risks. These include:

- the potential for an overall view of governance being lost when social work services (and budgets) are split, for example between education and children's services and the IJB
- a focus on health and adult services could restrict discussion of children's services and, in particular, criminal justice services on IJB scrutiny committees.

92. Council representation on the IJB is generally four or five senior elected members (around ten per cent of elected members), usually including the leader of the council and a senior opposition member. This means that a small subset of elected members of the council and members of the NHS board will be responsible for social work governance and scrutiny within the IJB and its committees. There is a risk that the majority of elected members could feel excluded from social work decision-making and scrutiny. There is also a risk that this arrangement leaves responsibility for governance and scrutiny with a small number of very busy elected members. Councils have set up a variety of mechanisms to ensure they keep all elected members informed. For example, Comhairle nan Eilean Siar and the IJB will hold at least two meetings a year with the wider membership of the council and NHS Western Isles.

93. It is important that elected members receive training and guidance on the operation of the new governance arrangements. The Scottish Government has produced guidance on the roles, responsibilities and membership of the Integration Joint Board.⁶⁰ COSLA is working with the Improvement Service and the Scottish Government to support elected members who do not sit on IJB boards to help them fulfil their role, including councils' ongoing statutory duties. COSLA intends to produce an elected member briefing note focusing on councils' role and interests to ensure they are kept informed of the changes. It is also hosting workshops for elected members to share their experiences. We have included an elected member's checklist as [Supplement 4](#) . Elected members may wish to use the checklist to help them consider the effectiveness of the arrangements in their council.

Health and social care integration may make strategic planning of services more difficult

94. Each IJB is required to produce a strategic plan that includes strategies for all the services delegated to it. We examined strategies for social work services in our fieldwork councils. Strategies are set out in various ways depending on the health and social care arrangements in each council. While the plans for integrated services were well developed, they are new and untested.

95. Where councils have chosen not to include services for children within their IJB, they usually continue to follow existing arrangements. For example, some align children's social work services with education, in education and children's services. In others, these services are part of an existing Health and Social Care Partnership Directorate. Strategies for services that are not within the IJB are set out in council plans such as the education and children's services plan.

96. Where criminal justice services are included within the IJB, strategies were not always as clearly set out. IJB plans generally included few references to criminal justice and some services did not have a specific criminal justice plan. Whether as part of the IJB or not, councils have, until now, worked in partnership with their Community Justice Authority (CJA) and contributed to its area and action plans. However, under The Community Justice (Scotland) Act 2016, CJAs will be abolished from 2017. Responsibility for community justice will transfer to community planning partnerships. It is important that under the new approach, strategies for criminal justice services are clearly set out as part of the IJB or community planning arrangements.

97. All the social work plans we examined demonstrate links to community planning. As members of the community planning partnerships, both IJBs and councils have signed up to local single outcome agreements (SOA) with the Scottish Government, and share the vision and priorities within these.

98. It is important that there are clear linkages between the planning of those services that are integrated and those that are not, for example the transition from children's services to adult services or between children's services and criminal justice. Planning for these transitions needs to be well coordinated to ensure a seamless service without overlaps or gaps in services, particularly where responsibility is split between the IJB and the council.

99. It is important that the scrutiny arrangements reflect the risks associated with managing transitions. Councils and elected members will need to ensure they have a strategic overview of the whole of social work service and ensure that strategy, budget arrangements, commissioning, procurement and workforce planning are coordinated at a council-wide level.

There is a risk that chief social work officers may become over-stretched

100. The Social Work (Scotland) Act 1968 requires local authorities to appoint a single chief social work officer (CSWO) who must be a qualified social worker and registered with the Scottish Social Services Council. The CSWO should demonstrate professional leadership. They have a responsibility to highlight where a council policy may endanger lives or welfare and ensure that they provide councillors and officers with professional advice in relation to social work and social care services. The CSWO should have access to the chief executive and other senior managers, councillors and social work officers. The CSWO is one of five statutory officers in councils: that is, officers that each council is required to appoint by law.⁶¹

101. Scottish ministers issued revised guidance on the role of the CSWO in July 2016 to reflect the introduction of health and social care integration. This summarises the minimum scope of the CSWO role, recognising the diversity of the structures and partnerships that deliver social work services. The CSWO's responsibilities apply to social work functions whether delivered by the council or



I'm happy with the services for my daughter but it was a hard fight over many years. As she moves to adult services, am I going to have to start fighting again? It worries me.

Carer

by other bodies under integration or partnership arrangements.⁶² The guidance states that management and reporting structures are a matter for councils. But if the CSWO is not a full member of the corporate management team, elected members must be satisfied that the officer has appropriate access, influence and support at the most senior level. We found consensus among elected members and chief executives that it is important that the CSWOs are senior enough to carry out their responsibilities effectively. However, the CSWO's position in the hierarchy, and the arrangements to allow them to contribute to decision-making, varied between councils.

102. When the CSWO role was combined with that of Director of Social Work, the ability to influence was clear. But councils have developed executive team structures and most no longer have a Director of Social Work. At present six CSWOs are at director level and 24 are heads of service, the tier below this, with one tier-three manager in a temporary acting up role. In addition, a large proportion of CSWOs are new to the role. A survey by Glasgow Caledonian University, in November 2015, found that over half had been in post less than three years, and nine for less than a year.

103. CSWOs have strategic and professional responsibility for social work, including monitoring service quality and professional standards. Good practice indicates this should be across the full range of a council's social work functions. Scottish ministers' guidance says the CSWO must have the power and authority to provide professional advice and contribute to decision-making in the council and health and social care partnership arrangements. However, the structure of social work provision has changed over time and CSWOs do not always have operational responsibility across all functions. For example, in Midlothian, the CSWO has operational responsibility for adult services but not for services for children or older people.

104. Integration does not change the CSWO's responsibility to provide professional leadership. However, some CSWOs expressed concerns that, where children's services and/or criminal justice sit within the IJB, health issues and adult care will dominate the IJB both in terms of the agenda and in terms of personnel. They were concerned that representation of these services on the agenda would be small in comparison to adult services.

105. Reporting lines for CSWOs always lie within the council and the establishment of IJBs does not change this. However, CSWOs now have an additional statutory, non-voting place as adviser to the IJB (or the Integration Joint Monitoring Committee in Highland's lead agency model). CSWOs need to establish good, effective working relationships with their IJB chief officer. CSWOs' roles vary across all thirty-one IJBs in terms of what they are accountable for. Integration means that those CSWOs who were previously responsible for adult social care services will lose direct responsibility for their management and budget.

106. Scottish ministers' guidance indicates that the CSWO must be visible and available to any social services worker, and ensure well-grounded professional advice and guidance on practice is available. Social workers in our focus groups generally felt that their CSWO was both visible and accessible, and felt confident about consulting them.

107. The ability of CSWOs to carry out their role effectively and not become too 'stretched' across multiple functions is a potential concern. CSWOs may have

to report to one or more council committees, sit on the IJB, and attend the council corporate management team or senior management team and the IJB management team, as well as undertake day-to-day service management roles. It is important for CSWOs to achieve the trust and confidence of councils' NHS partners in order to have an influence in decision-making. CSWOs had mixed views on whether their role within the IJB would have a negative impact on their visibility or accessibility to elected members and social workers. It is too early to see how effective new arrangements will be.

108. The statutory guidance requires all CSWOs to report annually to the council and IJB on all of the statutory, governance and leadership functions of the role and delivery of the council's social work functions. This applies however they are organised or delivered. A review of CSWO annual reports in 2013 found a lack of consistency in the content and format. After consultation with relevant individuals and groups, the chief social work adviser published guidance on the content and a template for the report. The CSWO annual report gives an opportunity for the CSWO to draw together all the important strands of their work and report on them to elected members. It should provide an opportunity for the CSWO to raise their profile with elected members and, more importantly, draw their attention to any potential concerns about social work or governance issues.

109. The CSWO reports we examined from our fieldwork sites generally followed the template, but varied in the amount and level of information included. For example, Glasgow's report for 2014/15 is more concise (nine pages long with links to relevant reports and strategies), with less detail included compared with Perth and Kinross (71 pages), which contains a lot of activity information and good practice examples. CSWO reports may be considered at various meetings including full council, relevant council committees or panels or the IJB. Social work performance is regularly scrutinised through council or IJB monitoring systems and scrutiny happens through monthly, quarterly or six-monthly performance reports at appropriate committees. CSWO reports are also important in providing a high-level summary of the performance of social work functions during a particular year. It is essential that they are subject to effective scrutiny by elected members. However, we did not find evidence of detailed scrutiny of the report or challenge at these meetings.

110. The Scottish Social Services Council (SSSC) working with universities and others, has recently developed a qualification for CSWOs. The postgraduate diploma is aimed specifically at those currently in the CSWO role or who aspire to the role. There is also an option to proceed to a Masters qualification. CSWOs and social worker managers who we interviewed who are studying for this qualification all found it helpful and useful in practice, as well as helping the council in succession planning.

Elected members are key decision-makers for local social work services

111. During the era of steadily increasing council spending that ended in 2010, people's expectations were raised as to the level of service that social work services could provide. Councils are now in an era of reducing spending. Councils need to play a leading role in a wider conversation with the public about the level of social work services they can realistically provide and how they can best provide it. Current arrangements for providing care are not sustainable in the long term, given the demographic and financial pressures. As we reported in *Changing models of health and social care*: 'Services cannot continue as they are and a significant cultural shift

in the behaviour of the public is required about how they access, use and receive services'.⁶³ Elected members need to play a key role in this change, engaging with communities in a wider dialogue about council priorities.

112. The Christie Commission suggested that councils should work closely with individuals and communities to understand their needs, maximise talents and resources, support self-reliance, and build resilience. Communities have a significant role to play, and councils and their community planning partners should do more to encourage and help them to assume more responsibility for supporting themselves. North Lanarkshire's *Making Life Easier* service is a website that helps people to identify problems and develop their own solutions through information, professional advice and direct access to services and support ([Case study 5](#)).

Case study 5

Making Life Easier



North Lanarkshire Council worked with ADL Smartcare to develop a website to help those who wish to live independently at home. *Making Life Easier* provides professional advice and guidance on health issues and on managing daily living tasks. It includes hints and tips and signposts to organisations such as social and support groups, lunch clubs and drop-in cafes.

People and their carers can do an online self-assessment to identify safe and suitable equipment and minor adaptation choices that will help them manage their lives. People can choose to get the equipment and minor adaptations they need without charge through a link to the council's integrated equipment and adaptation service, or there is information on how to buy it for themselves.

East Lothian Council is developing a similar service, which they will call HILDA – Health and Independent Living with Daily Activities.

Source: North Lanarkshire Council

113. Although health and social care integration will change the way social work services are commissioned and funded, councils remain responsible for promoting social welfare.⁶⁴ This includes improving outcomes for people who use services. Councils and IJBs need to ensure they are scrutinising budgets, plans and outcomes, including the effectiveness of services and the impact on individuals.

114. Elected members may find that their role changes, but they remain the key decision-makers for social work services on behalf of their constituents and they ensure effective scrutiny, governance and strategic oversight of the new arrangements. It is essential that elected members assure themselves of the quality of social work services and ensure councils manage risks effectively at a time of great change. With increasing financial pressures, councillors may face a difficult challenge in managing people's expectations, but they have a crucial role in doing so and providing leadership for their communities.

Endnotes



- ◀ 1 Social Care Services 2015, Scottish Government, December 2015.
- ◀ 2 Children's Social Work Statistics Scotland, 2014/15, Scottish Government, April 2016.
- ◀ 3 Social Care Services 2015, Scottish Government, December 2015.
- ◀ 4 Social Work and Social Care Statistics for Scotland: A Summary, Scottish Government, January 2016.
- ◀ 5 Scottish Local Government Financial Statistics, Scottish Government, February 2016.
- ◀ 6 Scottish Social Service Sector: Report on 2015 Workforce Data, August 2016.
- ◀ 7 We use the term 'third sector organisation' to describe organisations that are neither public sector nor private sector, including voluntary and community organisations (both registered charities and other organisations such as community groups), social enterprises, mutuals and co-operatives.
- ◀ 8 In this report, we use the word carer to mean someone who provides unpaid care. Staff who are employed to provide care are referred to as care workers.
- ◀ 9 [Health and social care integration](#) , Audit Scotland, December 2015.
- ◀ 10 Social Services in Scotland: a shared vision and strategy 2015 - 2020, Scottish Government,
- ◀ 11 National Performance Framework, Scottish Government, March 2016.
- ◀ 12 The Scottish Government established the independent Commission, chaired by Dr Campbell Christie CBE, in November 2010 to develop recommendations for the future delivery of public services. The Commission published its report in June 2011.
- ◀ 13 [Health and social care integration](#) , Audit Scotland, December 2015.
- ◀ 14 [Changing models of health and social care](#) , Audit Scotland, March 2016, included Scottish Government analysis of projected health and social care expenditure, provided to Audit Scotland in February 2016.
- ◀ 15 *Scotland's Population, The Registrar General's Annual Review of Demographic Trends 2014*, published August 2015.
- ◀ 16 All local authorities are responsible for maintaining a central register of all children who are the subject of an inter-agency Child Protection Plan. The register provides a system for alerting practitioners that there is professional concern about a child. Social work departments are responsible for maintaining a register of all children in their area who are subject to a Child Protection Plan.
- ◀ 17 Children's Social Work Statistics Scotland, 2014/15, Scottish Government, April 2016.
- ◀ 18 Scottish Social Service Sector: Report on 2015 Workforce Data, August 2016.
- ◀ 19 Experimental Statistics: Staff Retention in the Scottish Social Service Sector, SSSC, March 2016.
- ◀ 20 Workforce Survey of Independent Care Homes for Older People in Scotland, Scottish Care, March 2008.
- ◀ 21 Scottish Social Service Sector: Report on 2015 Workforce Data, August 2016.
- ◀ 22 Scottish Social Service Sector: Report on 2015 Workforce Data, August 2016.
- ◀ 23 NHSScotland Workforce Information, quarterly update of staff in post, vacancies, ISD, March 2016.
- ◀ 24 Mental Health (Care and Treatment) (Scotland) Act, 2003.
- ◀ 25 Scottish Social Services Workforce Data, Mental Health Officers (Scotland) Report 2015, August 2016.
- ◀ 26 Scottish Social Service Sector: Report on 2015 Workforce Data, August 2016 and unpublished data from Scottish Social Services Council.
- ◀ 27 Scotland's Carers, Scottish Government, March 2015.
- ◀ 28 *Caring Together: The Carers Strategy for Scotland 2010 - 2015*, Scottish Government, July 2010.
- ◀ 29 *Valuing Carers; The rising value of carers' support*, Carers UK, 2015.
- ◀ 30 [An overview of local government in Scotland 2016](#) , Audit Scotland, March 2016.
- ◀ 31 The net expenditure breakdown in Exhibit 5 is taken from Scottish Local Government Financial Statistics 20014-15. The total net expenditure figure of £3.3 billion is from the audited accounts and includes pension costs and capital accounting costs that the £3.1 billion in the local financial returns (LFRs), on a funding basis, will exclude.

- ◀ 32 [An overview of local government in Scotland 2016](#) , Audit Scotland, March 2016.
- ◀ 33 Scottish Parliament, Health and Sport Committee, Integrated Joint Board survey responses, August 2016.
- ◀ 34 Information supplied by Scottish Government.
- ◀ 35 Scottish Government unpublished analysis, March 2016.
- ◀ 36 *Social Services in Scotland: a shared vision and strategy 2015-2020*, Scottish Government, March 2015.
- ◀ 37 *Route Map to the 2020 Vision for Health and Social Care*, Scottish Government, May 2013.
- ◀ 38 *Reshaping Care for Older People – A Programme for Change 2011–21*, Scottish Government, COSLA and NHS Scotland, 2010.
- ◀ 39 [Reshaping care for older people](#) , Audit Scotland, February 2014.
- ◀ 40 [Changing models of health and social care](#) , Audit Scotland, March 2016.
- ◀ 41 The NHS and Community Care Act 1990 provides a statutory framework for community care, which forms the cornerstone of community care law. It places a duty on local authorities to assess an individual's need for 'community care services'.
- ◀ 42 Scottish Government and COSLA guidance on a national framework for eligibility criteria, 2009.
- ◀ 43 *Route Map to the 2020 Vision for Health and Social Care*, Scottish Government, May 2013.
- ◀ 44 Data from Children's Social Work Statistics Scotland, 2011/12, Scottish Government, March 2013 and Children's Social Work Statistics Scotland, 2014-15, Scottish Government, June 2016.
- ◀ 45 *Getting it right for children in residential care*, Audit Scotland, September 2010.
- ◀ 46 Recreate Volunteer Programme: A social return on investment (SROI) analysis, Margaret Smith and Vikki Binnie, 2014. An SROI considers the length of time changes last to assess future value. Because this user group is often associated with a chaotic lifestyle, the study shows a range in value to reflect a conservative estimate and an estimate reflecting the sustained changes possible.
- ◀ 47 Local Government Benchmarking Framework, Improvement Service (website).
- ◀ 48 A framework agreement does not have to be a contract. However, where it is a contract it is treated like any other contract, and the EU procurement rules apply.
- ◀ 49 The 2016/17 fees paid to providers for local authority placements are set at £624.54 a week for nursing care and £537.79 for residential care until 30 September. After that, fees will increase to £648.92 a week for nursing care, and £558.77 for residential care until April 2017 (the £372 figure in paragraph 62 has income from contributions deducted). Fees for self-funders tend to be substantially higher.
- ◀ 50 Scottish Statistics on Adults Resident in Care Homes, 2006-2015, ISD Scotland, October 2015.
- ◀ 51 Local Government Benchmarking Framework, Improvement Service (website).
- ◀ 52 The Care Home Census: Scottish Statistics on Adults Resident in Care Homes 2006-2015. The census includes data on adults living in care homes in Scotland that are registered with the Care Inspectorate.
- ◀ 53 NHS National Services Scotland, Public Health and Intelligence, 2016.
- ◀ 54 These figures are for residents who do not require nursing care. The equivalent figures for residents who do require nursing care are £775 and £590.
- ◀ 55 The Scottish Government is holding a 'national conversation' on health and social care services. Some of the carer's quotes are taken from the Coalition of Carers in Scotland event to support carers to contribute their views, held on 25 November 2015.
- ◀ 56 The Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014.
- ◀ 57 Local Government Benchmarking Framework, the improvement service.
- ◀ 58 A full list of the arrangements in all councils is included in Exhibit 8, page 22 of *Health and social care integration*, Audit Scotland, December 2015.
- ◀ 59 [Health and social care integration](#) , Audit Scotland, December 2015.
- ◀ 60 Roles, Responsibilities and Membership of the Integration Joint Board, Scottish Government, September 2015.
- ◀ 61 The others are: The Head of Paid Service (chief executive) responsible to councillors for the staffing and ensuring the work of the council is co-ordinated; the Monitoring Officer prepares governance documents and advises councillors about legal issues; the Chief Financial Officer; the Chief Education Officer.
- ◀ 62 The Role of Chief Social Work Officer, Guidance Issued by Scottish ministers, pursuant to Section 5(1) of the Social Work (Scotland) Act 1968, Revised Version, July 2016.
- ◀ 63 [Changing models of health and social care](#) , Audit Scotland, March 2016.
- ◀ 64 Social Work (Scotland) 1968 Act.

Social work in Scotland

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

If you require this publication in an alternative
format and/or language, please contact us to
discuss your needs: 0131 625 1500
or info@audit-scotland.gov.uk 

For the latest news, reports
and updates, follow us on:



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
T: 0131 625 1500 E: info@audit-scotland.gov.uk 
www.audit-scotland.gov.uk 

ISBN 978 1 911494 05 8

