

A meeting of the **Integration Joint Board Audit & Risk Committee**
will be held on Wednesday 23 June 2021 at 2pm
via MS Teams

Please notify apologies for absence to:
fv.clackmannanshirestirling.hscp@nhs.scot

AGENDA

1. **Apologies for Absence**
2. **Declarations of Interest**
3. **Minutes of previous meeting held on 11 March 2021** **For Approval**
4. **Matters Arising/Urgent Business Brought Forward by Chair**
5. **Draft Policy on Directions** **For Approval**
Presented by Ewan Murray, Chief Finance Officer
6. **Draft Reserves Strategy** **For Approval**
Presented by Ewan Murray, Chief Finance Officer
7. **Governance Checklist & Progress Update on Annual Audit Report Actions** **For Noting**
Presented by Ewan Murray, Chief Finance Officer
8. **Internal Audit Annual Report** **For Noting**
Presented by Tony Gaskin, Chief Internal Auditor
9. **Draft 2020/21 Annual Accounts** **For Approval**
Presented by Ewan Murray, Chief Finance Officer
10. **Strategic Risk Register** **For Approval**
Presented by Ewan Murray, Chief Finance Officer
11. **Relevant National Reports** **For Noting**
Presented by Ewan Murray, Chief Finance Officer
 - **11.1 Local Government Overview 2020/21**
 - **11.2 Audit Scotland: Code of Practice 2020/21**
12. **Date of Next Meeting**

Scheduled for 15 September 2021, but likely to require to move to October 2021 date – members will be canvassed for availability shortly.

**Minute of the Clackmannanshire & Stirling IJB
Audit and Risk Committee**
held on **Thursday 11 March 2021 at 2.00pm**
via Microsoft Teams

Present:

Voting Members Allan Rennie, Non-Executive Board Member, NHS Forth Valley (Chair)
 Councillor Graham Houston, Stirling Council
 Councillor Martha Benny, Clackmannanshire Council
 Gordon Johnston, Forth Valley NHS Non-executive Board member.

Non-Voting Members Natalie Masterson, Chief Officer, Stirling Voluntary Enterprise.

In Attendance:

Ewan Murray, Chief Finance Officer, HSCP
Annemargaret Black, Chief Officer, HSCP
Tony Gaskin, Chief Internal Auditor
John Cornett, Audit Director, Audit Scotland
Debbie Laing, Business Support Officer (Minutes)

1. WELCOME AND APOLOGIES

The Chair welcomed everyone to the meeting which was taking place via Microsoft Teams due to Covid-19.

No apologies for absence were noted.

2. DECLARATION(S) OF INTEREST

No declarations of interest were noted.

3. MINUTES OF PREVIOUS MEETING HELD 9 DECEMBER 202

The minutes of the previous meeting held 9 December 2020 were approved by the Committee as an accurate record.

4. MATTERS ARISING/URGENT BUSINESS BROUGHT FORWARD BY CHAIR

The Chair reminded the Committee that this meeting had previously been scheduled for 10 February 2021, however following conversations between the Chief Finance Officer, the Chair, and Audit Scotland, the meeting was rescheduled to 11 March to principally to permit the Annual Audit Plan to be available for presentation and approval.

5. VERBAL UPDATE ON GOVERNANCE MATTERS

Mr Murray presented this update to the Committee.

Due to concerns at the time of setting the agenda, for this meeting, Mr Murray intended to present a verbal update to the Committee that there could be difficulty in being in a position to present a draft budget to the IJB before 31 March; however, following urgent discussions with Chief Finance Officers of the constituent authorities Mr Murray was able to report that a plan to permit presentation of the budget to the IJB prior to 31 March was in now place.

6. ANNUAL AUDIT PLAN

This item was presented to the Committee by John Cornett, Audit Director.

Mr Cornett highlighted the current plan and risks to the Committee. There was firm support from the Committee to ensure that pieces of work were coordinated across the audit functions, to ensure there's no duplication across progress reports. It would be beneficial to have a degree of flexibility on both sides, to allow for robust reporting whilst allowing for peaks and flows in workload. Colleagues were in agreement that it was vital to ensure good quality of the work undertaken as part of the audit plan, and that shouldn't be sacrificed to meet deadlines.

Mr Murray advised the possibility of rescheduling the planned September Committee into October as part of a revised schedule for consideration of audited accounts and presentation to IJB for approval in November 2021.

The Chair suggested that this Committee be provided with an update between committee meetings on the progress of the highlighted risks, with an indicative timeline on an exception basis. Members agreed that this would be well received, especially on the route out of the Covid pandemic when the situation is frequently changing.

Mr Murray agreed that arrangements would be made to respond appropriately to this request.

The Audit and Risk Committee:

- Approved the Annual Audit Plan.

7. INTERNAL AUDIT PROGRESS REPORT 2020/21

This item was presented to the Committee by Tony Gaskin.

Mr Gaskin advised that the approach detailed within the paper in respect of completion of the Internal Audit Plan is on track, and was expected to be completed within the timescales documented.

The Audit and Risk Committee:

- Noted the Internal Audit Plan Progress Report.

8. STRATEGIC RISK REGISTER

This standing item was presented to the Committee by Ewan Murray, Chief Finance Officer.

The strategic risk register is regularly reviewed by the HSCP's Senior Leadership Team and presented to the Audit and Risk Committee for full review and scrutiny. All high level risks are reported to the IJB via performance reports, which are also presented to the Finance and Performance Committee.

The Committee was reassured by Mr Murray and Ms Black that the Senior Leadership Team regularly reviews the Strategic Risk Register to ensure that there is a balanced view presented when reviewing each risk.

Ms Black outlined the process around the oversight arrangements for the risk register, and how this dovetails with risk management arrangements within the constituent authorities.

Ms Black also advised that the Organisational Development Practitioner post has now been filled; the Committee agreed that this was excellent news for the organisation going forward, as the post will be critical in shaping the culture of the organisation.

A remobilisation plan for the coming financial year has been developed and submitted to Scottish Government. This will be presented to the IJB on 24 March 2021 for formal approval.

The Audit and Risk Committee:

- Approved the Strategic Risk Register.

9. NATIONAL ACCOUNTS COMMISSION REPORTS

9.1. NHS in Scotland 2020

9.2. Local Government Financial Overview 2019/20

9.3. Tracking the implications of Covid-19 on Scotland's public finances

This item was presented to the Committee by Ewan Murray, Chief Finance Officer.

In line with the Audit and Risk Committee Terms of Reference, Mr Murray has brought to the Committee's attention any national level reports which are of relevance and significance to the business of the IJB. The cover paper has been drafted to draw the key messages together for members.

The Committee agreed that the Covid response and recovery should not be viewed in isolation, but rather in the context of all other work going on at the moment. The landscape is changing rapidly, and organisations are increasingly discussing medium-term financial *scenarios* rather than *plans*.

The Chair commented that the reports were very consistent and easy to read; interesting to note that a lot of pre-Covid pandemic planning pre-Covid was never implemented.

The Audit and Risk Committee:

- Noted the reports presented to the Committee.

10. ANY OTHER COMPETENT BUSINESS

10.1 Training for Committee Members

The Committee agreed that it would be positive to prioritise this for members. Mr Murray assured the Committee that this request had not been ignored; however recent urgent matters such as remobilising and budget setting had taken priority for management capacity.

10.2 NES work link

Tony Gaskin to send the NES link to Ewan, for circulation to the rest of the Committee.

11. DATE OF NEXT MEETING

Wednesday 23 June 2021, 2pm

Integration Joint Board Audit and Risk Committee

23 June 2021

Agenda Item 5

Draft Policy on Directions

*For Approval of Recommendation to
IJB*

Paper Approved for Submission by:	Ewan Murray, Chief Finance Officer
Paper presented by	Ewan Murray, Chief Finance Officer
Author	Ewan Murray, Chief Finance Officer
Exempt Report	No

Directions	
No Direction Required	<input checked="" type="checkbox"/>
Clackmannanshire Council	<input type="checkbox"/>
Stirling Council	<input type="checkbox"/>
NHS Forth Valley	<input type="checkbox"/>

Purpose of Report:	To present a draft directions policy, in line with requirements of the statutory guidance on directions, to the Audit and Risk Committee for consideration and recommendation to the IJB.
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Recommendations:	<p>The Audit and Risk Committee is asked to:</p> <ol style="list-style-type: none"> 1) Consider and recommend approval of the attached directions policy to the IJB. 2) Note that further discussion will be held with the Chair and Vice Chair of the IJB and chairs of the IJBs Committee's to seek consensus on which committee should perform the monitoring role on Directions on behalf of the IJB.
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1. Background

- 1.1. Directions are a key aspect of the IJB's governance and decision making frameworks. They form part of the legal basis of how delegated services are to be delivered and funded.
- 1.2. In order to comply with statutory guidance, a written directions policy has been developed in a bid to improve transparency and accountability between the IJB and its constituent authorities.

2. Considerations

- 2.1. In line with the provisions of sections 26-28 of the Public Bodies (Joint Working) (Scotland) Act 2014, Directions are the mechanism by which the IJBs strategic plans are enacted.
- 2.2. Directions are issued by the IJB to constituent authorities, setting out how all delegated functions are to be delivered and funded via the Strategic Plan Budget. Directions are legally binding and provide a formal record and audit trail of IJB decisions and responsibilities between Partners.
- 2.3. At present the IJB issues a broad over-arching Direction to Partners to incorporate all relevant delegated functions. However, statutory guidance published by the Scottish Government in January 2020, makes clear that a separate direction should be issued for each individual delegated function.

- 2.4. The statutory guidance also requires a formal written directions policy should be put in place.
- 2.5. The draft Directions policy sets out the proposed local process for the formulation, approval and issue of Directions. It is supplemented by standard form for Directions and a visual representation of the Directions process.
- 2.6. Subject to committee’s recommendation it is intended to present the Directions policy to the IJB in September for approval. Further discussion will be undertaken with the IJB Chair and Vice Chair and Chairs of the IJBs committees during this time to reach consensus on the most appropriate committee to undertake the role of monitoring directions on behalf of the IJB. This will require an amendment to such committee’s Terms of Reference.
- 2.7. Chief Governance and Chief Finance Officers of the constituent authorities have been consulted on the draft directions policy.

3. Appendices

- Appendix 1 – Draft Directions Policy
- Appendix 2 – Draft Standard Form of Direction
- Appendix 3 – Visual Representation of Directions Process

Fit with Strategic Priorities:	
Care Closer to Home	<input checked="" type="checkbox"/>
Primary Care Transformation	<input checked="" type="checkbox"/>
Caring, Connected Communities	<input checked="" type="checkbox"/>
Mental Health	<input checked="" type="checkbox"/>
Supporting people living with Dementia	<input checked="" type="checkbox"/>
Alcohol and Drugs	<input checked="" type="checkbox"/>
Enabling Activities	
Technology Enabled Care	<input checked="" type="checkbox"/>
Workforce Planning and Development	<input checked="" type="checkbox"/>
Housing and Adaptations	<input checked="" type="checkbox"/>
Infrastructure	<input checked="" type="checkbox"/>
Implications	
Finance:	N/A
Other Resources:	N/A
Legal:	Directions form part of the legal process of the IJB enacting the Strategic Plan.
Risk & mitigation:	N/A

<p>Equality and Human Rights:</p>	<p>The content of this report <u>does not</u> require a EQIA</p>
<p>Data Protection:</p>	<p>The content of this report <u>does not</u> require a DPIA</p>
<p>Fairer Duty Scotland</p>	<p>Fairer Scotland Duty places a legal responsibility on public bodies in Scotland to actively consider ('pay due regard' to) how they can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions.</p> <p>The Interim Guidance for public bodies can be found at: http://www.gov.scot/Publications/2018/03/6918/2</p> <p>The content of this report <u>does not</u> require Fairer Duty Scotland Assessment</p>

In addition, all Directions must comply with clinical and care governance standards to safeguard patient safety and public protection together with staff welfare and financial governance arrangements.

As a minimum, a Direction must provide the following information:

- A reference number to maintain version control and support audit.
- Details of the scope and scale of the service involved (distinguishing between set aside and integrated functions as appropriate).
- Details of overall budget and funding source (i.e. payment/integrated budget or set aside).
- Details of the actions or outcomes required in line with the IJB's strategic plan priorities and decision making process.
- An outline of the potential impact on key stakeholders, including consideration of consultation requirements.
- Timescales for delivery and performance/progress monitoring arrangements.

A standard template has been developed to capture the information referred to above in a consistent format (see appendix A).

Process for approval and issue of Directions

The IJB is responsible for approving all Directions. Directions will be issued to partners by the Chief Officer as soon as practicable following approval by the IJB. Directions will be prepared and issued in respect of all 43 delegated functions referred to an annex 1 (part 2) and annex 2 (part 2) of the Integration Scheme at the start of each financial year.

The Directions will remain in force until they are varied, revoked or superseded as a consequence of IJB decisions or in response to changes in strategic and financial priorities during the course of the year.

A clear audit trail will be maintained through the creation of a chronological Directions log.

In order to determine when a new or amended Direction is required, the standard report format for the IJB and all sub committees includes a section on Directions.

This will act as a prompt for the report author to consider whether a new or amended Direction requires to be issued to Clackmannanshire Council, Stirling Council and/or Forth Valley NHS Board and to seek approval from the IJB as

appropriate. Where the report author is uncertain whether a direction requires to be issued advice should be taken from the Chief Officer, Chief Finance Officer and Clerk to the IJB as early as possible.

Where a new or amended Direction is required a draft should be included with the report using the standard template provided at appendix A.

In this way, a Direction should always be initiated by a decision made by the IJB (a Direction represents the formal end point of the decision making process).

Further work is required to determine the arrangements for Directions where the IJB is the lead for a range of Forth Valley wide healthcare services on behalf of Falkirk Integration Joint Board (i.e. hosted/coordinated services) and to finalise set aside arrangements. Both of these areas will be considered by the recently established “pan Forth Valley finance oversight group” and the Directions policy will be updated accordingly in due course.

Implementation of Directions

Clackmannanshire Council, Stirling Council and Forth Valley NHS Board are responsible for complying with and implementing the Directions. The Chief Executives of both organisations are expected to formally acknowledge receipt of all Directions issued by the IJB.

The Directions are legally binding and as such partners may not amend, disregard, appeal or veto any Direction. Similarly, neither partner may use the resources allocated via the IJB for any other purpose than that intended in the Directions. The IJB may seek information from both Clackmannanshire Council, Stirling Council and Forth Valley NHS Board for performance monitoring and reporting purposes (see section below). The required performance measures and outcomes will be articulated in the Direction.

Should either partner experience difficulty in implementing the Directions, this should be discussed with the Chief Officer initially. The Chief Officer will seek to resolve the matter on an informal basis in the first instance, in conjunction with the IJB Chair and Vice Chair and considering professional advice as appropriate.

In the unlikely event that formal dispute resolution is required, the dispute resolution mechanism outlined in section 14 of the Integration Scheme will apply.

Monitoring and review of Directions

The Directions may be subject to Audit.

As part of the IJB's performance management framework, the {require to agree monitoring committee} will oversee progress in implementing the Directions (by conducting regular reviews of the Directions log, requesting progress reports from partners and escalating issues to the IJB as appropriate). In addition, the {monitoring} Committee will provide an annual assurance report to the IJB.

The Directions policy will be reviewed at least every two years in consultation with constituent authorities. It is also likely to required to be reviewed when a revised Integration Scheme is approved.

Appendices

Appendix 2: Standard Form of Direction

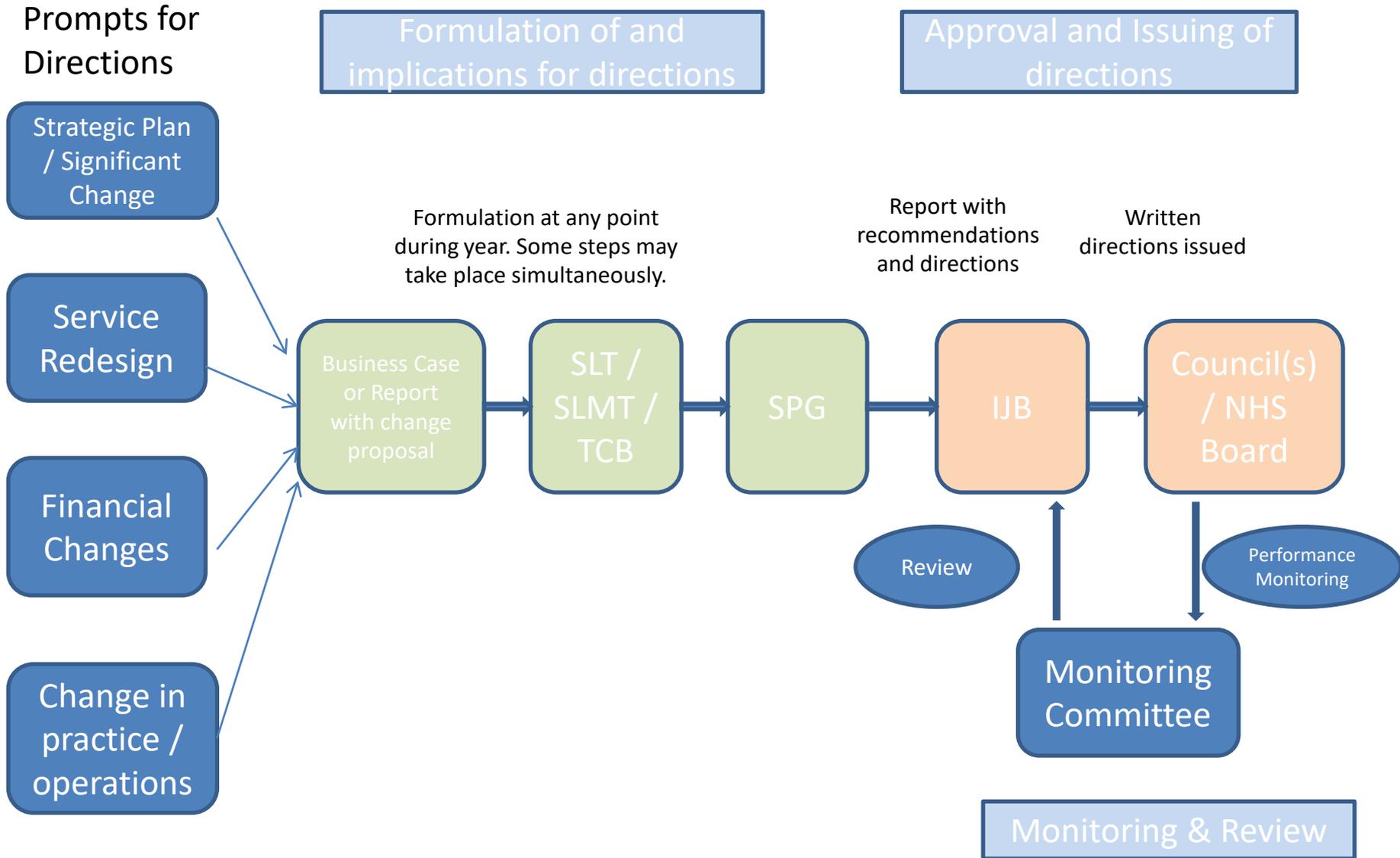
Appendix 3: Visual Representation of Directions Process

APPENDIX 2 - DIRECTIONS TEMPLATE TO ACCOMPANY CSIJB REPORTS

DIRECTION FROM CLACKMANNANSHIRE & STIRLING INTEGRATION JOINT BOARD

Reference Number	Use year date sequential number Eg CSIJB- 2021_22/001
Does this direction supersede, vary or revoke an existing direction?	Yes / No (delete as appropriate)
If yes please provide reference number of existing direction	If yes, provide reference here.
Approval Date	Date of IJB where approved
Services / functions covered	List all services / integration functions subject to the direction
Full text of Direction	Describe the required action including the purpose/ strategic intent and how progress and outcomes will be monitored.
List of key stakeholders impacted and any specific engagement and consultation requirements	Include reference to when Strategic Planning Group consulted
Timescale(s) for Delivery	Include detail of when decision will be implemented if approved
Direction to	Clackmannanshire Council Stirling Council NHS Forth Valley
Link to relevant IJB report(s)	Insert Hyperlink
Budget / finances allocated	State the financial resources to enable implementation of the direction providing sufficient detail
Performance Measures	Please list performance measures specific to the project or programme or refer to the section of the business case which contains this information
Date direction will be reviewed	Provide month/year. No more than 1 year from date of approval

Appendix 3 – Visual process for directions



Key: IJB(Integration Joint Board)SLT/SLMT(Senior Leadership Team/Senior Leadership Management Team) SPG (Strategic Planning Group)
TCB Transforming Care Board

Integration Joint Board Audit and Risk Committee

23 June 2021

Agenda Item 6

Draft Reserves Strategy

For Approval

Paper Approved for Submission by:	Ewan Murray, Chief Finance Officer
Paper presented by	Ewan Murray, Chief Finance Officer
Author	Ewan Murray, Chief Finance Officer
Exempt Report	No

Directions	
No Direction Required	<input checked="" type="checkbox"/>
Clackmannanshire Council	<input type="checkbox"/>
Stirling Council	<input type="checkbox"/>
NHS Forth Valley	<input type="checkbox"/>

Purpose of Report:	To present a draft IJB reserves strategy to the Audit and Risk Committee for consideration and recommendation to the IJB for approval.
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Recommendations:	<p>The Audit and Risk Committee is asked to:</p> <ol style="list-style-type: none"> 1) Consider the draft reserves strategy. 2) Recommend approval of the draft reserves strategy to the IJB
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1. Background

- 1.1. Reserves policy and strategies form part of a strong financial management arrangements for the IJB.
- 1.2. As part of the consolidated partnership response to the Ministerial Strategic Group (MSG) Review of Progress on Integration there was an agreed to review the IJBs reserves policy and strategy.
- 1.3. The IJB agreed a revised reserves policy as part of its 2021/22 Revenue Budget with a minimum reserves level of 0.5% of budgeted expenditure and a prudential target for reserves of 2% of budgeted expenditure.
- 1.4. The appended draft reserves strategy embeds the reserves policy within an updated reserves strategy forming an element of ongoing work to review and update the IJBs Governance Frameworks.

2. Considerations

- 2.1. The appended draft reserves strategy is based upon Chartered Institute of Public Finance and Accountancy (CIPFA) issued guidance to local authorities and similar bodies in the form of the Local Authority Accounting Panel (LAAP) Bulletin 55 'Guidance Note on Local Authority Reserves and Balances'.
- 2.2. In developing the reserves strategy the IJB Chief Finance Officer has also taken account of emergent practice across IJBs in Scotland with regards to reserves.
- 2.3. The draft reserves policy embeds the reserves policy approved by the IJB on 11 May as part of the 2021/22 Revenue Budget within a policy framework

linked to the Integration Scheme, the IJBs Financial Regulations and the role of the IJB Chief Finance Officer.

- 2.4. As detailed in the Revenue Budget and year-end financial report for 2020/21 presented to the IJB on 16 June 2021 the IJB reserves will be temporarily in excess of target as a result of exceptional circumstances mainly relating to financial support for the impacts of the Covid pandemic. It is anticipated that reserves levels will reduce significantly towards target during 2021/22.
- 2.5. The reserves policy and strategy will be reviewed further by March 2022 linked to setting of the 2022/23 Revenue Budget, Medium Term Financial Outlook and review of the IJBs Strategic Commissioning Plan.
- 2.6. It is also planned to review the Financial Regulations during the course of 2021/22 financial year.

3. Conclusions

- 3.1. Audit and Risk members are invited to consider the appended draft reserves strategy and approve its recommendation to the Integration Joint Board.
- 3.2. Subject to this recommendation it will be presented to the Integration Joint Board in September for approval.

4.0. Appendices

Appendix 1 – Draft Reserves Strategy

Fit with Strategic Priorities:	
Care Closer to Home	☒
Primary Care Transformation	☒
Caring, Connected Communities	☒
Mental Health	☒
Supporting people living with Dementia	☒
Alcohol and Drugs	☒
Enabling Activities	
Technology Enabled Care	☒
Workforce Planning and Development	☒
Housing and Adaptations	☒
Infrastructure	☒

Implications	
Finance:	The IJBs Reserves Policy and Strategy forms part of its financial management arrangements.
Other Resources:	N/A
Legal:	As a public body the IJB is subject to public audit.
Risk & mitigation:	The reserves strategy assists the IJB in management of financial risk per the Financial Resilience Risk within the Strategic Risk Register.
Equality and Human Rights:	The content of this report does not require a EQIA
Data Protection:	The content of this report does not require a DPIA
Fairer Duty Scotland	<p>Fairer Scotland Duty places a legal responsibility on public bodies in Scotland to actively consider ('pay due regard' to) how they can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions.</p> <p>The Interim Guidance for public bodies can be found at: http://www.gov.scot/Publications/2018/03/6918/2</p> <p>The content of this report does not require Fairer Duty Scotland Assessment</p>

CLACKMANNANSHIRE AND STIRLING INTEGRATION JOINT BOARD RESERVES STRATEGY (DRAFT)

BACKGROUND

1. The Chartered Institute of Public Finance and Accountancy (CIPFA) issued guidance to local authorities and similar bodies in the form of the Local Authority Accounting Panel (LAAP) Bulletin 55 Guidance Note on Local Authority Reserves and Balances. This guidance outlines the framework for reserves, the purpose of reserves and key issues to be considered when determining the appropriate level of reserves. The Integration Joint Board (IJB) is classified as a Section 106 body under the Local Government (Scotland) Act 1973 and as such, it is able to hold reserves which should be accounted for in the financial accounts and records of the IJB.

The purpose of a Reserves Strategy is to:

- Outline the legislative and regulatory framework underpinning the creation, use or assessment of the adequacy of reserves;
- Identify the principles to be employed by the IJB in assessing the adequacy of the IJB's reserves;
- Indicate how frequently the adequacy of the IJB's reserves and balances will be reviewed; and
- Set out arrangements relating to the creation, amendment and use of reserves and balances.

STATUTORY / REGULATORY FRAMEWORK FOR RESERVES

2. Clackmannanshire and Stirling Integration Joint Board (IJB) is a legal entity established by Parliamentary Order following Ministerial approval of the Integration Scheme and has been formally constituted under a body corporate model. The IJB is expected to operate under public sector best practice governance arrangements. The revenue budget for the day to day running costs of the Partnership is delegated by Clackmannanshire and Stirling Councils and NHS Forth Valley (the Parties to the Integration Scheme) and the IJB subsequently commissions, through the use of Directions, services from these constituent authorities.

Usable Reserves:

3. In common with local authorities, the IJB can have reserves within a usable category. Local Government bodies, including IJBs, may only hold usable reserves for which there is a statutory or regulatory power to do so.

The Local Government Scotland Act 1973, includes provision for a General Fund reserve to be created and maintained.

4. NHS Boards are not normally permitted to earmark funding allocations for carry-forward as a matter of course.

5. For each reserve there should be a protocol setting out:
 - The reason for / purpose of the reserve;
 - How and when the reserve can be used;
 - Procedures for the reserves management and control; and
 - The review timescale to ensure continuing relevance and adequacy.
6. Financial Regulations for Clackmannanshire and Stirling were formally approved by the IJB on 30 March 2016. A review and update of the Financial Regulations will be undertaken periodically.

The Financial Regulations highlight that legislation under Section 106 of the Local Government (Scotland) Act 1973 empowers the IJB to hold reserves, which should be accounted for in the financial accounts and records of the IJB. This Reserves Strategy should, therefore, be read in conjunction with the Financial Regulations for the IJB and the Integration Scheme establishing and governing the IJB.

OPERATION OF RESERVES

7. Reserve funds are established as part of a strong financial management framework. The purposes of reserve funds are as follows:
 - As a working balance to help cushion the impact of uneven cash flows;
 - As a contingency to cushion the impact of unexpected events and emergencies; and
 - As a means of building up funds, often referred to as earmarked reserves to meet known or predicted liabilities including change required to implement strategic plans which may take place over more than one financial year.
8. The balance of the reserve funds normally comprise three elements:
 - Funds that are earmarked or set aside for specific purposes. In Scotland, under Local Government accounting rules, the IJB cannot have a separate Earmarked Reserve within the Balance Sheet, but can highlight elements of the General Fund Reserve Balance required for specific purposes. The identification of such funds can be highlighted from a number of sources:
 - Future use of funds for a specific purpose, as agreed by the IJB; or
 - Commitments made under delegated authority by the Chief Officer, which cannot be accrued at specific times (e.g. financial year-end) due to not being in receipt of the service or goods;
 - Funds that are not earmarked for specific purposes, but are set aside to deal with unexpected events and emergencies; and
 - Funds held in excess of the target level of reserves and the earmarked sums. Reserves of this nature can be spent or earmarked at the discretion of the IJB.

9. Reserves are created by appropriating sums from the General Fund balance to the Movement in Reserves Statement (MiRS). Where a balance has been committed for a specific purpose and expenditure has been incurred or grant conditions met, a request should be made to the Chief Finance Officer in order that the balance is drawn down and matched to expenditure incurred. The subsequent financial report to the IJB should note that a budget transfer has taken place.
10. Where the balance exceeds expenditure incurred, the remaining balance will be reclassified as an uncommitted balance and treated accordingly.
11. The Integration Scheme highlights that where there is a forecast overspend in-year, the Chief Officer and Chief Finance Officer, along with the relevant finance officers and operational manager of the Parties are required to agree a financial recovery plan to achieve financial balance. Such a recovery plan may require to take cognisance of any reserves and balances available to the IJB.
12. Where, in future, leaded or co-ordinating partnership arrangements maybe established arrangements will require to be put in place to specify how any overspend after recovery plan actions would be allocated between the two IJBs within Forth Valley.

ROLE OF THE IJB CHIEF FINANCE OFFICER

13. The IJB Chief Finance Officer is responsible for advising on the budgeted optimum levels of balances the IJB should aim to hold (the prudential target). The IJB, based on this advice, should then approve the appropriate reserves strategy as part of the budget process.

LEVEL OF BALANCES HELD

14. There is no guidance on the minimum level of reserves that should be held. In determining the minimum and prudential target for reserves, the Chief Finance Officer is required to take account of the strategic, operational and financial risks facing the IJB over the medium term and the IJB's overall approach to risk management. On this basis a minimum reserves level of 0.5% of budgeted expenditure was agreed as part of the IJBs 2021/22 Revenue Budget. This will require to be reviewed annually as an integral element of budget setting.
15. In determining the prudential target, the Chief Finance Officer should consider the IJB's Strategic Commissioning Plan, the medium term financial outlook and the overall financial environment.

Earmarked reserves should be reviewed as part of the annual budget process and development and/or review of the Strategic Commissioning Plan.
16. In recognition of the scale of the IJB's responsibilities, it is proposed to retain a prudent level of general reserves. The value of general reserves will be reviewed annually as part of the annual revenue budget approval process and development, review and approval of the Strategic Commissioning Plan, taking account of the financial environment at that time. Where it is assumed that the financial environment at the time of setting the budget does not support a prudent level of reserves to be held, this should be reported to the IJB together with an aspirational reserves position. The value of other earmarked funds will be established as part of the annual financial accounting process.
17. While there is no defined level of reserves to be held, a number of organisations, including several IJBs have set a target level of 2% of annual budgeted expenditure. The IJB should therefore continue to aspire to hold 2% of annual budgeted expenditure as general fund balances.

This clearly needs to be balanced within the wider financial and strategic planning context.

18. The Integration Scheme states that where there is an overspend in the Operational Integrated Budget, the Parties can:
- Make additional one-off payments to the IJB, based on an agreed cost sharing model
 - Provide additional resources to the IJB which are then recovered in future years, subject to scrutiny of the reasons for the overspend and assurance that there is a plan to address this; or
 - Access the reserves of the IJB to help recover the overspend position.

REVIEW OF BALANCES

19. Clackmannanshire & Stirling IJBs Reserves Strategy requires the Board to review balances on an annual basis following the external audit of the Statement of Accounts to allow members to examine the level and detail of balances held.

The Reserves Strategy will be reviewed annually as part of the revenue budget setting process of the IJB.

FINANCIAL MANAGEMENT AND FINANCIAL REPORTING ARRANGEMENTS

20. The IJB Chief Finance Officer has a fiduciary duty to ensure proper stewardship of public funds.
21. Recording of all financial information in respect of the IJB will be in the financial ledger of the Party which is delivering services on behalf of the IJB.
22. The level of and utilisation of reserves will be formally approved by the IJB based on the advice of the IJB Chief Finance Officer. To enable the IJB to reach a decision on reserves, the Chief Finance Officer should clearly state the factors that influenced this advice.
23. As part of periodic financial reporting to the IJB and committees of the IJB, the IJB Chief Finance Officer will normally confirm
- The current value of general reserves, the movement proposed during the year and the estimated year-end balance;
 - The extent to which balances are being used to fund recurrent expenditure (if any);
 - The adequacy of general reserves in light of the IJB's Strategic Commissioning Plan, the medium term financial outlook and the overall financial environment;
 - An assessment of earmarked reserves and advice on appropriate levels and movements during the year and over the medium term; and
 - Any actions considered necessary to increase reserves towards the prudential target

REVIEW OF RESERVES STRATEGY

24. The IJB Reserves Strategy will be subject of review annually (in line with IJB budget approval) by the IJB Chief Finance Officer, and where necessary, proposals for adjustments will be submitted to the IJB for approval.

Date of Review: 16 June 2021

Date of Next Review: March 2022

Integration Joint Board Audit and Risk Committee

23 June 2021

Agenda Item 5

Annual Governance Checklist & Update on Progress on Annual Audit Report Actions

For Noting

Paper Approved for Submission by:	Ewan Murray, Chief Finance Officer
Paper presented by	Ewan Murray, Chief Finance Officer
Author	Ewan Murray, Chief Finance Officer
Exempt Report	No

Directions	
No Direction Required	<input checked="" type="checkbox"/>
Clackmannanshire Council	<input type="checkbox"/>
Stirling Council	<input type="checkbox"/>
NHS Forth Valley	<input type="checkbox"/>

Purpose of Report:	To present the Annual Governance Checklist and Progress Update on Annual Audit Report Actions to the Audit and Risk Committee
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Recommendations:	The Audit and Risk Committee is asked to: 1) Note the Annual Governance Checklist 2) Note the progress update on Annual Audit Report Actions
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1. Considerations

- 1.1 The Annual Governance Checklist is prepared by the IJBs Internal Auditors and completed by the IJB Chief Finance Officer in consultation with the Chief Officer and other members of the Health & Social Care Partnership Senior Leadership Team.
- 1.2 The checklist, along with other evidence and the Internal Audit programme, forms a significant element of the body of evidence used by the IJB Chief Internal Auditor.
- 1.3 It is brought to the Audit and Risk Committee for full oversight and transparency of the responses provided.
- 1.4 The Annual Audit Report (AAR) from the IJBs external auditors Audit Scotland contains recommendations and management responses to these. The Audit and Risk Committee has requested updates on these. To fulfil this request current position updates are contained within Appendix 2 to this report in the form of an extract from the relevant section of the AAR. This allows committee members to view the recommendations and initial management responses presented to the committee in October 2021.

2. Conclusions

- 2.1. Audit and Risk members are invited to note the content of the governance checklist and progress update on Annual Audit Report Actions.

3. Appendices

Appendix 1 – 2020/21 Governance Checklist

Appendix 2 – AAR Action Plan including progress updates.

Fit with Strategic Priorities:	
Care Closer to Home	<input checked="" type="checkbox"/>
Primary Care Transformation	<input checked="" type="checkbox"/>
Caring, Connected Communities	<input checked="" type="checkbox"/>
Mental Health	<input checked="" type="checkbox"/>
Supporting people living with Dementia	<input checked="" type="checkbox"/>
Alcohol and Drugs	<input checked="" type="checkbox"/>
Enabling Activities	
Technology Enabled Care	<input checked="" type="checkbox"/>
Workforce Planning and Development	<input checked="" type="checkbox"/>
Housing and Adaptations	<input checked="" type="checkbox"/>
Infrastructure	<input checked="" type="checkbox"/>
Implications	
Finance:	N/A
Other Resources:	N/A
Legal:	As a public body the IJB is subject to public audit.
Risk & mitigation:	N/A
Equality and Human Rights:	The content of this report does not require a EQIA
Data Protection:	The content of this report does not require a DPIA
Fairer Duty Scotland	<p>Fairer Scotland Duty places a legal responsibility on public bodies in Scotland to actively consider ('pay due regard' to) how they can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions.</p> <p>The Interim Guidance for public bodies can be found at: http://www.gov.scot/Publications/2018/03/6918/2</p> <p>The content of this report does not require Fairer Duty Scotland Assessment</p>



The scoring system to be used when completing this checklist is detailed in the table below.

EVALUATION	DEFINITION
4	Fully compliant
3	Mostly compliant (Minor areas for improvement)
2	Partially compliant (More significant areas for improvement)
1	Not compliant (Material areas for improvement)

Note: Please remember to keep in touch following year end and report any significant developments relating to governance arrangements which occur between 1 April 2021 and the date of the Audit Committee meeting approving the annual accounts to Tony Gaskin, Chief Internal Auditor, tony.gaskin@nhs.net

Responses completed by: XXX

Date: XX/XX/XX

	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
a) Overall-Covid	<p>What changes were made to governance processes as a result of COVID-19?</p> <p>Were changes to governance arrangements (such as the timing and operation of Committees, delegation of powers etc.) approved by the Board? (<i>Did this cover changes known to us?</i>)</p> <p>Has the Board reviewed the effectiveness of these arrangements and used lessons learned to prepare for 'light governance' arrangements?</p> <p>Were arrangements proportionate and appropriate recognising the urgency of decision-making and the difficulties faced?</p> <p>Did the Board ensure arrangements were comparable with other IJBs and compatible with SG guidance?</p>	<p>Emergency powers paper approved by IJB on 25 March 2020. Paper was developed taking due advice from governance and examining emerging arrangements in other IJBs. Arrangements include requirements for consultation and substitute for Chief Officer.</p>	4	<p>March 2020 IJB papers & (draft) minute.</p> <p>Covid-19 Update report to 17 June 2020 IJB & 25 November 2020 meeting.</p> <p>C&S IJB meeting 23 September 2020 - item 4.2 Urgent Decision Making and item 15.2 – Covid-19 update report.</p> <p>24 March 2021 – item 12.1 Urgent Decision Making Powers</p>	<p>Board decision included requirement to record and report where powers exercised.</p>



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
				<p>CFO Governance Matters update to 11 March 2021 Audit & Risk Committee – verbal update.</p> <p>Decision Notes for decisions taken under urgent decision making powers.</p> <p>Local Mobilisation Plan (LMP) Cost returns to Scottish Government</p> <p>Mobilisation & Remobilisation Plans (June 20 and March 21 IJBs)</p>	
<p>b) Overall-Independent Review of Adult Social Care (IRASC)</p>	<p>Has the IJB identified when the IJB Board will receive a report on the Independent Review of Adult Social Care in Scotland, published in February 2021?</p>		3	<p><u>C&S IJB meeting 24/04/2021</u></p> <p>Annemargaret Black, Chief Officer, to confirm an update of self-assessment against the report. Note that there were several partner improvement initiatives that would impact on implementation of the review and work was underway to prioritise and explore these activities.</p>	



Governance Self-assessment Checklist 2020/21

Clackmannanshire & Stirling IJB

	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
				<p>As per PA to CO - SMLT met on 05/11/20, 10/12/20 and 11/02/21. Meetings from January and March were cancelled due to operational pressures and focus on the IJB. Next meeting is scheduled for 22 April 21.</p> <p>IJB Development Session on IRASC 13 April 2021 including IJB and Strategic Planning Group members.</p>	
c) Overall-MSG	<p>Is a clear process in place for monitoring and assessing progress against the MSG action plan?</p> <p>How are the IJB / Audit Committee assessing the effectiveness of actions taken?</p> <p>Is there an agreed date for the completion of further self assessments to measure improvement?</p>	<p>Work is ongoing on consolidating various action plans (MSG, Audit, Governance) into single cohesive plan to aide effective monitoring, streamline reporting and minimise duplication.</p> <p>Will be through periodic reporting.</p>	<p>3</p> <p>3</p>	<p>Strategic Improvement Plan (SIP) is now standing item on IJB agenda. IJB papers. SIP is SMART.</p> <p>Via SIP</p> <p>Not yet reported. Further self assessment required and planned over coming</p>	<p>Further work required to ensure plan is SMART</p>



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
				months.	
d) Overall- Update of IS	Has the IJB clearly explained to its Board an appropriate process for updating its Integration Scheme?	First stage of this will be Board Effectiveness Review which was planned for March 2020.	3	<p>Surveys to inform review issued to IJB members and responses collated.</p> <p>Review of Integration Scheme paper presented to 17 June 2020 IJB. Paper noted:</p> <ul style="list-style-type: none"> the requirement to review the Integration Scheme (section 2.2) the progress of the review (section 3). the actions (section 4) being taken forward in June, if the emergency response to COVID-19 pandemic has reduced. <p>23 September 2020 IJB meeting – item 15.4 – Integration Scheme. IJB noted:</p> <ul style="list-style-type: none"> the requirement to review the Integration 	Need to further consider how to progress in current circumstances. Consensus significant changes to Integration Scheme not logical at this point until future policy approach of Scottish Government in response to IRASC clear post May 2021 elections.



	Control Environment				Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
							Scheme (section 2.3) <ul style="list-style-type: none"> the progress of the review (section 3) further action required (section 4) Note completion timescale of April 2021 (section 4) 	
1	Code of Corporate Governance							
1.1	A Local Code of Governance which demonstrates compliance with the principles set out in Delivering Good Governance in Local Government (2016) is in place and maintained. This has been approved by the IJB Note: The term 'local code' essentially refers to the governance structure in place as there is an expectation that a formally set out local structure should exist, although in practice it may consist of a number of local codes or documents.					2	Outstanding action to wrap governance framework in local code.	Action still to be addressed.
1.2	Is there evidence that committees focus on key issues and risks?							
Code of Corporate Governance	1	2	3	4	TOTAL			



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
Summary of Number of Evaluations					
2	Standing Orders				
2.1	<p>Standing Orders are in place and include an appropriate Code of Conduct (in line with the Model Code of Conduct for Members of Devolved Public Bodies and the ADVICE FOR MEMBERS OF HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARDS)</p> <p>Link to Code of Conduct</p> <p>Have there been any significant changes to substantive Standing Orders, other than short-term amendments necessitated by COVID-19?</p>	<p>Behaving with Integrity</p> <p>Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained</p>	3	<p>Code of Conduct</p> <p>Standing Orders (website)</p> <p>23 September 2020 IJB, item 4.3 – Standing Orders. Extract of minute ‘The IJB agreed this item would be brought back to the November meeting of the IJB, to allow for consideration of recording of future virtual meetings.</p> <p>C&S IJB 25 November 2020, item 13.3 – Standing Orders. IJB agreed changes to sections on: Notice of meetings; public access; attendance; order of business; virtual meetings; Chairing arrangements.</p>	Members reminded of SOs at each IJB where a copy is available for reference if required.



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
2.2	Induction for new members includes standard of behaviour expected	Induction / development session materials	4	Induction Session Code of Conduct	Specific induction session held and open to all not just new members.
2.3	A register of interest and register of gifts & hospitality is maintained	Register in place. Further consideration of publication still to be considered.	3	Register	Returns issued by IJB Clerk to update register, Further consideration of publication still required.
2.4	Staff are clear about how they would report suspected fraud or Whistleblowing concerns and how these would be investigated.	Ensuring effective counter fraud and anti-corruption arrangements are in place IJB policy still to be developed as part of review of governance frameworks	2	Whistleblowing policy	Constituent authorities policies apply and are complied with. Further consideration of IJB policy required. Still require to consider IJB policy but doesn't appear there is an IJB one elsewhere from discussion with CFO



Governance Self-assessment Checklist 2020/21

Clackmannanshire & Stirling IJB

	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
					section peers. Risk IJB policy would confuse rather than assist.
2.5	Members' and officers' code of conduct refers to a requirement to declare interests	In place.	4	Advice available to members on what would constitute an interest or not. Code of conduct	Development session with IJB members by Lindsay Thomson addressed codes of conduct. Staff adhere to appropriate codes of conduct of employer and registration bodies as appropriate.
2.6	IJB remits include: ✧ Membership and quoracy, remit, authority, reporting arrangements, minimum frequency of meetings Requirement for a workplan to ensure the remit is fulfilled,		4	<ul style="list-style-type: none"> ✧ Integration Scheme ✧ Standing Orders ✧ Annual Performance Reports ✧ Committee Terms 	<ul style="list-style-type: none"> ✧ Intent for Revised national guidance on APR publication for 20/21. Final APR to IJB in



	Control Environment				Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
	Requirement for an annual report (in advance of accounts sign-off)						of Reference ◇ Schedule of Meeting Dates	November 21 for approval.
	Have Committees considered the impact of COVID-19 on quoracy and taken reasonable steps to ensure the Committee has the ability to take an informed view in the light of any absences?							
Standing Orders	1	2	3	4	TOTAL			
Summary of Number of Evaluations								
3	Governance Statement							
3.1	A Governance Statement for 2020/21 has been drafted in accordance with the Delivering Good Governance in Local Government Framework (2016) and annual accounts guidance This has been presented to the IJB/ This is scheduled for presentation to the IJB on 23 June 2021				In preparation as part of annual accounts	3		Governance Statement being drafted.
3.2	Processes are in place to identify relevant legislation and guidance and ensure the IJB complies				Respecting the rule of law	4	Reporting Template and Specific Reports including legal compliance checklists.	Eg on Climate Change and Equality Duty (



Governance Self-assessment Checklist 2020/21

**Clackmannanshire &
Stirling IJB**

	Control Environment				Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
							Specific IJB Reports	
Governance Statement	1	2	3	4	TOTAL			
Summary of Number of Evaluations								
4	Structures of Assurance							
4.1	Management and governance structures and reporting lines are periodically reviewed to ensure corporate objectives can be delivered				Regular review of committee structures and terms of reference.		IJB and Committee papers. Given impact of Covid and with urgent decision making powers in place limited reviews have occurred in year. Committees have still met and functioned and Financial and Performance Committee has more fully discharged its role in line with terms of reference through topic specific items (e.g. Prescribing) and	



Governance Self-assessment Checklist 2020/21

Clackmannanshire &
Stirling IJB

	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
				<p>decisions as are required to the Chief Officer (or the Chief Finance Officer or their substitutes) for the period up until at least 23 September 2020 and to take those decisions in consultation with the Chief Executives of the constituent authorities (as appropriate), the Section 95 officers of the Constituent Authorities and Director of Finance (NHS FV) and the Chair and Vice Chair of the IJB (if available) before exercising that delegated power.</p> <p>C&S IJB meeting 23 September 2020 - item 4.2 Urgent Decision Making</p> <p>C&S IJB meeting 25 November 2020, item 4.1. IJB approved extension of powers until 24 March 2021.</p> <p>24 March 2021 – item 12.1 Urgent Decision Making</p>	

Developed by FTF Audit and Management Services

¹: as set out in *Delivering Good Governance in Local Government (2016) framework*



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
				<p>Powers</p> <p>C&S IJB meeting 24 March 2021 annual reports for 2019/20:</p> <ul style="list-style-type: none"> -item 14.1 Clinical Governance Report: NHS Forth Valley (Paper prepared by Lynda Bennie) - item 14.2 CSWO Annual Report – Stirling Council (Paper prepared by Marie Valente) -item 14.3 CSWO Annual Report – Clackmannanshire Council (Paper prepared by Carolyn Wyllie) 	
4.3	A record of decision-making and supporting materials is maintained and publicly available	<p>Openness</p> <p>Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided</p>	3	<p>CSIJB Website published papers/ minutes</p> <p>Structure of Reporting Templates support.</p> <p>Function of Finance and Performance Committee is scrutiny and decisions /</p>	It is acknowledged, as reflected in response to MSG proposals that approaches to decision making require to continue to evolve as part of



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
				recommendations come forward to IJB for approval.	continuous improvement processes. Where IJB considers matters of business in private the reasons for this are clear.
4.4	The IJB provides clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, the IJB ensures that the impact and consequences of those decisions are clear		3	Decision-making protocols Report templates & minutes of IJB and committees. Record of professional advice in reaching decisions Meeting reports show details of advice given Discussion between members and officers on the information needs of members to support decision making (covered in board effectiveness survey_ Calendar of dates for submitting, publishing and	Will continually evolve as information and evidence on outcomes improves over time.



Governance Self-assessment Checklist 2020/21

Clackmannanshire &
Stirling IJB

	Control Environment				Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
							distributing timely reports is adhered to CSWO and ADP Annual Reports	
Structures of Assurance	1	2	3	4	TOTAL			
Summary of Number of Evaluations								
5	Audit and Risk Committee							
5.1	An appropriate terms of reference is in place for the Audit and Risk Committee and is in line with best practice (i.e. as per 2.6 above)				<p>Ensuring that recommendations for corrective action made by external audit are acted upon</p> <p>Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon</p> <p>Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations</p>	4	Terms of Reference of Audit and Risk Committee	Audit and Risk Committee has still functioned through covid.



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
5.2	The role of the committee and responsibility for scrutiny has been established and is clear	<p>Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible</p> <p>(OR, for a committee system) Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making</p>	4	<p>Please provide:</p> <ul style="list-style-type: none"> • Audit and Risk Committee papers are published on Partnership website. • Terms of reference (publish in A&R papers) • Training for members (Will share former CIA/CFO slides on training session) • Chair encourages constructive challenge / questioning and reaching of consensus. 	Should be seen as an ongoing and evolutionary process.
5.3	<p>The Audit and Risk Committee receives all relevant reports from internal audit, external audit or any other third party inspection and scrutiny body.</p> <p>Controls are in place to ensure actions arising from these reports are implemented within agreed timeframes</p> <p>If implementation has been delayed, has the Audit Committee provided due scrutiny and escalated the issue including to the IJB Board if necessary</p>		4	<p>Audit and F&P committee papers</p> <p>C&S IJB 24 March 2021 – item 6 Chief Officer Update – covers various activities reviewed and notes these will impact on adult social care review work. Item 9.2 Strategic Improvement Plan – update.</p>	Regular reports prepared and reviewed by committees. Procedures for follow up to be reviewed as part of continuous improvement processes.



Governance Self-assessment Checklist 2020/21

Clackmannanshire & Stirling IJB

	Control Environment				Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
	Has the organisation considered the impact of COVID-19 on the implementation and importance of these recommendations and taken steps to ensure key actions are implemented?						C&S IJB 24 March 2021 – item 9.1 Remobilisation Plan National Accounts Commission reports presented to Audit and Risk Committee regularly.	
Audit Committee	1	2	3	4	TOTAL			
Summary of Number of Evaluations								
6	Internal Audit							
6.1	<p>Internal Audit arrangements including an Audit Charter, annual plan and adequate resources have been approved by the IJB</p> <p>Internal Audit charter should cover:</p> <p>(Compliance with CIPFA’s Statement on the Role of the Head of Internal Audit (2019)</p> <p>Compliance with Public Sector Internal Audit Standards)</p> <p>Periodic external assurance on the quality of</p>				Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor	4	<p>Internal Audit Plan</p> <p>Internal Audit Charter to C&S IJB Audit Committee meeting 20 December 2020</p>	<p>Internal Audit Plan in place.</p> <p>Regular review and scrutiny of Strategic Risk Register takes place to inform risk based audit planning.</p>



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
	Internal Audit (e.g. EQA)				
6.2	Has a risk based internal audit plan been approved incorporating all the agreed governance responsibilities of the IJB, (See 4.2 above)		4	Audit Committee papers 20 December 2020 – internal audit plan	Further work on strategic audit planning planned.
Internal Audit	1	2	3	4	TOTAL
Summary of Number of Evaluations					
7	Best Value Arrangements				
7.1	<p>Arrangements for securing Best Value are covered in the IJB's Annual performance report</p> <p>The IJB has approved a mechanism to provide it with overt assurance on the characteristics of Best Value for 2020/21 in accordance with the Local Government in Scotland Act 2003 Best Value Guidance, such as</p> <ul style="list-style-type: none"> • Best value reporting for 2020/21 • Consideration of assurances required from the parties and other bodies (note that Health Boards are not currently subject to a statutory duty of Best Value) <p>Has the Board considered its best value monitoring arrangements in the light of COVID-19</p>	<p>Determining the interventions necessary to optimise the achievement of the intended outcomes</p> <p>Internal Audit sharing protocol now in place.</p>	3	<p>Strategic Improvement Plan Transformation Programme</p> <p>Draft Annual Performance Report</p> <p>Clearer alignment of decisions including budget</p>	<p>Best Value statement will be incorporated in APR</p> <p>Acknowledgement that approach to Best Value is an area of further future development linked to Transformation Programme to evidence continuous</p>



	Control Environment				Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments	
	to ensure assurance can be received without placing an unnecessary burden on officers?						to strategic priorities.	improvement.	
Best Value	1	2	3	4	TOTAL				
Summary of Number of Evaluations									
8	Risk Management								
8.1	<p>The IJB has formally approved a risk management strategy and risk management arrangements that:</p> <ul style="list-style-type: none"> reflect a clear understanding of the respective responsibilities of the IJB and the parties including shared risks, escalation and assurance processes; are congruent with those of the parties; have been fully implemented; comply with the provisions on risk management made in the integration scheme; Recognise that risk management is an integral part of all activities and must be considered in all aspects of decision making; Formally review, assess and report whether they are working effectively; 				<p>F. Managing risks and performance through robust internal control and strong public financial management</p> <p>Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.</p> <p>A strong system of financial management is essential for the implementation of</p>		3	<p>Risk Management Strategy</p> <p>Strategic Risk Register – C&S Audit & Risk Committee 16 September 2020.</p> <p>Strategic Risk Register – C&S IJB Audit Committee 11 March 2021 - item 8 Strategic Risk Register</p>	<p>RM Strategy under review. Discussions on aligning risk management across constituent authorities undertaken. (last one 28 April 2021).</p> <p>Workshop to review RM Strategy and approach planned for June 2021</p>



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
	<ul style="list-style-type: none"> ensures individual risks are reviewed and updated in a regular basis; Clearly allocates responsibilities for individual risks. <p>Has the Risk Management Strategy changed? Was this change subject to Internal Audit Scrutiny and Comment? Have any previous Internal Audit recommendations in this area been addressed?</p>	<p>policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability.</p> <p>It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.</p>			Internal Audit Work plan includes review of risk management arrangements.
8.2	<p>The IJB has identified, assessed and prioritised the significant risks to achieving its strategic objectives and service delivery</p> <p>Processes for mitigating these risks have been identified and described</p> <p>Has the Board overtly considered changes to its risk appetite as a result of COVID-19?</p>	<p>Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement</p>	3	<p>Strategic Risk Register is Standing item for Audit and Risk Committee Meetings. High Risks are reported by exception to IJB as part of Performance Reports.</p> <p>Strategic Risk Register specifically incorporates Covid risk and risk impact of covid on strategic risks considered as part of regular review. Has been scrutiny and challenge of</p>	<p>Assurance arrangements to be further developed informed by Internal Audit review</p>



	Control Environment				Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
							risk assessment regularly in Audit and Risk Committee.	
8.3	<p>The IJB regularly monitors its strategic risk profile and receives relevant assurances on controls in place against its risks</p> <p>The Board receives at least bi-annual reports on the Risk Register in a format which allow them to understand the overall risk profile and changes to key risks?</p> <p>The Board has received a report on the risks related to COVID-19? The Board/Audit Committee have been informed how these risks will be incorporated within the Strategic and operational risk registers in future?</p> <p>Is there evidence that Risk management processes have continued to operate effectively this year? Is there evidence of overt consideration of the impact of COVID-19 on RM arrangements and appropriate prioritisation/monitoring?</p>					4	<p>Strategic Risk Register</p> <p>IJB Performance Reports</p> <p>Audit and Risk Committee Reports.</p> <p>Strategic Risk Register – C&S IJB Audit Committee 11 March 2021 - item 8 Strategic Risk Register. Risk 16 COVID-19 (added 17 March 2020)</p>	<p>Standing Agenda item for Audit and Risk Committee and IJB as element of performance reporting framework.</p>
Risk Management	1	2	3	4	TOTAL			
Summary of Number of								



	Control Environment				Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
Evaluations								
9	Business Continuity							
9.1	<p>The HSCP has Business Continuity plans in place in accordance with processes in place within partner organisations and any applicable national guidance</p> <p>These have been reviewed in the light of recent events and the IJBs new duties as 'Category 1 responder' bodies</p>					3	<p>Service risk registers and business continuity plans reviewed in light of covid.</p> <p>Care Home Assurance,</p> <p>Participation in corporate IMTs and Resilience Partnership</p> <p>SLT Weekend Rota</p>	<p>Has lighted gaps that require addressed going forward – a good example is Care Home Assurance Team .</p>
Business Continuity	1	2	3	4	TOTAL			
Summary of Number of Evaluations								
10	Strategic planning							
10.1	<p>A review of the strategic plan has been undertaken in year</p> <p>The relationship with the NHS Board and Local Authority Strategic Plans is clearly understood</p>					3	<p>This is year 3 of extant strategic plan.</p> <p>Transformation Programme</p>	<p>Transformation Programme and Mobilisation / Remobilisation</p>



Governance Self-assessment Checklist 2020/21

Clackmannanshire & Stirling IJB

	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
	<p>and reflected in the IJB Strategic Plan</p> <p>Is there a process underway to update the vision, values and priorities and strategic commissioning plan in the light of COVID-19? Do they reflect the need for urgent transformation? Has the Board been assured these principles were applied to the demobilisation and remobilisation processes?</p>			<p>Update</p> <p>C&S HSCP Mobilisation Plan – presented to C&S IJB meeting on 17 June 2020.</p> <p>C&S IJB meeting held on 23 September 2020: Item 9.2 – Transforming Care Programme Board & Priorities Item 9.3 – Strategic Planning Group Review</p> <p>C&S IJB meeting 25 November 2020: Item 9.4 – Update on Transforming Care Board Item 9.5 – Update on Strategic Improvement Plan & Strategic Planning Group.</p> <p>Strategic Improvement Plan Update to C&S IJB meeting 24 March 2021 – item 9.2. Remobilisation – item 9.2.</p>	<p>plans anchored to Strategic Plan priorities</p>



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
10.2	An implementation or delivery plan has been agreed and is this being monitored appropriately at governance level and updated to reflect revised priorities and capacity?		3	Update to IJB Feb 2020 Strategic Improvement Plan Update to C&S IJB meeting 24 March 2021 – item 9.2.	SIP is regular standign item for IJB.
10.3	Appropriate consultation is undertaken prior to setting corporate plans including formal consultation with the Health Board and Local Authority) (note: this includes consultation/engagement with other Health Board Area IJBs)		4	Strategic Commissioning Plan 2019/22 C&S IJB 23 September 2020, item 9.5 – Participation & Engagement Strategy 2020-2023. Strategic Planning Group papers.	Extensive consultation process agreed by IJB and undertaken. Strategic Planning Group now open to public.
10.4	A Strategic Planning Group is in place		4	SPG Papers	Membership is per integration scheme and legislation.
10.5	The IJB formally issues directions to the parties in line with best practice set out in https://www.gov.scot/publications/statutory-		3	2021 Initial Directions.	Plan more detailed approach based



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
	<p>guidance-directions-integration-authorities-health-boards-local-authorities/</p> <p>The need for directions is considered in all Board papers and the implementation of directions is monitored and reported to the IJB</p>				<p>on revised statutory guidance not completed due to covid response.</p> <p>To be further reviewed post initial 2021/22 directions being issued. Chief Officer will facilitate specific work on this in due course.</p>
10.6	<p>Strategic planning processes are based on:</p> <ul style="list-style-type: none"> • Decision making protocols • Option appraisals • Agreement of information that will be provided and timescales 	<p>D. Determining the interventions necessary to optimise the achievement of the intended outcomes</p> <p>Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a</p>	3	<p>Strategic Commissioning Plan 2019/22 SPG Papers Strategic Assessment – Focussed Update Needs</p>	<p>Development of the Strategic Commissioning Plan was done in collaboration with Strategic Planning Group and following extensive consultation.</p> <p>Analysis of Strategic Needs Assessment and</p>



	Control Environment				Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
					way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.			agreed priorities in line with meeting the National Outcomes Strategic Planning Group Effectiveness Review.
Strategic Planning	1	2	3	4	TOTAL			
Summary of Number of Evaluations								
11	Operational planning							
11.1	<p>The transformation/service redesign programme of work is demonstrably linked to savings plans and corporate objectives</p> <p>This has been coordinated with similar programmes within the partner organisations</p> <p>Have risks to the achievement of objectives been amended to reflect COVID-19?</p>					3	<p>Transforming Care Programme & Developing Management Approach</p> <p>Transforming Care Board papers.</p> <p>Budget papers to March</p>	<p>Remobilisation plan demonstrates linkage.</p> <p>Budget proposals cross referenced to Strategic Priorities.</p>



	Control Environment				Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
							IJB and Special IJB on 11 May. Strategic Improvement Plan	
11.2	Arrangements have been made for the IJB to receive corporate services support functions (e.g. Finance, HR etc) SLAs have been agreed to cover these services (compare to arrangements as set out in the Integration Scheme, e.g. Para 4.13 in Angus IS)					2	Requirements documented in Integration Scheme Additional finance support put in place from Jan 2021.	Significant further work requires to be concluded linked to MSG proposals and phased delegation of NHS services.
11.3	Statutory partners ensure that Chief Officers are effectively supported and empowered to act on behalf of the IJB.					3	Strategic Improvement Plan IJB papers Further agreed progress on operational delegation e.g. Sepcialist Mental Health Influence on Structures eg Head of Service post for Mental Health	Strategic Improvement Plan seeks to consolidate.
Operational Planning	1	2	3	4	TOTAL			



Governance Self-assessment Checklist 2020/21

Clackmannanshire & Stirling IJB

	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
Summary of Number of Evaluations					
12	Performance Reporting				
	In accordance with <u>DL 2016 (5)</u> :	<p>Managing performance</p> <p>Monitoring service delivery effectively including planning, specification, execution and independent post implementation review</p> <p>Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook</p> <p>Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible</p> <p>(Or, for a committee system) Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision</p>	3	<p>IJB Papers – Performance Report Annual Performance Report</p> <p>C&S IJB 23 September 2020 – item 10.2 – draft Annual Performance Report 2019/20 & Deputy Director: Integration of Health & Social Care letter dated 16 July 2020 - Availability and use of national performance indicators in Integration Authority Annual Performance Reports.</p>	<p>There is an agreed Performance Management Framework which has been compiled in accordance with guidance. Committee format re-configured to support greater performance scrutiny in Finance and Performance Committee.</p> <p>F&P committee have developed role to cover performance</p>



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
		<p>making</p> <p>Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement</p> <p>Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements)</p>			<p>scrutiny.</p> <p>Still some challenges in ability to have single overview of performance requiring addressing.</p>
12.1	Annual performance reporting sets out how the Integration Authority is improving the National Health and Wellbeing Outcomes.	<p>Implementing good practices in reporting</p> <p>Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way</p> <p>Ensuring members and senior management own the results reported</p> <p>Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement)</p> <p>Ensuring that this Framework is applied to jointly managed or shared service</p>	4	<p>APR</p> <p>IJB performance reports</p> <p>C&S IJB 25 November 2020 – Integrated Performance Management Framework. The IJB:</p> <ul style="list-style-type: none"> • Approved the updated Integrated Performance Management Framework for the Health and Social Care Partnership • Tasked the Finance and Performance Committee to review quarterly 	<p>APR published annually in line with statutory timescales. These includes benchmarking information and well and performance against National Health and Wellbeing Indicators and include narrative on transformation and improvements made. Developing</p>



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
		<p>organisations as appropriate</p> <p>Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisation</p>		<p>performance information and analysis on behalf of the Integration Joint Board</p> <ul style="list-style-type: none"> Sought quarterly updates on performance from officers following scrutiny at Finance and Performance Committee. 	<p>performance role including performance review of Finance and Performance Committee.</p> <p>Further linkage of Finance and</p>
12.2	<p>Performance outputs and performance reporting arrangements are in line with <u>the National Health & Wellbeing Outcomes Framework</u> and the Core Suite of Integration Indicators</p> <p><i>Note: this should include data for planned services provided to the population of the IJB by other health boards or local authorities</i></p>	<p>Implementing good practice in transparency</p> <p>Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate</p> <p>Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand</p>	3	<p>APR and Performance Reports</p> <p>C&S IJB 24 March 2021 meeting – item 10.1 – performance reports quarters 2 and 3.</p>	<p>APRs and Performance Reports are well received from IJB and stakeholders.</p> <p>Still challenges in availability of performance information and single overview of performance of integration functions.</p>



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
12.3	<p>Clear conclusions are drawn regarding progress towards strategic objectives and the impact of integration</p> <p>Do performance management reports highlight an overt assessment of whether performance indicates that the scores for the relevant risk are correct and that controls and actions are adequate and effective?</p> <p>Are references to the impact of COVID-19 on performance justified by the data (based on reasonable judgement, not detailed analysis)?</p>		3	APR and Performance Reporting.	Evolutionary Process requiring continuous improvement.
12.4	<p>Regular relevant reliable and timely progress reports are received</p> <p>In accordance with the Integration Scheme, a performance framework has been agreed which contains the lists of targets and measures that relate to the integration functions and will also contain targets and measures which relate to non-integrated functions which the IJB has to take into account when preparing the strategic plan</p>		3	Performance Framework and Performance Reports	It is acknowledged that Performance Reporting is an area of ongoing development including links to transformation programme and evidence of improvement on outcomes.
Performance	1	2	3	4	TOTAL



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Clackmannanshire & Stirling IJB

	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
reporting					
Summary of Number of Evaluations					
13	Effective Partnerships				
13.1	<p>Clear working arrangements have been agreed with the Community Planning Partnership</p> <p>Lines of accountability overtly reflect guidance provided by the SGHSCD that IJBs are commission bodies.</p>	<p>Recognising the benefits of partnerships and collaborative working where added value can be achieved</p>	3	IJB via Chief Officer	<p>It is acknowledged that linkage and synergies with CPPs require to be reviewed and aligned better. The uniqueness of C&S IJB partnership makes this challenging both in terms of capacity and alignment to 2 LOIPs.</p> <p>Input to and relationship with CPPs has developed over course of year.</p>



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
13.2	Effective partnership working is in place with the third and independent sectors		4	IJB papers. Agreement with TSi's on engagement officer and Chief Officer input. Provider Fora	CS IJB continue to have strong relationship with 3 rd sector including moving to single engagement officer across both TSi's in partnership area. Provider fora with independent sector re-established and revigourised.
13.3	Effective methods of community engagement and participation are in place, including effective working relationships with carers, people using services and local communities as required.		3	IJB Papers Consultation materials Engagement and Participation Strategy Development of Locality Planning arrangements.	This requires a continuous engagement approach in future with stakeholders and communities.
Effective	1	2	3	4	TOTAL



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
Partnerships					
Summary of Number of Evaluations					
14	Clinical & Care Governance				
14.1	<p>An up to date Clinical & Care Governance Strategy is in place which is sufficient to provide an understanding of the adequacy and effectiveness of clinical & care governance</p> <p>This has also been agreed by the NHS Board's Clinical Governance Committee and the relevant Council Committee</p> <p>Have there been any significant changes to the Clinical & Care Governance Strategy? Were these approved by the Board and C&CGC?</p> <p>Have arrangements for HSCI clinical and care governance been formally approved within a Clinical and Care Governance Framework, consistent with the IJBs role as a commissioning body?</p> <p>Have there been any changes to the remit of the Clinical & Care Governance Committee/Group this year? Has the work plan been adjusted or was it designed to reflect the impact of COVID-19?</p>		3	<p>Framework and Terms of Reference</p> <p>To be reviewed in internal audit CS07-21 Clinical & Care Governance. Scope 'Review of adequacy of revised Clinical and Care Governance arrangements, with a focus on the nature and source of assurance to the IJB on the quality of all services it commissions. Reviews of effectiveness to be scheduled in future years'. Scheduled for presentation to June 2021 Audit & Risk Committee.</p> <p>C&S IJB 23 September 2020, item 10.3 – Clinical & Care Governance Terms of Reference.</p>	<p>C&CG now meeting regularly and working more effectively than previously to build foundations for more robust arrangements including annual assurance going forward.</p>



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
	<p>Have clinical risks been properly adjusted to reflect the impact of COVID-19 and have these been seen by the Committee? Is it in a position to provide reasonable assurance on these risks at year-end?</p> <p>Has the Committee been informed of: a) The impact of COVID-19 on clinical quality, safety; b) Mitigating actions</p> <p>[Assurance of delivery of C&CG Framework] Has the Committee been informed of:</p> <ul style="list-style-type: none"> a) the impact of COVID-19 on implementation b) what actions have been taken to mitigate this c) the impact on the scope/quality of information provided to the Committee d) its ability to provide appropriate year-end assurances 			C&S IJB 24 March 2021 – item 14. CG & CSWO Annual reports.	
14.2	<p>This clearly sets out roles and responsibilities and lines of accountability</p> <p>(Clear reporting lines, clear division of responsibilities and avoidance of duplication)</p>	Framework and Terms of Reference	Terms of Reference and Framework clearly sets out roles	Framework and Terms of Reference	Terms of Reference and Framework clearly sets out roles and responsibilities



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Clackmannanshire & Stirling IJB

	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
			and responsibilities and lines of accountability		and lines of accountability
14.3	This is consistent with the Clinical Governance elements of the Integration Scheme		Framework and Terms of Reference	Both documents are consistent with the Clinical Governance elements of the Integration Scheme	
14.4	Arrangements have been agreed for Adverse events management and are operating effectively	4	Covid responses including mobilisation plan and links to constituent authority CMT / IMTs.	Adverse events arrangement in place in Local Authorities and in NHS Forth Valley.	4
14.5	Relationship with regulatory bodies- A Governance Committee has been delegated with responsibility for consideration of relevant inspection reports		4	IJB papers Audit and Risk Committee papers.	
Clinical &	1	2	3	4	TOTAL



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
Care Governance					
Summary of Number of Evaluations					
15	Financial Governance				
15.1	<p>An Integrated Budget and a Strategic Budget including Large Hospital Set Aside has been agreed timeously for 2020/21 in accordance with all relevant guidance and the provisions of the Integration Scheme</p> <p>The organisation can demonstrate this budget is consistent with its corporate objectives and priorities</p>	20/21 Budget Set on 25 March 2020 on Business as Usual basis whilst acknowledging impact of Covid19.	3	IJB Papers	<p>Progress on developing set aside arrangements reported to IJB in both</p> <p>Revised timeframe for establishing set aside arrangements agreed and reflected in SIP.</p>
15.2	Delegated hospital budgets and set aside requirements have been fully implemented		2-3	Update in Budget papers to IJB in March 2021 and Special IJB on 11 May 2021.	
15.3	Appropriate Financial Regulations are in place	Publishing a statement that specifies the	3	Financial Regulations	Review of Financial



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
	including clearly setting out which Scheme of Delegation applies These have been reviewed and updated as necessary	types of decisions that are delegated and those reserved for the collective decision making of the governing body			Regulations and Scheme of Delegation planned post Integration Scheme review.
15.4	Financial governance arrangements allow the Chief Officer and Chief Finance Officer to discharge their responsibilities for the proper use of the delegated resources. Do these include sufficient support from the statutory partners? <i>Financial Governance arrangements include:</i> <i>Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance (the delivery of services and transformational change) as well as securing good stewardship</i> <i>Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls</i>	Strong public financial management Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls	3	Budget monitoring reports Medium Term Financial Plan Indicative Revenue Budget	
15.5	A Governance Statement has been drafted for agreement by the IJB in accordance with applicable guidance and arrangements are in	Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework	3	Assurance process part of year end accounts processes.	



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	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
	place to receive sufficient assurances (including the IA Annual report and opinion and assurance from the partner bodies)	have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement)		Draft AGS in preparation.	
15.6	The IJB has prepared a report to demonstrate that it has appropriate governance structures in place to fulfil the Local Authority's Statutory obligations on councils to comply with the Code of Guidance on Funding External Bodies and Following the Public Pound		3	IJB reports.	Acknowledged area for further review and development of approach including alignment with Strategic Commissioning Plan priorities.
15.7	The requirements of the CIPFA guidance on the role of the Chief Financial Officer are met (a full analysis will not be required this year if one has been done recently)		2	CFO Checklist	Area of future consideration
15.8	A Financial Strategy has been agreed which prioritises competing demands within limited resources bearing in mind future impacts Budgets are prepared in accordance with organisational objectives, strategies	Budget and Medium Term Financial Plan approved by IJB in March 2020.	4	Indicative Revenue Budget to March 2021 IJB. Revised revenue budget to be presented by 11 May Special IJB. MTFP refresh planned for	Constituent authority CFOs are part of process and consulted.



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
	<p>A medium term financial plan is in place which supports delivery of the strategic plan/delivery plan and clearly shows how service change is financially sustainable</p> <p>The medium term financial plan adequately reflects the financial position of partner bodies</p> <p>Has the Board/Committee been informed of the impact of COVID-19 on :</p> <ul style="list-style-type: none"> a) the financial plan(short and medium term b) The savings programme c) Additional income d) The system of budgetary control e) Financial risks 			<p>June but will be more substantive refresh when Scottish Government review and publish revised Medium Term Financial Framework for Health and Social Care.</p>	
15.9	<p>Responsibilities for budgetary control have been clearly defined</p> <p>Has the system of budgetary control including clear delegation to budget holders changed?</p> <p>Have there been any substantive changes to SFIs during the year? Have any changes to areas covered by SFIs, required as a result of COVID-19 been formally approved?</p>		3	<p>Regular Budget Reports and terms of Integration Scheme</p> <p>No substantive changes made but arrangements strengthened through establishment of Operational Grip and Control meetings.</p>	<p>Area for further review linked to further operational delegation of responsibilities.</p>



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
	<p>Have there been any substantive changes to the anti-fraud and corruption policy/Fraud Risk Assessment during the year?</p> <p>Have FOPs been reviewed to take account of risks arising from COVID-19 and particularly those resulting from: Changed working practises; Home/remote working; Absence of key staff; Increased need for urgent decision/making; Increased fraud risk.</p>			No change.	
15.10	<p>Regular financial monitoring reports are received at operational and governance level which:</p> <ul style="list-style-type: none"> Identify risks and cost pressures Identify appropriate corrective actions Show a clear picture of the underlying financial position of the organisation Show the shift in the balance of care 	IJB receives financial regular financial reports.	3	Regular Budget Monitoring Reports to IJB and Finance and Performance Committees.	Integrated Financial Reporting Improvement Plan to be developed in near future post financial year end.
15.11	<p>A robust savings plan is in place including:</p> <ul style="list-style-type: none"> Progress and timescales Appropriate balance between recurring and non-recurring savings Link to strategic plan objectives Link to a Transformation Programme in place 		3	Has been incorporated within LMP process due to Covid with financial support sought for unachieved savings.	Tracker will be re-established for 21/22 and savings monitoring will be part of Grip and Control arrangements feeding IJB and



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Clackmannanshire & Stirling IJB

	Control Environment				Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
								committee reporting requirement.
15.12	A transparent and prudent reserves policy is in place					3	<p>Revised reserves policy being proposed as part of revenue budget.</p> <p>Technical policy document to be brought to Audit and Risk Committee for review and recommendation to IJB></p>	<p>Proposed position takes account of external audit recommendations and extant guidance. Acknowledgement covid has a specific short term effect on reserves levels at March 2021. SG letter acknowledging position in place.</p>
Financial Governance	1	2	3	4	TOTAL			
Summary of Number of Evaluations								



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
16	Hosted Services				
16.1	Where the IJB hosts services on behalf of other partnerships, arrangements are in place to ensure that the objectives of the other partnerships' strategic plans can be achieved The IJB provides appropriate assurances to its partners on the quality of services and appropriate performance reports	Don't currently have co-ordinated services in place but development of assurance processes factored into plans.	n/a	Requires further development in near term.	For future consideration and coordination approaches agreed including assurance.
Hosted Services	1	2	3	4	TOTAL
Summary of Number of Evaluations					
17	Staff Governance				
17.1	In accordance with the Integration Scheme, arrangements are in place to ensure that the IJB receives Staff Governance and Workforce Planning reports		3?	IJB papers	Workforce plans under active review.
17.2	A workforce plan is in place and account has been taken of the recommendations arising from the National Health and Social Care Workforce plan (part 1 published June 2017, part 2	E. Developing the entity's capacity, including the capability of its leadership and the individuals within it Developing and maintaining an effective	3	IJB papers	



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
	<p>published December 2017, part 3 published April 2018) as well as the Audit Scotland report – see link</p> <p>Have any recommendations on the workforce strategy been monitored and implemented? Has the Board/Committee been informed of the process for updating the workforce strategy and workforce plan to allow for the impact of COVID-19? Has the Board/Committee been informed of the short-term impact of COVID-19 on the delivery of the workforce plan?</p> <p>Has the Board/Committee regularly and overtly considered strategic workforce risks and discussed risks in that context as they arise? Have staff risks been properly adjusted to reflect the impact of COVID-19 and have these been seen by the Board/Committee?</p> <p>Has the Board/Committee received (from the parties) reasonable assurance on these risks at year- end including on: Accuracy of scores; Adequacy and effectiveness of key controls; Adequacy and effectiveness of key actions.</p>	<p>workforce plan to enhance the strategic allocation of resources</p>		<p>Covid mobilisation and remobilisation plans detail workforce issues including priority placed on staff wellbeing.</p> <p>Workforce risk in Strategic Risk Register reviewed and made more generic.</p> <p>Year end DoF/section 95 assurance letters will be sought as in previous years. IJB CFO reviews partner AGS as part of assurance process for any significant weaknesses relating to delegated functions.</p> <p>Chief Officer gives assurances as operational</p>	



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
				director through partner annual governance statement processes.	
17.3	An Organisational Development Plan has been updated and agreed. Reports are received to monitor implementation of this plan by the Parties.		3	Board Papers OD Advisor post just recruited to after vacant period and this will form part of workplan for individual.	OD plan requires to be refreshed.
17.4	IJB members have received training 'in order to be fully informed and equipped to undertake their duties'? (quote from IS) Leadership development is focused on collaborative working Does the Board/Committee receive any reports on the <i>effectiveness</i> of training/development		3?	Development Programme Arrangement during 20/21 was to focus on urgent business to allow officer time to focus on covid responses and safe service delivery.	
17.5	Objectives and appraisal processes have been agreed for the CO/CFO Has the [SGRC] Committee been informed how appraisal will operate for the Chief Officer including any amendments to objectives required as a consequence of COVID-19 (noting that the disease was a known factor when objectives were being formulated)? Have arrangements been		3	CO Objectives in place. CFO appraisal and objective setting including PDP to be undertaken during Quarter 1 of 21/22. Does not go to IJB or committee (don't know	CO appraisal process via Chief Executives. CO leads CFO appraisal with professional finance input.



	Control Environment				Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
	made to allow formal approval in the event of a third wave? Does the Committee receive meaningful analysis of the use of objectives and PDPs for succession planning? Does the IJB Chair have input into this process?						what SGRC is?)	
17.6	The following are in place: <ul style="list-style-type: none"> • Clear statement of respective roles and responsibilities of officers and members and how they will be put into practice • Access to courses/information briefings on new legislation • Induction programme • Personal development plans for members and officers 				Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis	3	Induction Programme Development Sessions	Further consideration of merits of PDPs for members in due course.
Staff Governance	1	2	3	4	TOTAL			
Summary of Number of Evaluations								
18	Complaints and feedback							
18.1	Arrangements are in place to ensure the IJB can discharge its responsibility for ensuring effective					3	Management Team and Performance Reports	Working effectively but



	Control Environment				Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
	mechanisms for service user and carer feedback and for complaints handling in line with the Integration Scheme <i>(Note: IS states that due to different legislative requirements, no immediate change will be made to the way complaints are dealt with)</i>							requires to be kept under continuous review.
18.2	Arrangements are in place provide assurance that complaints related to integrated functions are used to improve services and triangulate assurances					4	Performance Report	Performance Report contains
18.3	An Involvement and Engagement plan is in place in line with the Integration Scheme This includes effective approaches for community engagement and participation					4	IJB papers refreshed approach to Engagement and Participation and Locality Planning/Development. Specific engagement work e.g. rural models of care. Revised Strategic Planning Group arrangements.	
Complaints and	1	2	3	4	TOTAL			



Governance Self-assessment Checklist 2020/21

Clackmannanshire &
Stirling IJB

	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
Feedback					
Summary of Number of Evaluations					
Summary of Number of Evaluations					
19	Information Governance				
19.1	In accordance with the Integration Scheme, the Parties have ratified the use of the Scottish Accord in the Sharing of Personal Information (SASPI)?		4	SASPI 25 November 2020 IJB meeting – item 15.2 IG Assurance Report 2019/20.	
19.2	An Information Sharing Agreement is in place to which the Health Board, LA and IJB are party	<p>Managing data</p> <p>Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data</p> <p>Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies</p> <p>Reviewing and auditing regularly the quality and accuracy of data used in</p>	3		Information Sharing arrangements require continuous review and development.



Governance Self-assessment Checklist 2020/21

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Stirling IJB

	Control Environment				Meets the core principles ¹	Evaluation	Supporting evidence	2020/21 Comments
					decision making and performance monitoring			
19.3	Records management processes in accordance with applicable guidance including GDPR are in place The IJB has received sufficient assurance that the systems and controls operating within the partner bodies with regards to GDPR compliance.					4	Records & GDPR papers) Management Policies (IJB)	
Information Governance	1	2	3	4	TOTAL			
Summary of Number of Evaluations								

Appendix 1

Action plan 2019/20



No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p>Management Commentary</p> <p>The structure and content of the management commentary could be improved to make the performance and financial information clearer.</p> <p>Risk.</p> <p>There is a risk that the information within the management commentary does not accurately capture the performance and financial information.</p>	<p>The IJB should review and update to improve the structure and content, including clearer performance and financial information and better highlight the organisational achievements for the year under review.</p>	<p>Approach to narrative in future years will be reviewed aligning style to other corporate documents, particularly Annual Performance Report, and incorporating more use of infographics.</p> <p>Chief Finance Officer</p> <p>30 June 2021</p> <p>Update on Current Position</p> <p>Revised guidance on management commentaries shared with and discussed with Partnership Senior Leadership Team (SLT). Management Commentary style and content review in light of guidance and agreed via SLT for inclusion in draft accounts. Due to current position in preparation of Annual Performance Report (APR) management commentary will require further update for final accounts.</p>
2	<p>Financial Management</p> <p>The finance teams of NHS Forth Valley, Stirling Council, and Clackmannanshire Council operate independently, use different financial systems, and report separately to the IJB Chief Finance Officer.</p> <p>Risk</p> <p>There is a risk that financial monitoring data is not accurately accounted for.</p>	<p>Align partner financial reporting to improve the efficiency of the IJB's financial monitoring and enable a better understanding of costs across the partnership.</p> <p>Paragraph XX</p>	<p>An improvement plan for financial reporting will be developed with additional finance team capacity assisting in improving consolidation and presentation of information.</p> <p>Chief Finance Officer</p> <p>May 2021</p> <p>Update on Current Position</p> <p>Additional finance team capacity took longer than anticipated to appoint and wider finance structures team</p>

development issues remain a work in progress. Improvement Plan in development and will be developed further in coming months. OD support in developing financial management functions and roles will support development co-produced plan linked to principles of Business Partnering. Updates will be provided to the Finance and Performance Committee on a regular basis.

3 Financial Sustainability

The IJB has a savings requirement of £6.214 million per the 2020/21 budget settlement. Ongoing cost and demand pressures of approximately £19.660 million per year are projected over the next 5 years. These projections were made prior to the impact of Covid-19.

The Covid-19 pandemic has introduced further financial challenges. The estimated additional cost of Covid-19 between March 2020 and March 2021 is £11.598 million.

Risk –

The IJB may not be able to deal with future financial challenges and deliver required savings without adversely impacting service delivery.

1. Update the MTFP to reflect the impacts of Covid-19 at the earliest appropriate opportunity.

Medium Term Financial Plan to be reviewed and updated as part of budget setting process for 2021/22

Chief Finance Officer

March 2021

Update on Current Position

Exceptional issues in relation to 2021/22 budget settlements and requirement for revised 21/22 Revenue Budget approved by IJB on 11 May has had knock on effect on this work. Updates planned to Finance and Performance Committee in August and IJB in September 2021. It is understood that Scottish Government will review and publish an updated Medium Term Financial Framework for Health and Social Care later in 2021/22 and a substantive review of the assumptions underpinning the Medium Term Financial Plan will be required for 2022/23 onwards.

4 Reserves strategy

The IJB reserves strategy does not set out a minimum reserves level. While the partners reached agreement on how to finance the overspend in 2018/19, this agreement does not currently extend to 2019/20 should a similar overspend occur.

Update the IJB reserves strategy to set out a minimum reserves level and agree on a tolerable threshold in respect of overspends and the agreed funding arrangement to meet future overspends.

Reserves Strategy to be reviewed and updated and presented to Audit and Risk Committee for recommendation to IJB. Risk Sharing arrangements will be reviewed as part of review of Integration Scheme.

Chief Finance Officer
(Reserves Strategy) / Chief
Officer(Integration Scheme)

31 March 2021(Reserves
Strategy) / 30 June 2021

Update on Current Position

IJB approved reserves strategy including minimum and target reserve levels as part of 2021/22 Revenue Budget. Updated policy in preparation for consideration by Audit and Risk Committee.

The funding arrangements for any future overspends require to be considered as part of any agreement to prepare a revised Integration Scheme. Topic was specifically discussed as part of engagement on Integrated Scheme Review.

5 Update of governance documents

There are a number of policies and documents that have not been updated.

Risk:

There is a risk that the existing governance documents do not reflect current arrangements.

As part of the review of the governance framework the IJB should look to update the supporting documents including the integration scheme, scheme of delegation and counter fraud policy.

Completion of review of Integration Scheme was postponed earlier in 2020 due to pandemic.

Chief Officer (Integration Scheme and Scheme of Delegation) / Chief Finance Officer (other governance policies)

30 June 2021

Update on Current Position

Engagement sessions on review of Integration Scheme have taken place. Given ongoing focus on managing effects of pandemic on service delivery any decision to prepare a revised scheme will not be taken until after 30 June 2021 at the earliest. The constituent authorities and IJB have satisfied the legislative requirements to review the Integration Scheme.

The intent was to review the key governance documents as part of the process of reviewing and preparing a revised Integration Scheme as they are interlinked.

Meantime a review of the Scheme of Delegation will be undertaken as a priority in the near future. It is currently anticipated this will be presented to the IJB in November 2021.

Further discussion in respect of an IJB Counter Fraud and IJB Whistleblowing policies

have been had. As a result of these discussions the SLTs opinion is that this risk detracting from existing policies at constituent authority levels rather than strengthening arrangements. Therefore the current position is that IJB policies will not be prepared but there will work in relation to assurance arrangements with the constituent authorities and any revised arrangements will be put in place from 2022/23 onwards.

Follow up of prior year recommendations

3	<p>Hospital Acute Services (Set Aside)</p> <p>Arrangements for the sum set aside for hospital acute services under the control of CSIJB are not yet operating as required by legislation and statutory guidance.</p> <p>A notional figure, based on historical usage, has been agreed and included in the annual report and accounts for each year since inception of the IJB.</p> <p>This was expected to be a transitional arrangement; however, an extension was agreed by the Scottish Government. NHSFV and CSIJB should prioritise establishing revised processes for planning and performance management of delegated hospital functions and associated resources in 2019/20</p> <p>Risk</p> <p>There is a risk that in future years the sum set aside recorded in the annual accounts will not reflect actual hospital use.</p>	<p>The IJB should agree a basis for the set aside budget with NHS Forth Valley that will be implemented once the current transitional arrangements end.</p>	<p>Agreed Action:</p> <p>A pan Set Aside expert group has been established and is developing a workplan to address the planning and financial issues associated with set aside arrangements.</p> <p>Responsible Officer:</p> <p>Director of Acute Services NHS Forth Valley / IJB Chief Officer(s) / IJB Chief Finance Officer(s).</p> <p>Target Date: 31 March 2020</p>
			<p>Update on Current Position</p> <p>Extant process in terms of financial reporting remains. Required review and planned update incorporated in Strategic Improvement Plan with a September 2022 target to report progress and recommendations.</p>
4	<p>Consolidated Income & Expenditure Account - income</p> <p>Income received in return for the provision of a specific service should be presented as income in the relevant service line. As this information was not provided by partner</p>	<p>Income received in return for the provision of a specific service should be presented as income in the relevant service line in the current and future year's accounts.</p>	<p>Agreed Action:</p> <p>Expenditure and income have each been grossed up by £8.425 million in the CIES to reflect income generated by the partners in return for the provision of services. This has no impact on the deficit</p>

bodies, this was not disclosed in the unaudited accounts and was, instead, netted against expenditure.

Risk:

Income and Expenditure are understated.

reported for the financial year

Responsible officer:

Chief Finance Officer

Target date:

implemented for 2018/19 and in future years

Update on Current Position

Action Complete

5 Financial management

As the IJB looks to make efficiency savings it is essential to have a full understanding of costs across the partnership to assist in identifying and managing future transformation program requirements and efficiencies.

Risk:

The IJB does not have a full understanding of its costs across the partnership, which could hamper their efforts to achieve efficiencies.

Partner financial reporting should be aligned to improve the efficiency of the IJB's financial monitoring and enable a better understanding of costs across the partnership.

Agreed Action:

Continue to work with constituent authorities to improve quality and use of financial and non-financial data (e.g. activity) to support continuous improvement in reporting.

Responsible Officer:

IJB Chief Finance Officer

Target Date: Ongoing

Update on Current Position

Ongoing as part of continuous improvement approaches.

6 Financial planning and sustainability

The updated financial plan reported to the Board in July 2019 identified that the IJB needs to identify savings over the three-year period to 2021/22 totalling £16.282 million to achieve break even. The updated plan outlines that the IJB have savings proposals in place of £9.982 million, however a cumulative budget gap of £6.300 million remains over the three-year period.

Risk:

The board may not be able to deliver the targeted savings or identify the residual savings required over the three-year period of the financial plan.

The IJB must ensure that its transformation programme identifies and delivers the sustainable savings required to meet the projected funding gap. This will include alternative means of service delivery and, in some cases, may result in service reductions. As part of this, the IJB should work with its partners to identify the key areas where efficiencies and savings can be achieved.

Agreed Action:

Establishment of Transforming Care Programme Board and agreement of terms of reference including membership. This Board will be responsible for ensuring that the transformation programme identifies sustainable savings options and will monitor progress and delivery.

Responsible Officer:

IJB Chief Officer & Chief Finance Officer

Target Date:

31 December 2019

Update on Current Position

Transforming Care Board in place and savings delivery incorporated into reporting requirements.

7 Reserves strategy

The IJB reserves strategy does not set out a minimum reserves level. While the partners reached agreement

The IJB should update the reserves strategy to set out a minimum reserves level and agree on a tolerable threshold in respect of overspends and

Agreed Action:

Review of reserves strategy and policy linked to medium term financial planning and discussions with constituent

on how to finance the overspend in 2018/19, this agreement does not currently extend to 2019/20 should a similar overspend occur.

Risk:

Partners may not agree a basis for financing a recovery plan should an overspend arise in future years.

the agreed funding arrangement to meet future overspends

authorities on resourcing strategy will be progressed with partners.

Responsible Officer:

IJB Chief Finance Officer

Target Date:

31 December 2019

Update on Current Position

See recommendation 4.

8

Mainstreaming equality

A review of equality policies and the publication of equality outcomes has not been carried out since 2016.

Risk: The Board may not be fulfilling its equality duties.

The IJB should review its mainstreaming equality duties and policies to reflect the recent updates to strategy documents and development of locality plans and publish its equality outcomes.

[Paragraph 89](#)

Agreed Action: Review of Equalities Mainstreaming Policy and publication of equality outcomes required by the Equality Act 2010.

Responsible Officer:

Programme Manager

Target Date: 31 March 2020

Update on Current Position

Complete. Equality Duty Progress report was considered by IJB at its meeting of 25 November 2020.

FTF Internal Audit Service

Clackmannanshire & Stirling IJB Internal Audit Service Annual Internal Audit Report 2020/21

Issued To: A Black, Chief Officer
E Murray, Chief Finance Officer

**Clackmannanshire & Stirling Integration Joint Board
External Audit**

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Draft Report Issued	10 June 2021
Management Responses Received	14 June 2021
Target Audit and Risk Committee Date	23 June 2021
Final Report Issued	15 June 2021

INTRODUCTION AND OPINION

1. The Integrated Resources Advisory Group (IRAG) guidance outlines the responsibility of the Integration Joint Board (the IJB) to establish adequate and proportionate internal audit arrangements for review of the adequacy of arrangements for risk management, governance and control of the delegated resources.
2. This guidance states that the IJB has responsibility for reviewing the effectiveness of the governance arrangements including the system of internal control. To inform this review and the preparation of the governance statement, as stated in the CIPFA framework on Delivering Good Governance in Local Government, Internal Audit is required to provide an annual assurance statement on the overall adequacy and effectiveness of the framework of governance, risk management and control.
3. Guidance issued in April 2017 requires IJBs to prepare their annual accounts and governance statements in accordance with Local Authority Accounts (Scotland) Regulations 2014. These regulations require an authority to:
 - *Be responsible for ensuring that the financial management of the authority is adequate and effective and that the authority has a sound system of internal control which:*
 - a) *facilitates the effective exercise of the authority's functions; and*
 - b) *includes arrangements for the management of risk.*
 - *Conduct a review at least once in each financial year of the effectiveness of its system of internal control.*
4. The CIPFA 'Delivering Good Governance' in Local Government Framework 2016 places a responsibility on the authority to ensure additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.
5. This review examined the framework in place during the financial year 2020/2021 to provide assurance to the Chief Officer, as Accountable Officer, that there is a sound system of internal control that supports the achievement of the IJB's objectives. It considered:
 - Corporate Governance
 - Clinical Governance
 - Staff Governance
 - Financial Governance
 - Information Governance

INTERNAL AUDIT ARRANGEMENTS AND OPINION

6. As Chief Internal Auditor, this Annual Report to the IJB provides my opinion on the IJB's internal control framework for the financial year 2020/21.
7. Under the agreed system of rotation of responsibilities amongst the constituent authorities, the Chief Internal Auditor of NHS Forth Valley currently provides the IJB Chief Internal Auditor role. The Audit and Risk Committee approved an updated Internal Audit Charter and Joint Working and Reporting Protocol on 9 December 2020. We can confirm that FTF complies with Public Sector Internal Audit Standards (PSIAS).

8. The 2018/19 External Quality Assessment (EQA) of the NHS Forth Valley Internal Audit Service concluded that *'it is my opinion that the FTF Internal Audit service for Fife and Forth Valley generally conforms with the PSIAS.'* FTF has updated its self assessment and this will be reported to the NHS Forth Valley Audit and Risk Committee in early 2021/22. The last EQA of the Stirling Council internal audit function, reported to Stirling Council Audit Committee on 30 August 2018, concluded that the Internal Audit team either 'fully or generally conformed' with PSIAS. The Stirling Council Audit Service Manager has confirmed that a further self assessment will be reported to the September 2021 Audit Committee and the Council's internal audit arrangements will again be subject to independent external assessment in 2022. The last EQA of the Clackmannanshire Council internal audit function in 2018 confirmed compliance with PSIAS and the self assessment carried out in February 2020 confirmed this opinion.
9. The 2020/21 internal audit plan was approved by the IJB Audit and Risk Committee on 9 December 2020. Fieldwork on the audit of Risk Management and Governance and Assurance has been combined, and will utilise Committee Assurance and risk principles developed by FTF and its clients to inform ongoing developments in this area being undertaken by the IJB and provide assurance on the adequacy of proposed processes and arrangements. Fieldwork on Clinical and Care Governance has been completed and a draft report issued. Audit work has been undertaken sufficient to allow the Chief Internal Auditor to provide his opinion on the adequacy and effectiveness of internal controls.
10. A Governance Self Assessment Checklist has been developed by Internal Audit and is based on professional judgement and relevant guidance, as well as the CIPFA framework on Delivering Good Governance in Local Government. For this year, the checklist also captures changes to governance arrangements necessitated by Covid19. Our fieldwork assessed the content of the Governance Self Assessment Checklist and the portfolio of evidence provided by the Chief Finance Officer.
11. Internal Audit validated the assessments reached through discussion with management and examination of the supporting evidence and documentation. Based on our validation work, we can provide assurance on the key areas noted within the governance framework below. However, there are a number of areas where management have acknowledged that further development is required. The majority of the actions agreed by Management to address recommendations from the 2018/19 and 2019/20 Annual Internal Audit Report remain in progress and feature in the Strategic Improvement Plan (SIP) which was introduced during 2020/21 and is monitored by the IJB. These are also identified in the 2020/21 Governance Statement as areas for improvement.
12. Our work considered progress against governance action plans or other improvement requirements identified in response to previous internal audit annual reports, external audit or inspection as well as any national recommendations. We also considered special arrangements put in place as a result of the impact of Covid19.
13. The need for governance improvements was referenced in the Ministerial Strategic Group (MSG) for Health and Community Care 'Review of Progress with Integration of Health and Social Care, Final Report, February 2019', which highlighted issues for IJBs across Scotland.
14. Various action plans (MSG, Audit and Governance) have been consolidated into the single Strategic Improvement Plan (SIP) to aid effective monitoring, streamline reporting and minimise duplication. The SIP is now a standing item at every Strategic Planning

Group meeting. It was presented to the Audit and Risk Committee for their approval in September 2020 and is now regularly presented to the IJB for review and monitoring.

15. The draft Clackmannanshire & Stirling IJB Governance Statement reflects that some elements of planned reviews of governance arrangements during 2020/21 have not been taken forward within the originally planned timescales due to management capacity being focused on dealing with the Covid19 pandemic, although we note that progress on many actions had been outstanding for some time. The draft Governance Statement reflects that much of this is also due to the relationship between the development of the governance framework and the review of the Integration Scheme. The constituent authorities and IJB have agreed to pause the review of the Integration Scheme until at least June 2021. The review of the elements of the governance frameworks, including the Scheme of Delegation, are currently planned to be undertaken during 2021/22.
16. In the coming year we would expect to see significant progress with the SIP, which includes several longstanding MSG and external and internal audit recommendations. The IJB should be provided with demonstrable evidence of how actions are progressing, and the effectiveness of actions in helping the IJB to progress strategic objectives, achieve financial balance and facilitate transformational change. Regular review is required with robust scrutiny of progress so that necessary action can be taken if progress is not being achieved at the required pace. The key areas for development and improvement identified by our review are:
 - Planned review of the Integration Scheme;
 - Development of the new Strategic Commissioning Plan. The current plan is in its third and final year and, in a post Covid environment, a revised Strategy, with clear linkages to the Transforming Care Programme and Remobilisation Plan needs to be developed. The update will need to reflect changes to population need, priorities, equity, capacity and modes of delivery.
 - The continued role of the Transforming Care Board to ensure sustainable transformation of services in line with strategic priorities;
 - Meaningful assessment of the effectiveness of actions taken within the SIP and how they contribute to the progression of strategic priorities and transformational change;
 - A greater emphasis on Staff Governance and workforce planning, with appropriate assurances provided by the partner organisations;
 - Achievement of required savings of the financial plan;
 - Further development of the approach to best value, in order to demonstrate continual improvement in outcomes across the partnership within performance reporting;
 - Ongoing development of risk management arrangements, including mainstreaming of the Covid19 risk;
 - Development of detailed directions to partner organisations;
17. The Strategic Plan and supporting plans will require significant revision to take account of the impact of Covid19 on population need, resource availability and the impact on modes of delivery as well as the potential for more rapid change. This will require considerable work to understand the impact of the pandemic and greater focus, working

with partner bodies on the formation and implementation of supporting strategies, as well as the delivery of transformation which will need both to accelerate and be genuinely transformative. Whilst a paper to the November IJB Board did mention the need to produce a new Strategic Commissioning Plan, and some elements are included in the SIP Action Plan, it did not provide the level of prominence we would have expected given that production and delivery of a SCP is the prime purpose of the IJB.

18. Refresh of the Risk Management Strategy is in progress, tying in with the development of assurance mapping to ensure coherence between Governance Structures, Performance Management, Risk Management and Assurance and clarity over the ownership of operational risk.
19. The IJB directs services from NHS Forth Valley and Stirling and Clackmannanshire Councils, and has an interdependent relationship with all partner bodies in which the controls in place in one body inevitably affect those in the other. The draft NHS Forth Valley Governance Statement concluded that there were adequate and effective arrangements in place. Stirling Council drafted a 2020/21 Governance Statement which concluded that 'the annual review of effectiveness identifies sufficient evidence that the Council's Code of Corporate Governance operates effectively, and that the Council and its Group will continue to take steps, in the coming year, to address the above matters to further enhance their governance arrangements. We have been informed that Clackmannanshire Council's Annual Governance Statement will be available after the summer recess, as agreed with the Council's external auditors.
20. The IJB has produced a draft Governance Statement for 2020/21 which reflects the IJB's own assessment for areas for development, setting out a number of actions to further strengthen governance arrangements.
21. As Chief Internal Auditor, this Annual Internal Audit Report to the IJB provides my opinion on the IJB's internal control framework for the financial year 2020/21.
22. Based on the work undertaken, I have concluded that:

- **Reliance can be placed on the IJB governance arrangements and systems of internal control for 2020/21.**

23. In addition, I have not advised management of any concerns around the following:

- **Consistency of the Governance Statement with information that we are aware of from our work;**
- **The format and content of the Governance Statement in relation to the relevant guidance;**
- **The disclosure of all relevant issues.**

ACTION

24. The IJB is asked to note this report in evaluating the internal control environment for 2020/21 and consider any actions to be taken on the issues reported for consideration.

EVALUATION OF GOVERNANCE FRAMEWORK:

Section A – Corporate Governance
Key arrangements in place and planned and ongoing developments
<p>Covid19 response</p> <p>25. Temporary changes to governance arrangements were implemented to enable the HSCP to respond quickly to the Covid19 pandemic. Delegated authority for urgent decision making to the Chief Officer was approved by the IJB on 25 March 2020 and additional delegated decision making was subsequently extended to 24 March 2021, with extensions to this authority agreed at each meeting of the IJB. Arrangements presented to the IJB for approval were developed taking due advice from governance and examining emerging arrangements in other IJBs. The IJB was provided with regular Covid19 updates during 2020/21.</p> <p>26. On 18 March 2020, the HSCP submitted their Remobilisation Plan, with costings, to NHS Forth Valley. At the same time, the HSCP Remobilisation Plan was shared with both Council Chief Executives and the Chair and Vice Chairs of the IJB. The Senior Leadership Team established a senior co-ordinating group with operational, finance and clinical managers; this group has oversight of the HSCP response and supports the business continuity functions.</p> <p>27. The HSCP Remobilisation Plan reflects that the fundamental principles driving the approach to Remobilisation and the movement towards renewal reflect the same vision and strategic priorities as described within the HSCP Strategic Plan 2019 – 2022, and that these continue to be as relevant to the re-design, planning and delivery of health and social care services during Remobilisation as they were before the Covid19 outbreak.</p> <p>28. It was noted from review of the Remobilisation Plan that key remobilisation activities are clearly linked to key priorities of the strategic improvement plan. It also sets out the approach for aligning the pandemic response to the Transforming Care agenda. It is noted in the Remobilisation Plan that the plan creates a bridge between the response to the pandemic and the aligned work streams of the Transformation Programme Board and the Strategic Planning Group, which will support the delivery of the activities and planned programmes of change for the next three years.</p> <p>29. Updates to the Remobilisation Plan have been presented to the IJB on an on-going basis, outlining the integrated response from the HSCP to the Covid19 pandemic, the continuing impact on finance, workforce and population.</p> <p>30. The Covid19 pandemic risk (HSC 016) was added to the Strategic Risk Register (SRR) in March 2020 and there has been no subsequent articulation of Covid19 related risks within the SRR, although risk reduction actions were updated in September 2020 and March 2021. The risk was initially scored at 16 (high). As reported to the</p>

March 2021 Audit and Risk Committee, the current score is 12 (medium) with a target score of 6 (low). Action point 1 recommends review of the full Strategic Risk Profile to ensure Covid19 aspects are fully reflected and Internal Audit have provided initial comments to inform the review currently being undertaken.

31. Management have informed us that their review of service risks and Business Continuity plans has identified some gaps. Update of Business Continuity Plans is reflected as a risk reduction action to mitigate the Covid19 strategic risk.
32. IJBs are now Category 1 Responder bodies and we have been informed that work is in progress through Local Resilience Partnerships to respond to this requirement. We recommend that the IJB is informed of their role and responsibilities as Category 1 Responder and their responsibilities are clearly articulated their responsibilities, with priorities, targets and a mechanism for reporting and escalation.

Review of Integration Scheme

33. The IJB was provided with updates on review of the integration schemes in June 2020 and as reported in a further update to the September 2020 IJB, following an initial review of the Integration Scheme in January 2020, the work was not prioritised due to Covid19, in accordance with SGHSCD guidance on the deferral of full reviews. Constituent authorities and the IJB have agreed to pause progress with the review of the Integration Scheme until at least June 2021. However, we would highlight that the formality of the Integration Scheme is less important than the agreement of fundamental principles which will allow the completion of a number of key actions.

Governance arrangements

34. The planned comprehensive review of the IJBs Governance Framework remains outstanding and management have informed us that progress has been delayed by necessary focus on managing the impact of the pandemic. It is planned that this review will link to the review of the Integration Scheme which is scheduled to take place during 2021/22. The Audit and Risk Committee should be provided with an update and assurance on progress. Any changes should be incorporated into the next update of Standing Orders, Scheme of Delegation and Standing Financial Instructions. As noted above, Internal Audit have set aside time to provide guidance and assurance in order to ensure the embedding of robust committee assurance and risk principles.
35. Terms of Reference, Standing Orders, financial regulations, a Code of Conduct and a Scheme of Delegation are in place. The IJB approved minor improvements to the Standing Orders at their meeting in November 2020 to reflect developing practice and to improve the governance process
36. Publication of the Register of Interests remains under consideration and the register is currently being updated.
37. The Independent Review of Adult Social Care (IRASC) report (the Feeley report) was published by the Scottish Government on February 2021 and the Chief Officer provided the 24 March 2021 IJB with a summary of relevant aspects. Through a session involving Board members and members of the Strategic Planning Group, a self-assessment against the report was completed and this was presented to the Finance & Performance Committee on 2 June 2021. Management informed us that several partner improvement initiatives have emerged from the review and work is

underway to prioritise and explore these activities. Key themes and resource implications will also be reported to the Transforming Care Board.

38. As relationships between with Community Planning Partnerships (CPPs) develop, the organisation has taken on the CPP leadership role for the Alcohol and Drug Partnership across Clackmannanshire and Stirling areas, as well as the leadership role on behalf of both CPPs for well-being, particularly focused on the impact of Covid19.
39. As part of developing good governance arrangements, IJB Committees approval of annual assurance reports to be considered by the IJB is now scheduled for completion by November 2021.
 - Action point 4 in this report recommends that, to further develop good governance arrangements, an IJB assurance plan could be implemented to ensure assurance on all risks is provided to the IJB, including necessary assurances from partner organisation. The FTF internal audit assurance principles are appended to this report and should be used to inform development of any assurance workplan. We have provided initial comments on aspects of the risk management and assurance process and will continue to provide advice and assurance as required.
40. Whistleblowing policies for the HSCP's partner organisations apply and management advised that, while the SLT considered whether an IJB whistleblowing policy is required, it was decided that an integrated policy may cause confusion. It is recommended, however, that the IJB receives more active assurance in this area through presentation of the partner bodies' annual Whistleblowing reports and an annual evaluation of the partners' policies to assure the IJB that there are no gaps and that any concerns raised are appropriately addressed.

Directions

41. The plan for a more detailed approach to the production of directions, based on revised statutory guidance issued in January 2020, has not been completed due to the Covid19 response. Initial Directions for 2021/22 continue, therefore, to be high level.
42. A further review will take place post initial 2021/22 directions being issued and the Chief Officer will facilitate specific work on this.
43. As reported previously by internal audit, when these developments do take place, we recommend a clear link between the Strategic Plan, its implementation and the use of directions and ensuring all committee reports include a heading on directions. It is also vital that appropriate clinical and care structures, when finalised, inform the formation of IJB directions.

Strategic Plan and Transformation Programme

44. The Strategic Plan 2019-2022 sets out arrangements for the carrying out of integration functions and describes how the IJB intends to achieve, or contribute to achieving, the national health and wellbeing outcomes. The IJB receives a performance report at each meeting which, along with financial reports. Reporting on the Transforming Care Programme is designed to give a rounded view of the overall performance, financial sustainability and progress in implementing the Strategic Plan priorities of the Partnership.

45. 2021/22 is the third year of the current Strategic Plan so in any event, the plan would have required formal review and revision. However, fundamental review will now be required to take account of the impact of Covid19 on the assumptions on which the current Strategic Plan were based (demand, resources and ways of working), all of which will have changed dramatically. This includes understanding the population health need, identifying changes to service delivery and the risks these may present, as well as identifying positives and potential service redesign from changed methods of working during the pandemic and ensuring that Health Equity issues are built into the fabric of the plan. It is recommended that a project plan and timetable is set to progress this work and is monitored by an appropriate committee. Further recommendations around this point can be found at action point 1 below.
46. In September 2019 the IJB approved the Transformation Programme and the establishment of the Transforming Care Board, to support the delivery of strategic priorities.
47. Transforming Care Board meetings were initially postponed due to the Covid19 pandemic and an update was presented to the IJB in November 2020 on progress to establish a Portfolio Managed approach to delivering the transforming care agenda. This approach was explained as necessary to ensure the significant change initiative was managed centrally and resources were allocated efficiently to enable the relevant projects to deliver the expected benefits, whilst supporting Covid19 remobilisation plans.
48. The Transforming Care Board was to meet on a quarterly basis and report into the Finance and Performance Committee for oversight and assurance. A draft Terms of Reference has been produced for the Transforming Care Board and the first meeting took place on 12 November 2020.
49. At the meeting of the IJB in March 2021 it was noted that, whilst the Covid19 pandemic has had a significant impact on the progress of the Transforming Care Programme, work has still progressed in relation to items such as the local Review of Frontline Social Care and the Medicines Optimisation Programme.
50. Actions related to facilitating sustainable transformation will need to be clearly aligned to the priorities of the IJB and robustly monitored to ensure intended outcomes are being achieved. It may well be that transformation activity will need to be woven into the new Strategic Plan rather than being considered separately in order to ensure that the Strategic Plan is genuinely transformative and that transformation is used as the vehicle for resolving the challenges and opportunities arising from the pandemic.
51. The HSCP continued and still continues to deliver frontline community health and care services within the emergency arrangements implemented due to Covid19. It was reported at the IJB in September 2020, that the collaborative process established pre-Covid with the HSCP Senior Leadership Team and Stirling based portfolio support staff, has been re-established, and further developed with Clackmannanshire and NHS Forth Valley transformation leads, with the aim of identifying the priority areas of significant change that need to be made to deliver on the priorities of the Strategic Plan.
52. One of the key operational priorities noted in the Remobilisation Plan March 2021 to April 2022 was support for the continued delegation of services from NHS Forth

Valley, including the specialist mental health service to the HSCP. The Head of Mental Health post went live on 3 March 2021 and has been recently re-advertised. This key post will enable whole systems co-ordination of mental health, learning disabilities and addiction services.

53. As reported to the IJB in March 2021, the two IJB Chief Officers will set up a transitional group, supported by the NHS Forth Valley Director of Human Resources, to plan for the transfer of services that currently remain within the management of NHS Forth Valley but will be delegated to the Chief Officers for operational management and oversight. The group will also oversee the development of a support infrastructure that will progress a range of governance areas.
54. Work to co-ordinate Pan Forth Valley services and on a range of other important areas such as Large Hospital Set Aside (LHSA) was paused during the pandemic. It is acknowledged that work is still required and further updates are expected to the IJB on progress against this key strategic priority. We would recommend that the focus be less on the technicalities of LHSA and more on strategic, holistic solutions which allow the transfer of resources to facilitate improvements in services and shifting the balance of care.
55. On 25 November 2020 the IJB approved Integrated Commissioning arrangements. Transfer of the Strategic Commissioning function from Clackmannanshire Council and Stirling Council into the HSCP should enable a coordinated single approach to Commissioning. Transfer of commissioning colleagues from Stirling Council to the IJB was approved, with provision for transfer of commissioning colleagues from Clackmannanshire Council at a later date.
56. A further paper will be brought to a meeting of the IJB in 2021, detailing the proposed vision for a refreshed operating model for the integrated commissioning approach for the Clackmannanshire & Stirling HSCP. The developing arrangements between NHS Forth Valley and both HSCPs for Health Improvement and Health Promotion will solidify a whole systems community response addressing health inequalities across the spectrum of commissioned services.

Risk Management

57. The Risk Management Strategy and Framework is currently under review with support from the two Local Authorities Risk Managers and the recently appointed NHS Forth Valley Risk Manager, as well as forthcoming input from Internal Audit. Alignment of risk management across constituent authorities is part of this workstream.
58. The Audit and Risk Committee provide a scrutiny role for the IJB by reviewing, scrutinising and approving the Strategic Risk Register as a standing agenda item at each meeting. High risks on the Strategic Risk Register are reported to the IJB and Finance & Performance Committee through regular Performance Reports.
59. As noted above, Internal Audit have provided initial comments to inform the ongoing review of Risk management and assurance arrangements and will provide advice and assurance throughout.

Performance Management

60. An updated Integrated Performance Management Framework was approved by the IJB in November 2020, designed to reflect a more integrated performance approach across community health and care services. The framework included a list of List of

Integration Functions and Non Integration Performance Targets. It was acknowledged that Non Integration Functions performance targets require to be reviewed and work is underway with operational and strategic Heads of Service to ensure that the HSCP is recording, measuring and reporting relevant and appropriate performance. At this meeting, the IJB tasked the Finance and Performance Committee to review quarterly performance information and analysis on behalf of the IJB.

61. Performance reports for quarters 2 and 3 (July to December 2020) were received at the IJB meeting on March 2021. Reporting is based around the Strategic Plan 2019 – 2022 priorities and key areas. Performance areas are reported by exception, with commentary and actions in place noted for each. Items noted as exceptions included:

- Delayed discharge
- Equivalent annual days lost due to sickness absence
- % of Adult Protection sample audits within Clackmannanshire
- % annual reviews completed within timescale in Adult Care Clackmannanshire Social Service

62. Correspondence was received on 3 March 2021 from the Health & Social Care Directorate confirming that IJBs will be able to extend the date of publication of Annual Performance Reports (APRs) through to November 2021, using the same mechanisms as last year, as laid out in the Coronavirus Scotland Act (2020), Schedule 6, Part 3.

63. The final Annual APR for 2020/21 is expected to be presented to the IJB in November 2021 for approval.

64. Performance reporting continues to be an area of ongoing development, as the IJB works to ensure it can link performance reporting to its transformation programme and demonstrate improving outcomes whilst providing a single overview of performance of integrated functions.

65. Management have informed us that a Best Value is an area of development and a statement regarding the approach to Best Value including initiatives being progressed in this area which align to the transformation programme, will be included in the APR for 2020/21.

Section B

- **Clinical & Care Governance**
- **Financial Governance**
- **Staff Governance**
- **Information Governance**

Clinical and Care Governance

66. Internal audit CS07-21 Clinical and Care Governance reviewed the adequacy of revised Clinical and Care Governance arrangements, with a focus on the nature and source of assurance to the IJB on the quality of all services it commissions. The review noted positive steps taken recently to improve the quality of assurances

received and made a number of recommendations to be taken into consideration by the IJB and its partners as this process matures.

67. The stand-alone Clinical and Care Governance Framework approved by the IJB in April 2018 outlined the role of the Clinical and Care Governance Group (CCGG) Revised Terms of Reference were approved by the IJB in September 2020.
68. These arrangements are still under review and internal audit CS07-21 Clinical and Care Governance, which has been issued in draft, provided a number of areas which should be taken into consideration for future development.

Financial Governance

69. Financial resilience has been assessed as a high risk from the establishment of the IJB. Whilst significant challenges remain, the approach to management of financial risk is now aided by the development and approval of a draft Medium Term Financial Plan in March 2020 which will inform the level of financial challenge the Transforming Care Programme will require addressing, in order that the service delivery is financially sustainable.
70. A refresh of the medium term financial plans, planned initially for June 2020, was delayed and a more substantive refresh is planned when the Scottish Government review and publish a revised Medium Term Financial Framework for Health and Social Care, expected later in 2021/22.
71. The risk on savings delivery for 2020/21 directly resulting from Covid19 delays has been estimated at £2.338m on the integrated budget in the report to the Finance & Performance Committee on 2 June 2021, which compounds the financial pressures rolling forward to the 2021/22 budget.
72. It was noted in this year-end Finance Report that the IJB approved an ambitious revenue budget at its special meeting on 11 May 2021 with investment decisions being dependent upon delivery of savings and efficiency programmes to maintain financial balance. There is an urgent need to focus on elements of savings delivery, along with continuing to gain momentum on reigniting the Transformation Programme to address the future challenges across the Partnership Budget. These actions however need to be addressed whilst managing the continuing and emerging risks around Covid19, ensuring appropriate contingency and business continuity planning and remobilisation and renewal.
73. The IJB and Finance & Performance Committee receive a regular comprehensive financial report, presenting an overview of the partnership financial position and impact of Covid19 thereon.
74. The draft financial position for financial year ended March 2021 (subject to statutory audit) was presented to the Finance & Performance Committee on 2 June 2021. This reports a net underspend of £2.986m on the Integrated Budget and overspend of £1.107m on the set aside budget for large hospital services, which represents an underspend of £1.879m across the entirety of partnership budget.
75. A further consolidated Local Mobilisation Plan costs return was submitted to the Scottish Government on 15 January 2021. The total estimated quantum of cost for the HSCP Covid19 Mobilisation plan per the return was £14.687m, including the £2.515m of savings current assessed as being at risk due to impact of Covid19. This was fully covered by Scottish Government allocations. The submission of the Local Mobilisation plan was accompanied by an initial estimate of exceptional

Covid19 related expenditure of £6.449m in 2021/22. Further Covid19 allocations for 2021/22 have since been confirmed but the Scottish Government assumptions do not at this point assume any funding support for unachieved savings in 2021/22. It is therefore imperative the core budget plans achieves financial balance.

76. Based on the financial underspend on the Integrated budget, and in line with the terms of the Integration Scheme, the underspend will be transferred into IJB reserves by means of a general reserve. A Covid19 specific earmarked reserve has also been established which is as a result of a combination of final costs being below the level projected in the January 2021 Local Mobilisation Plan costs return and Scottish Government providing additional Covid19 related financial allocations late in the financial year which were not fully utilised. A technical reserves policy document is to be brought to Audit and Risk Committee in June 2021 for review and recommendation to IJB.
77. In the report to the Finance & Performance Committee on 2 June 2021, it was noted that complexities were encountered in reaching a draft final position including calculation of the balance of the Covid19 earmarked reserve. This has meant the year-end financial closure has been later than timetabled. It is expected that draft accounts will be available for presentation to the Audit and Risk Committee on 23 June and publication, public inspection and issue to the IJBs External Auditors.
78. The Covid19 pandemic has also significantly impacted the work to fully implement set aside arrangements in line with the Guidance on Financial Planning for Large Hospital Services and Hosted Services, published by the Scottish Government. A Set Aside Working Group was established and members of this group have continued to meet, although infrequently, during 2020. The Strategic Improvement Plan reflects a revised timescale for this of September 2021 reporting to the both IJBs and the NHS Board thereafter.
79. Overall, the economic impact of Covid19 will continue to have a significant impact on the financial environment in both the short and medium to longer term. Both UK and Scottish Government Budgets currently only set out one-year spending plans with longer term, post Covid19, economic strategies emerging later. Given this uncertainty, there will be a need to continually review and adapt Partnership financial plans over coming months and years as resource availability and projected costs become clearer.

Staff Governance

80. Review of the Workforce Strategy and Workforce Plans is included as a control to mitigate Strategic Risk 5 – Culture / HR / Workforce Planning, although, as with other risks, assurances on this risk require further development and we did not see evidence of focused discussion of staff resilience at the IJB, except for one specific item in relation to care homes and the regular receipt of Remobilisation Plans. However, management have confirmed that workforce plans are actively being reviewed and we have made recommendations on this area at action point 5.
81. There are no overt updates within the IJB minutes which confirm progress in terms of the revision of and progress against implementation of workforce plans.
82. The Chief Officer's personal development and appraisal arrangements are managed through the partner organisations' Chief Executives. The Chief Finance

Officer's appraisal and objective setting including PDP are due to be undertaken during Quarter 1 of 2021/22.

Information Governance

83. The Strategic Risk Register includes risks for Information Management and Governance, currently scored as 16 (high) with a target score of 9, and Information Sharing Process and practice, currently scored as 16 (high) with a target score of 12.
84. An Information Governance (IG) Assurance Report 2019/2020 was presented to the IJB in November 2020, to provide assurance to the Board on arrangements for IG that are applicable to the Board as a public body, along with the information governance arrangements in place within its partners. The 3 information governance areas in which the Board, and its partners, have statutory responsibilities are noted as Freedom of Information, Data Protection and Records Management.
85. The Annual Report concluded that appropriate arrangements are in place to ensure the Board's compliance with its information governance responsibilities. It was noted, however, that to assist the Board in ensuring that it can demonstrate improvement on its own plan, its partners need to ensure that information sharing agreements are in place for any operational data sharing relating to integrated services. This should be key for the IJB to obtain assurance as the need for information security is becoming more prevalent as organisations share information externally, utilise IT to deliver services which was not previously the norm (especially since the onset of the pandemic) and as patient pathways become more reliant on the interaction of different service providers.
86. The Public Records (Scotland) Act 2011 requires certain public authorities to prepare and implement a records management plan which must set out robust arrangements for management of its records. The Board submitted its first plan to the 'Keeper' of the Records of Scotland in June 2019 and is published on the National Records of Scotland website. The plan identifies a number of areas for improvement.
87. The IJB should receive assurance that its strategies and statutory responsibilities are supported by the asset and IT strategies and information governance arrangements of its partners and these are appropriately prioritised, resourced and monitored. This will be particularly important for the delivery of genuine transformation and the revised approach to the delivery of services required following Covid19.

ACKNOWLEDGEMENT

On behalf of the Internal Audit Service I would like to take this opportunity to thank the Chief Officer and Chief Finance Officer of the IJB as well as staff within the partnership for the help and co-operation extended to Internal Audit throughout the year. We would also wish to acknowledge the work of our Local Authority Internal Audit partners.

A GASKIN, BSc. ACA
Chief Internal Auditor

Action Point Reference 1 – Strategic Commissioning Plan

Finding:

The current Strategic Plan is in its third and final year and, in a post Covid19 environment, a revised Strategy, with clear linkages to the Transforming Care Programme and Remobilisation Plan needs to be developed and there have been no detailed proposals presented to the Board on how this will be taken forward and monitored.

Audit Recommendation:

The direction of travel for review and revision of the Strategic Commissioning Plan should be documented, to ensure delivery of sustainable services in the future.

This includes understanding the population health need, identifying changes to service delivery and the risks these may present, as well as identifying positives and potential service redesign from changed methods of working during the pandemic. Revision of the Strategy should include alignment to the Transformation and Remobilisation Plans to support the sustainability of the HSCP in the future.

There is a requirement to put in place a project plan and timetable to progress this work. This plan should include arrangements to review and monitor the implementation of the overarching Strategic Commissioning Plan and supporting strategies, to ensure appropriate resources are available to deliver strategy, clearly linked to revised service models.

Arrangements should include:

- Identification of a Sponsor and Project Lead for strategic planning and change;
- A plan and timetable for how the new Strategy and supporting strategies will emerge, including governance arrangements and key responsibilities for individuals and groups;
- A stock take of current transformation;
- Articulation of a clear link between strategy and ongoing service developments, to ensure future services are sustainable;
- Overt linkages to realistic medicine, transformative programmes, efficiency savings and other initiatives;
- Assessment of the risks to achievement.

There should be effective governance and oversight of this key area so that the IJB can formally scrutinise the arrangements, and in particular approve the principles underlying remobilisation and reconfiguration planning. The IJB should be engaged in all key decisions, and in setting the vision/ direction for the next iteration of the plan including:

- Products – The IJB should clearly understand which decisions will come to them, when and in what format, and which decisions it is delegating to management
- Processes - The IJB should understand how it will be kept informed of progress, of changes to the risk profile and of the impact of changes including appropriate post-project monitoring
- Priorities - The IJB should agree how it will set its priorities and how these will be communicated and implemented, understanding as above that their implementation may not come to the IJB
- Parameters - The IJB should outline which areas are sacrosanct to avoid wasting officers' time.

The Board should be provided with regular overviews of whether Recovery, Remobilisation and strategy development is on track, key achievements and challenges.

Assessment of Risk:

Significant



Weaknesses in design or implementation of key controls i.e. those which individually reduce the risk scores.

Requires action to avoid exposure to significant risks to achieving the objectives for area under review.

Management Response/Action:

A comprehensive plan for review of Strategic Commissioning Plan will be developed with Strategic Planning Group and presented to IJB for approval.

Action by:

Date of expected completion:

**Chief Officer (Sponsor) and Head of Service,
Strategic Planning & Health Improvement
(Lead)**

November 2021

Action Point Reference 2 –Risk	
Finding:	
Strategic Risk HSC 016 – ‘Covid19 critical services to vulnerable populations may not be delivered as a result of Coronavirus pandemic’ was added to the Strategic Risk Register in March 2020 risk. However, the risk descriptor has not been updated and Covid-19 risks have not been reflected in each aspect of Strategic Risk Register.	
Audit Recommendation:	
The next review of the Strategic Risk Register should incorporate the impact of Covid19 against each strategic risk so that the Covid19 risk is mainstreamed. The forthcoming review of the Strategic Commissioning Plan (SCP), see above, will be identifying objectives, threats to their achievement and the actions and controls required to prevent those threats from crystallising. These should be overtly reflected in the SCP as used as the basis for a more fundamental revision of the Strategic Risk Register.	
Assessment of Risk:	
Significant	 <p>Weaknesses in design or implementation of key controls i.e. those which individually reduce the risk scores.</p> <p>Requires action to avoid exposure to significant risks to achieving the objectives for area under review.</p>
Management Response/Action:	
Strategic Risk Register will be reviewed to reflect the ongoing and future impact associated with Covid19 as a endemic disease on the strategic risks within the Strategic Risk Register (SRR).	
Action by:	Date of expected completion:
Chief Finance Officer	September 2021

Action Point Reference 3 – Prior year internal audit actions

Finding:

Action points from the 2019/20 Annual Internal Audit Report remain outstanding as detailed below.

Action point 1 - Implementation of actions arising from the MSG report, agreed governance actions, areas identified for development and audit recommendations.

- Progress - The Strategic Implementation plan captures all previous recommendations and is a standing item at every Strategic Planning Group meeting and is regularly presented to the IJB for review and consideration.

Action point 2 - Reporting of progress against transformation milestones to the IJB.

- Progress - A Portfolio Managed approach to delivering a transforming care agenda was approved by the IJB in November 2020 and progress on the transformation plan reported to the IJB in March 2021 in relation to items such as the local Review of Frontline Social Care and the Medicines Optimisation Programme. Post Covid19 the Transforming Care Programme was re-established by November 2020 and the development and monitoring of key milestones will be part of this process with relevant reporting to IJB and Finance and Performance Committee.
- Whilst the IJB intends to increase the pace of transformational change, as noted in section 1 above, there is work still to be completed to identify how service delivery, at an operational level, will best meet the future requirements of its population within resources available, especially now that there is a need to consider the impact of Covid19.

Action point 3 – Best Value reporting

- Progress – continues to be developed.

Action point 4 – Requirement for an annual report confirming adequacy and effectiveness of clinical and care governance

- Progress – not yet available for 2020/21 but intention is that an annual report will be produced.

Audit Recommendation:

Given the constraints on management capacity and the clear priority that has to be given to operational management to respond to the Covid19 pandemic, we have not reiterated the areas outstanding but expect these to continue to feature in the SIP as areas identified for improvement. We would again stress the need for regular monitoring of progress in implementation, identification of barriers to achievement and solutions to address these, and consideration of the consequences of any non achievement to the overall control environment and would strongly recommend that the outstanding actions are prioritised in the light of Covid19.

Alongside robust monitoring of agreed governance improvement actions, clear escalation of issues encountered is needed to prompt the IJB to determine any remedial actions to be taken. These discussions should include how to address issues involving Partner bodies.

In particular, progress on review of the Integration Scheme and the planned comprehensive

review of the IJBs Governance Framework should be closely monitored with assurance on progress provided.

Assessment of Risk:

Our assessment of the above finding is as follows:

Significant



Weaknesses in design or implementation of key controls i.e. those which individually reduce the risk scores.

Requires action to avoid exposure to significant risks to achieving the objectives for area under review.

Management Response/Action:

The planned comprehensive review of the IJB Governance Frameworks will be undertaken during 2021/22.

This is, to a degree, linked to the review of the Integration Scheme and further consideration of the requirement to develop a revised scheme post June 2021.

This will involve the review and alignment of the Strategic Improvement Plan (SIP), review and/or development of key policy documents (e.g. directions policy) and further consideration of the role of Audit and Risk Committee in monitoring of improvement actions.

Action by:

Date of expected completion:

Chief Officer, Chief Finance Officer & Head of Service, Strategic Planning & Health Improvement

December 2021

Action Point Reference 4 – Assurances	
Finding:	
<p>As part of developing good governance arrangements, IJB Committees approval of annual assurance reports to be considered by the IJB is now scheduled for completion by November 2021.</p> <p>The IJB does not have an assurance work plan in place covering all required assurances that delivery of commissioned services is on track and linked to the strategic risk register, although there is currently an ongoing review of Risk Management arrangements which will be informed by Internal Audit advice and assurance.</p>	
Audit Recommendation:	
<p>As part of the ongoing review of Risk Management, an IJB assurance plan should be developed to provide assurance on delivery of commissioned services and the management of Strategic Risks, including necessary assurances from partner organisations.</p> <p>Assurance Committee and risk principles are appended to this report.</p>	
Assessment of Risk:	
<p>Moderate</p>	<div style="display: flex; align-items: center;">  <p>Weaknesses in design or implementation of controls which contribute to risk mitigation.</p> <p>Requires action to avoid exposure to moderate risks to achieving the objectives for area under review.</p> </div>
Management Response/Action:	
<p>An IJB Assurance Plan will be developed to provide assurance on delivery of commissioned services, management of Strategic Risks including necessary assurances from constituent authorities. This will incorporate annual assurance reports for IJB committees.</p> <p>Internal audit work commissioned as part of the IJB Internal Audit Plan will inform the development of the assurance plan using the committee assurance principles (as appended to this report)</p>	
Action by:	Date of expected completion:
Chief Finance Officer and HSCP Business Manager	December 2021

Action Point Reference 5 – Workforce	
Finding:	
There are no overt updates to the IJB that confirm progress in terms of the revision of and progress against implementation of workforce plans. While the Chief Social Work Officers' Annual reports provide assurance on workforce, similar assurances are not provided by NHS Forth Valley.	
Audit Recommendation:	
Achievement of IJB objectives will be heavily dependent on robust workforce plans and the delivery of those plans by the partners, within available resource. Workforce planning should proactively identify and address workforce risks and provide mitigating actions which should be reported as part of the workforce risk updates to the IJB.	
Progress on revision and implementation of Workforce Plans should be provided to the IJB to inform scrutiny of how workforce plans are progressing, the impact of Covid19 and alignment to Local Remobilisations Plans, while considering how they link to the service needs of the local population. Reporting on workforce plans should include alignment to available financial resource and financial implications should be clearly documented.	
It is also recommended that workforce plan reviews will need to take account of local demographic information and robust information on the demand for services, and how this may change in future, including a full assessment of the impact of Covid19.	
Workforce plans will also need to inform and be informed by the review of the Strategic Commissioning Plan.	
Assessment of Risk:	
Moderate	 Weaknesses in design or implementation of controls which contribute to risk mitigation. Requires action to avoid exposure to moderate risks to achieving the objectives for area under review.
Management Response/Action:	
It is acknowledged the workforce plans across the Health and Social Care Partnership (HSCP) require review alongside the review of the Strategic Commissioning Plan. This is reflected in workforce planning and development section of Strategic Improvement Plan.	
The HSCP Senior Leadership Team will engage further with HR Leads across the constituent authorities to appropriate reflect this recommendation within the approach to integrated workforce plans.	
Action by:	Date of expected completion:
TBA	March 2022

Action Point Reference 6 – Other Issues	
Finding:	
<p>Our review identified the following issues for consideration:</p> <ul style="list-style-type: none"> Review of the Integration Scheme is scheduled for completion in 2021/2022. The IJB should consider how this work can be progressed on a pan Forth Valley basis, in conjunction with partner organisations and with Falkirk IJB. IJBs are now Category 1 Responder bodies and we have been informed that work is in progress through Local Resilience Partnerships to respond to this requirement. We recommend that the IJB are informed of their role and responsibilities as Category 1 Responder to clearly articulate their responsibilities, with priorities, targets and a mechanism for reporting and escalation. While the SLT has decided that an integrated IJB Whistleblowing Policy is not required it is recommended that the IJB ensures it receives more active assurance in this area through presentation of the partner bodies' annual Whistleblowing reports and an annual evaluation of their policies to assure the IJB that there are no gaps and that any concerns raised are appropriately addressed. This annual review should be applied to key areas e.g. Digital, Workforce and should form part of the assurance work plan recommended above. 	
Audit Recommendation:	
Management should ensure these recommendations are considered for inclusion in the SIP.	
Assessment of Risk:	
Merits attention 	There are generally areas of good practice. Action may be advised to enhance control or improve operational efficiency.
Management Response/Action:	
Review and incorporate recommendations into the Strategic Improvement Plan (SIP) and Assurance Workplan	
Action by:	Date of expected completion:
Head of Service, Strategic Planning and Health Improvement (SIP), Chief Finance Officer and Business Manager (Assurance Plan)	December 2021

Assessment of Risk

To assist management in assessing each audit finding and recommendation, we have assessed the risk of each of the weaknesses identified and categorised each finding according to the following criteria:

Fundamental		Non Compliance with key controls or evidence of material loss or error. Action is imperative to ensure that the objectives for the area under review are met.	None
Significant		Weaknesses in design or implementation of key controls i.e. those which individually reduce the risk scores. Requires action to avoid exposure to significant risks to achieving the objectives for area under review.	Three
Moderate		Weaknesses in design or implementation of controls which contribute to risk mitigation. Requires action to avoid exposure to moderate risks to achieving the objectives for area under review.	Two
Merits attention		There are generally areas of good practice. Action may be advised to enhance control or improve operational efficiency.	One

Committee Assurance Principles

Purpose and remit

The overall purpose of the Board is to ensure efficient, effective and accountable governance, to provide strategic leadership and direction, and to focus on agreed outcomes. Detailed scrutiny should take place at committee level, with each committee providing assurance and escalating key issues as required. For this to be achieved successfully, Standing Committees must be clear about their priorities, have focused agendas and workplans and must monitor their own performance rigorously. Standing Committee remits are approved by the Board with input from Committees and increasingly from national governance initiatives. However, Standing Committees must ensure that they are focused on Board priorities and on the risks delegated to them.

Sub-committees and groups will frequently have an operational focus but must ensure that they are in a position to provide the required assurances on their operations and on any risks, actions and controls for which they are responsible.

Board or Standing Committee agenda

In general, for an item to be included on the agenda it should meet the following criteria unless the Committee Chair and Lead Officer agree there are good reasons for its inclusion:

- a. It is a decision delegated to that Committee
- b. It relates to and/or provides assurance upon a risk delegated to that Committee. In this context, performance reports etc should be overtly related to the specific risk and should contain a conclusion on whether the performance reports indicate that controls are operating effectively to mitigate the risk as intended
- c. It is a statutory or regulatory requirement or required by SG guidance
- d. The Committee can add value to a decision or issue by providing a different perspective, setting boundaries, generating ideas etc.

Assurance

At the start of the year, the Committee should consider its remit and determine its assurance requirements together with how these will be met, using assurance mapping principles. This should be set out in the Committee assurance plan or clearly identified within the Committee work plan. The 'three lines of assurance' are often used to help categorise assurances

- First line: management assurance from "front line" or business operational areas;
- Second line: oversight of management activity, including effective management information, separate from those responsible for delivery, but not independent of the organisation's management chain;
- Third line: independent and more objective assurance, including the role of Internal Audit and from external bodies

Assurances should be:

- a. Overtly linked to the relevant risk with an overt conclusion from the responsible director or officer
- b. Streamlined so that there is no omission, no unnecessary duplication
- c. Relevant: data should not be presented just because it is readily available
- d. Reliable: assurances should be evaluated so that it is clear how much weight should be placed on any piece of evidence and how they fit in with other relevant evidence

- e. Sufficient: there should be sufficient evidence in total to allow a reasonable conclusion to be reached

The Board has delegated responsibility for most strategic risks to Standing Committees. Following a discussion of an agenda item, the committee should formally assess the level of assurance received. This is reported to the Board via the Chair's assurance report (see below). The following criteria (based on work undertaken by the Good Governance Institute) can help in assessing the level of assurance:

- a. Independent assurance (e.g. an auditor's opinion) carries more weight than internal evidence produced by management
- b. The best assurance is commissioned specifically to assure that a control is effective: reams of evidence with only indirect relevance does not provide good assurance
- c. Assurances are time-limited and should only be relied upon if current
- d. Differentiate between positive, negative and neutral opinion when using independent assurance
- e. Ensure that assurance is consistent: triangulate different sources and use independent evidence to assess the accuracy of internal assurance sources

Appendix A provides examples of questions that Committees and groups should ask about risks.

Chair's report /Assurance Report

Minutes are valuable for the group itself but are not normally an efficient and effective source of assurance. An assurance report allows issues to be collated and presented in a way that gives readers a quick and comprehensive summary of the key issues, without considering unnecessary detail or having to decode or investigate areas of interest. The following questions should be considered at the end of every Standing Committee and sub-group meeting and areas for recording agreed. These should then be included in the Chair's summary/assurance report and taken forward by the Responsible Director:

- a. Are there any issues which could be a disclosure in the Governance Statement (see below) or should be included within the Committee year-end report
- b. Are there any new risks emerging which require escalation to the Board or recording in the Strategic or operational risk registers
- c. Is the Committee fulfilling its workplan and if not, would any omissions have an impact on its ability to provide assurance at year-end
- d. For the risks delegated to the Committee:
 - Are the scores correct?
 - Have there been any significant movements?
 - Has the committee received assurances that internal controls intended to mitigate the risk are working as intended and are effective?
 - Does performance reporting support this?
 - Has the committee received assurances that actions intended to reduce the risk to its target level are working as intended and will be effective?

Year-end reports

At the end of the financial year, Standing Committees provide their annual report to the A&RC (and Board). Standing Committee annual reports are an opportunity to reflect on the year just gone and should be used to consider overall progress and key issues going forward. The annual report should be focused on the most important issues and should include, as a minimum:

- a. A clear description of movement in strategic risks aligned to the committee and areas where actions were not effective
- b. Overt identification of areas of non-compliance and explanation of the impact on the control environment
- c. Clear performance information and highlighting of areas of poor performance
- d. Inclusion of Key Performance Indicators where possible
- e. Rather than stating that a report was presented, providing a broad conclusion on whether the level of assurance provided was acceptable (noting that the new process for assessing assurance will aid this recommendation)
- f. Any specific requirements for that Committee based on its remit or duties such as an overt opinion by the SGC on whistle-blowing arrangements based on an appropriate annual report or the P&RC opinion on whether value for money was achieved
- g. Consideration of key risks and concerns and how these will be reflected in the workplan for the year ahead.

The Audit Committee must decide whether an item is of sufficient significance to be included in the narrative of, or disclosed within, the Governance statement. By extension Standing Committees should consider, whether an item should be brought to the attention of the Audit Committee within their annual report/assurance statement. Useful considerations in deciding whether an item should be disclosed include:

- a. Is it material? The HIS risk management 'impact' criteria provide a helpful guide
- b. Does it represent a control weakness? Some issues could not reasonably have been prevented
- c. Was the control weakness in place in the year in question? A weakness in place throughout most of the year should be mentioned, even if resolved after or at year-end. However, if the issue was discovered in year but related to a weakness in previous years now rectified then it need not be disclosed

Appendix A**Assessing risks**

Questions for Risk Owners:

- Would you know if your controls are working effectively as intended or failing?
- Can you evidence the effectiveness of the controls?
- Can you assure your Governance Committee of the effectiveness of controls?
- Do you have assurance for all three lines of defence?
 - 1st line - management / performance / data trends
 - 2nd line – oversight / compliance / audits
 - 3rd line – internal audit and/or external audit reports / external assessments
- If Yes: Why above appetite?
- If No: How are the mitigating controls reflecting improvement or is there an action plan?
- Do you understand both the criticality and effectiveness of controls
 - Criticality: How important to the mitigation of the risk? The higher the importance of the control in mitigating the risk, the more assurance is required. If the control is of low importance is it a valid control to attach resource / effort
 - Effectiveness: This should measure if the controls are well designed / appropriate as well as how effectively they are implemented

Risk Questions for Committees**General questions:**

- Do the current controls match the stated risk?
- How weak or strong are the controls? Are they both adequate i.e. well-designed and effective i.e. implemented properly
- Will further actions bring risk down to the planned level?
- Does the assurance you receive tell you how controls are performing?
- Are we investing in areas of high risk instead of those that are already well-controlled?
- Do Committee papers identify risk clearly and overtly link to the BAF/risk?

Specific questions when analysing a risk delegated to the committee in detail:

- History of the risk (when was risk opened)- has it moved towards target at any point?
- Is there a valid reason given for the current score
- Is the target score:
 - In line with appetite
 - Realistic/achievable or does the risk require to be tolerated at a higher level?
 - Sensible/worthwhile
- Is there an appropriate split between:
 - Controls – processes already in place which take the score down from its initial/inherent position to where it is now
 - Actions – planned initiatives which should take it from its current to target
 - Assurances which monitor the application of controls/actions
 - Ensuring there is clarity over what the listed controls etc. actually do e.g. if there is a group, what is it for (noting a group might be all three or actually none)?

- Assessing controls
 - Are they 'Key' i.e. are they what actually reduces the risk to its current level (not an extensive list of processes which happen but don't actually have any substantive impact)
 - Overall, do the controls look as if they are applying the level of risk mitigation stated
 - Is their adequacy assessed by the risk owner– if so , is it reasonable based on the evidence provided
- Assessing Actions – as controls but accepting that there is necessarily more uncertainty :
 - are they are on track to be delivered
 - are the actions achievable or does the necessary investment outweigh the benefit of reducing the risk?
 - are they likely to be sufficient to bring the risk down to the target score
- Assess Assurances:
 - Do they actually relate to the listed controls and actions (surprisingly often they don't)?
 - Do they provide relevant, reliable and sufficient evidence either individually or in composite?
 - Do the assurance sources listed actually provide a conclusion on whether:
 - the control is working
 - action is being implemented
 - the risk is being mitigated effectively overall (e.g. performance reports look at the overall objective which is separate from assurances over individual controls) and is on course to achieve the target level
 - What level of assurance is given or can be concluded and how does this compare to the required level of assurance (commensurate with the nature or scale of the risk):
 - 1st line - management / performance / data trends
 - 2nd line – oversight / compliance / audits
 - 3rd line – internal audit and/or external audit reports / external assessments

Integration Joint Board Audit and Risk Committee

23 June 2021

Agenda Item 8

2020/21 Draft Integration Joint Board Annual Accounts

*For Consideration and Approval for
Issue*

Paper Approved for Submission by:	Ewan Murray, Chief Finance Officer
Paper presented by	Ewan Murray, Chief Finance Officer
Author	Ewan Murray, Chief Finance Officer
Exempt Report	No

Directions	
No Direction Required	<input checked="" type="checkbox"/>
Clackmannanshire Council	<input type="checkbox"/>
Stirling Council	<input type="checkbox"/>
NHS Forth Valley	<input type="checkbox"/>

Purpose of Report:	To present the 2020/21 Draft Integration Joint Board Annual Accounts for consideration and approval for issue.
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Recommendations:	The Audit and Risk Committee is asked to: 1) Consider the 2020/21 Draft IJB Annual Accounts and approve them for issue.
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1. Background

- 1.1 The Local Authority Accounts (Scotland) Regulations 2014 requires the Integration Joint Board (IJB) to submit the Unaudited Annual Accounts of the IJB for the financial year ended 31 March 2019 to the Auditor by the statutory deadline of 30 June. Under the regulations, a Committee of the IJB, whose remit includes audit and governance functions, must meet to consider the unaudited Annual Accounts before 31 August.
- 1.2 The accounts are prepared the IJB Chief Finance Officer in line with extant accounting regulations and guidance on accounting for integration which is reviewed and updated annually by Local Authority Scotland Accounts Advisory Committee (LASAAC).

2. 2020/21 Draft Integration Joint Board Accounts

- 2.1. The public inspection period for the accounts will run from Friday 25 June and the accounts will be published on the Health and Social Care Partnership website in line with regulations. Safe arrangements will be made for any person wishing to inspect the accounts or any documents relating to them.
- 2.2. The external audit process is now underway and audited accounts will be presented to the Audit and Risk Committee for consideration and recommendation for approval to the IJB before presentation to the Integration Joint Board for approval and signing. The IJB Chief Finance Officer is liaising with the IJBs External Auditors on an ongoing basis and taking due account of impact of COVID19 on the external audit process.
- 2.3. The draft accounts include details of the Integration Joint Boards income and expenditure for the financial year 2020/21 and a Financial Outlook describing, based on information available at the time of writing the financial and economic context within which the Integration Joint Board will operate in coming years. The

impact of the COVID19 pandemic has had, and will continue to have, a significant impact on this going forward and understandably features heavily.

- 2.4. The draft accounts do not include an overview of performance due to ongoing challenges in information availability and therefore preparation of the IJB Annual Performance Report (APR). The APR is being compiled over the coming period and will be presented to the Integration Joint Board for approval in November 2021. The extension of the Coronavirus (Scotland) Act 2020 gives an ongoing degree of flexibility for publication of both APR's and audited accounts.
- 2.5. The style and format of the management commentary within the accounts has been significantly reviewed taking account of the recommendation in the 2019/20 Annual Audit Report (AAR) and the Audit Scotland Good Practice Note: Management Commentaries 'Enhancing the quality of local government annual accounts (February 2020). The management commentary and annual governance statement were also discussed and agreed with the partnership Senior Leadership Team (SLT). This will assist in aligning key messages with reporting to the IJB and the IJB Annual Performance Report.
- 2.6. In terms of financial performance the IJB reported an operational underspend on the integrated budget of £2.986m and declared a surplus for the year of £12.179m reflecting the net increase in reserves.
- 2.7. As detailed within the accounts document and financial report presented to the IJB on 16 June the level of reserves has significantly risen from the previous year due to a combination of:
 - Operational underspends on the Integrated Budget being transferred to General Reserves per the terms of the Integration Scheme
 - Remaining Covid funding from 2020/21 carried forward in a earmarked reserve per guidance from Scottish Government
 - Resources for specific policy purposes allocated from Scottish Government late in financial year 2020/21 carried forward through earmarked reserves.
- 2.8. This positive financial position is understood to be replicated, to varying degrees across other IJBs in Scotland.
- 2.9. This results in a position where the IJB reserves are significantly above target on a temporary basis. It is anticipated reserves levels will reduce significantly during the year particularly as no further Covid consequential allocations from Scottish Government will be allocated until the Covid earmarked reserve is exhausted.
- 2.10. As reflected in the IJBs Revenue Budget and financial reports it is imperative that savings and efficiency programmes are delivered and balanced with investments to progress the Transformation Programme, pursuing Strategic priorities and maintaining operational budget grip and control to secure the financial sustainability of the partnership.
- 2.11. The management commentary in the accounts also highlights future risks and the significant uncertainty in predicting future demand, activity and therefore costs as we aim to recover from the pandemic.

- 2.12. The significantly changing policy landscape is also described particularly the Scottish Governments policy responses to the recommendations within the Independent Review of Adult Social Care including consulting on the establishment of a National Care Service.
- 2.13. During the last few days an issue has come to light nationally regarding accounting treatment for PPE and testing kits issued via NHS National Services Scotland (NSS) via local PPE hubs. This is likely to require a revision to the draft accounts. At the time of writing further information was awaited from NSS's Director of Finance and further guidance from LASAAC on appropriate accounting treatment. It is understood that LASAAC will convene a special meeting on 23 June to discuss the issue.
- 2.14. Therefore, it is likely that revision to the accounts will be required during the audit process. It is not anticipated this will impact the bottom line in the accounts as there may require to be adjustment to financial allocations from Scottish Government.

3. Conclusion

- 3.1. The IJBs draft accounts for 2020/21 reflect the financial performance and exceptional impacts of the Covid pandemic, including the significant financial support for Scottish Government on the IJBs finances and performance. When the Key Performance Indicators for the Annual Performance Report are available these will be incorporated within the accounts and management commentary further enhanced to give a more rounded and informative view of financial and non-financial performance.

4. Appendices

Appendix 1 – Draft 2020//21 IJB Annual Accounts

Fit with Strategic Priorities:	
Care Closer to Home	<input checked="" type="checkbox"/>
Primary Care Transformation	<input checked="" type="checkbox"/>
Caring, Connected Communities	<input checked="" type="checkbox"/>
Mental Health	<input checked="" type="checkbox"/>
Supporting people living with Dementia	<input checked="" type="checkbox"/>
Alcohol and Drugs	<input checked="" type="checkbox"/>
Enabling Activities	
Technology Enabled Care	<input checked="" type="checkbox"/>
Workforce Planning and Development	<input checked="" type="checkbox"/>
Housing and Adaptations	<input checked="" type="checkbox"/>
Infrastructure	<input checked="" type="checkbox"/>
Implications	
Finance:	Per body of report and accounts.
Other Resources:	N/A
Legal:	As a public body the IJB is subject to public audit.
Risk & mitigation:	The accounts provide narrative on the risk environment the IJB operates within.
Equality and Human Rights:	The content of this report does not require a EQIA
Data Protection:	The content of this report does not require a DPIA
Fairer Duty Scotland	<p>Fairer Scotland Duty places a legal responsibility on public bodies in Scotland to actively consider ('pay due regard' to) how they can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions.</p> <p>The Interim Guidance for public bodies can be found at: http://www.gov.scot/Publications/2018/03/6918/2</p> <p>The content of this report does not require Fairer Duty Scotland Assessment</p>

**Clackmannanshire and Stirling Integration Joint Board
2020/21 Annual Accounts (Unaudited)**



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Management Commentary

Introduction & Purpose

This publication contains the financial statements for the financial year from 1 April 2020 to 31 March 2021.

The Management Commentary outlines the key messages in relation to the IJBs financial planning and performance for the year 2020/21 and how this supports delivery of the IJBs strategic priorities as defined in the 2019-2022 Strategic Commissioning Plan. This commentary also takes a forward look and outlines future plans for the IJB and the challenges and risks we will face as we endeavour to meet the needs of the population of Clackmannanshire and Stirling.

Understandably, the continuing and future impacts of the Covid 19 pandemic features heavily in the commentary.

The IJB is responsible for the strategic planning and commissioning of Adult Social Care Services, Community and Family Health Services, and strategic plan of large hospital services with NHS Forth Valley and Falkirk Integration Joint Board. These large hospital services continue to be operationally managed by NHS Forth Valley as part of pan Forth Valley arrangements.

The IJB and the Health and Social Care Partnership (HSCP) Senior Management Team would wish to take this opportunity to convey thanks for the tremendous work that staff, both directly employed and commissioned through providers of health and social care services, have done to deliver services to our citizens during the most challenging of years.

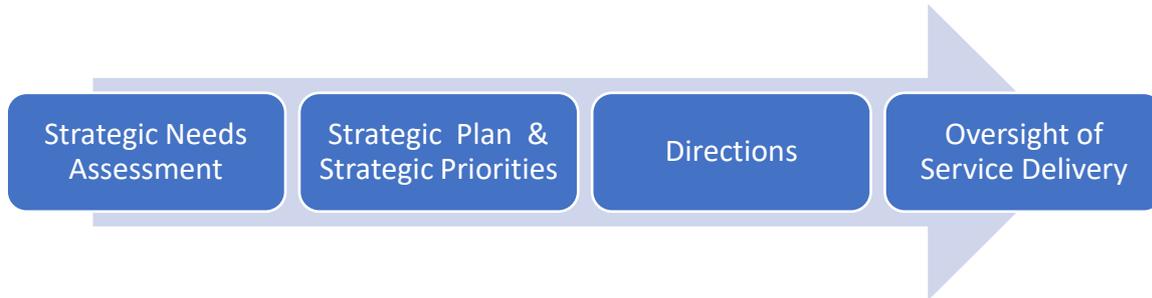
Role and Remit of the Clackmannanshire and Stirling Integration Joint Board

The Clackmannanshire and Stirling Integration Joint Board (IJB) was formally established in October 2016 through the legal partnership agreement between NHS Forth Valley and Clackmannanshire and Stirling Councils known as the Integration Scheme.

The IJB has responsibility for the strategic planning and commissioning of a wide range of health and adult social care services within the Clackmannanshire and Stirling area. The functions delegated to the IJB, under the Public Bodies (Joint Working) (Scotland) Act 2014 (the Act) are detailed within the Integration Scheme <https://clacksandstirlinghscp.org/about-us/integration-scheme/>.

Clackmannanshire and Stirling IJB is unique in Scotland as the only IJB consisting of 2 local authorities and one NHS Board.

IJB Business Model



Under the requirements of the Act, Local Authorities and NHS Boards are required to review Integration Schemes within five years of the scheme being approved in Parliament. With Clackmannanshire and Stirling, work was undertaken during 2020/21 to review the scheme and identify required updates. As a result of the exceptional circumstances in relation to Covid 19 and the changing policy landscape in relation to the Independent Review of Adult Social Care it has been agreed that work on a revised Integration Scheme be paused till at least June 2021.

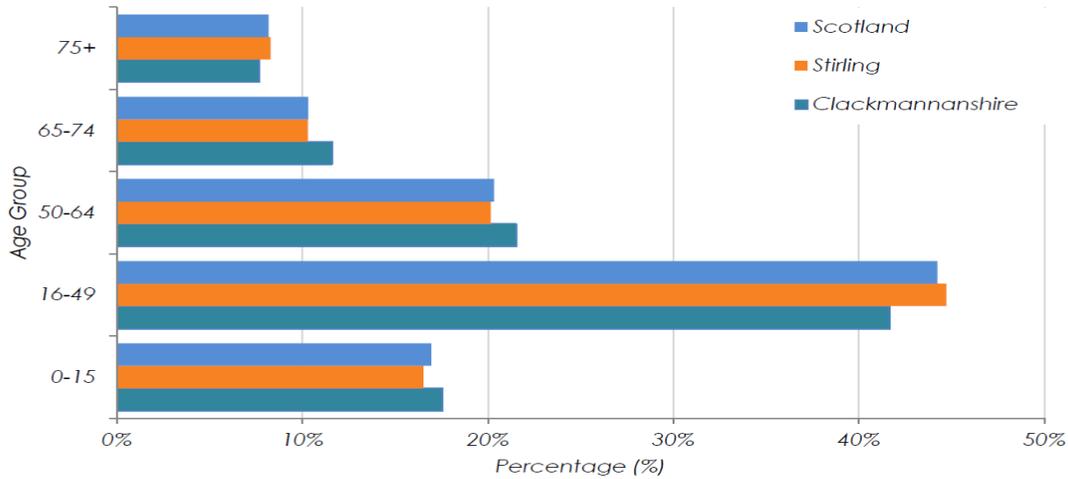
Clackmannanshire and Stirling Health and Social Care Partnership

The Clackmannanshire and Stirling Health and Social Care Partnership population is approximately 146,000 and the partnership provides services over an area of 1454 square miles with urban centres around Stirling and Alloa and very rural areas to the North and West of Stirling including a significant element of the Loch Lomond and Trossachs National Park.



The age distribution of the population of Clackmannanshire and Stirling compared to Scotland is illustrated below.

Figure 2.1a: Clackmannanshire & Stirling Age Distribution compared to Scotland

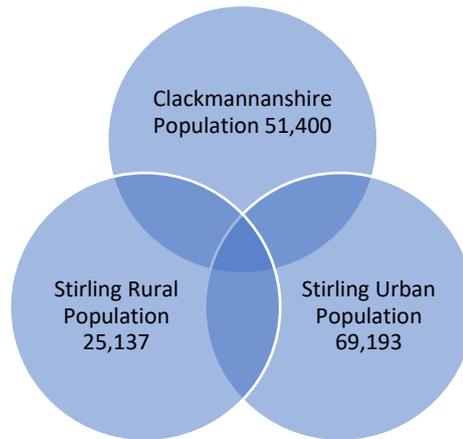


Our Strategic Needs Assessments highlights a number of key messages for the partnership population.

A number of key messages emerged from analysis of our Strategic Needs Assessment

- We have an ageing population
- It is projected that Clackmannanshire and Stirling will have growing numbers of individuals living with long term conditions, multiple conditions and complex needs.
- Supporting unpaid carers is a priority.
- Reducing unplanned, emergency, hospital care will benefit the service as well as the individual
- Reducing behaviours such as smoking, alcohol consumption, drug use and poor diet could have a positive effect on an individual's health.
- There are significant differences in the issues affecting health and social care within each locality including socio-economic issues

There are 3 localities within the partnership:



We have developed locality profiles with key findings for each of our localities to better understand the differing needs and challenges in each and target responses in each.

<p>Clackmannanshire Locality Key Findings</p> <ul style="list-style-type: none"> • 28% of Population in most deprived quintile • 55% of households are council tax bands A or B • 22% of population being prescribed medication for anxiety, depression or psychosis (Scotland 20%) • Mental health unscheduled bed days are 14% higher than for Scotland • Cancer registrations are 5.7% higher than for Scotland • Early mortality rate for 15-44 year olds is 19% higher than for Scotland • There has been a 136% increase in drug related hospital admissions since 2011/12 	<p>Stirling Rural Locality Key Findings</p> <ul style="list-style-type: none"> • Larger Older Population - 23% of population > 65 versus 19% for partnership area • Considerably higher life expectancy for both males and females compared to partnership area • Hospital Emergency Admission rate is considerably lower than the other 2 localities however unschedule care bed days rate is higher • People in rural Stirling spend more time in community in their last 6 months of life in comparison to the other localities • Access is a barrier to services • Other indicators tend to be in line with or better than Scottish averages 	<p>Stirling Urban Locality Key Findings</p> <ul style="list-style-type: none"> • 16% of Population in most deprived quintile • There are notable 'pockets' of deprivation in Cowie, Plean, Fallin, Coenton and Raploch • 53% of households are council bands A-C • Accident and Emergency attendances are higher than the other localities but similar to Scotland • 18% of population being prescribed medication for anxiety, depression, or psychosis • Emergency readmissions within 28 days are slightly higher than the national average
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Integration Joint Board Vision, Strategic Commissioning Plan and Priorities

The vision of Clackmannanshire and Stirling Health and Social Care Partnership is:

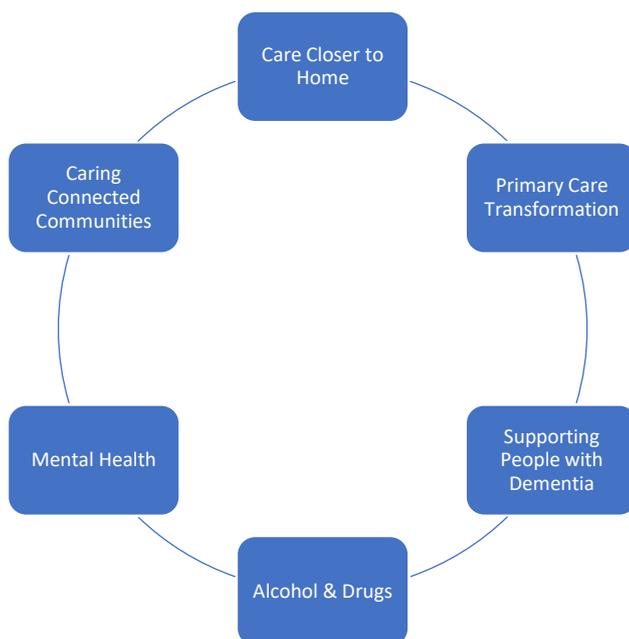
**To enable people to live full and positive lives
within supportive communities**

The vision is based on the Partnership Principles, which are to ensure that services are provided in a way which:

- Are integrated from the point of service users
- Take account of the particular needs of different service users
- Respects the rights and takes account of the dignity of service users
- Protects and improves quality and safety
- Are planned and led locally in a way which is engaged with communities
- Anticipates needs and prevents them arising where possible
- Makes best use of available facilities, people and other resources

The Integration Joint Board approved the 2019-2022 Strategic Commissioning Plan in March 2019. Financial year 2020/21 therefore reflects the second year of the current plan. The plan built on the priorities within 2016 to 2019 Strategic Plan informed by focused refresh of the Strategic Needs Assessment for the adult population and an extensive consultation and engagement process with the public and stakeholders.

As a result of this the approved key priorities for 2019 to 2022 are:



The partnerships 'plan on a page' below illustrates how the partnership vision, priorities, enabling activities and strategies and initiatives to deliver change align with the partnership principles detailed above.

Vision	Priorities	Enabling Activities			Strategies and Initiatives to deliver change	
...to enable people in the Clackmannanshire and Stirling Health & Social Care Partnership area to live full and positive lives within supportive communities	Care Closer to Home	Technology Enabled Care	Workforce Planning and Development	Housing / Adaptations	Infrastructure	Intermediate Care Strategy
	Primary Care Transformation				Primary Care Improvement Plan	
	Caring, Connected Communities				Carers (Scotland) Act 2016 Community Empowerment (Scotland) Act 2015 Free Personal Care for under 65's 'A Connected Scotland: our strategy for tackling isolation and loneliness and building stronger social connections' Public Health Priorities for Scotland	
	Mental Health				Mental Health Strategy	
	Supporting people living with Dementia				Dementia Strategy	
	Alcohol and drugs				Forth Valley ADP Strategy	

Delivery plans continue to be developed and implemented to deliver against the priorities in a sustainable manner aligned to the Transforming Care Programme. The Strategic Commissioning Plan is supplemented by regular reports to the Integration Joint Board on Transforming Care, Governance, Finance and Performance.

The Strategic Commissioning Plan can be found here:
<https://clacksandstirlinghscp.org/about-us/strategic-plan/>

Covid 19 – Response, Mobilisation and Re-mobilisation

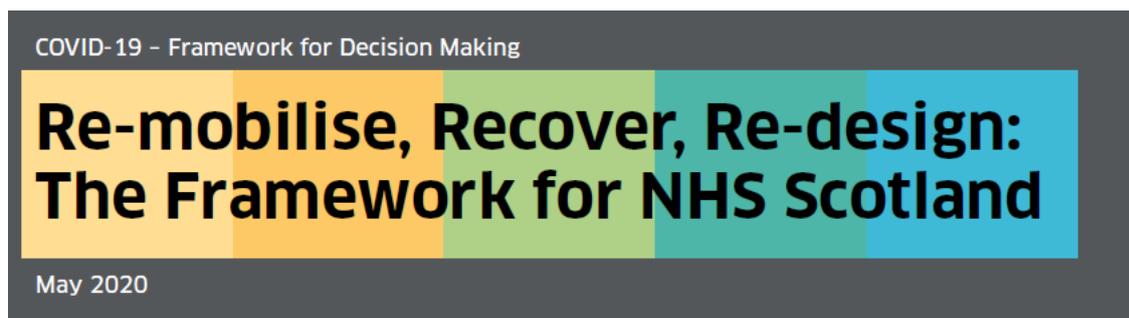
The financial year 2020/21 was, of course, dominated by the impacts of the Covid 19 pandemic for the partnership.

Initial focus was placed upon:

- developing and actioning the initial Partnership Local Mobilisation Plan (LMP) including urgent service prioritisation, rapid service redesign, mobilisation and contingency planning with a 'Community First' focus
- maximising continuance and continuity of care and support in the community
- ensuring adequate capacity for potential surge in bed requirements
- minimising delayed discharges
- establishing enhanced supports to care homes including development of the Care Home Assurance Team (CHART) and care home assurance arrangement through the Care Home Strategy Group
- developing and enhancing wellbeing supports for staff
- taking steps to ensure adequate workforce availability including redeploying workforce where required
- ensuring urgent decision making arrangements were put in place to support rapid decision making within an agreed governance framework, developing approaches to conducting business virtually where possible and reporting progress to the IJB
- Developing regular staff, IJB member and elected member briefings to keep abreast of developments and key information
- active involvement in corporate Incident Management Team (IRT) arrangements across partners including close working with NHS Forth Valley's Public Health Team
- establishing two local hubs to ensure supply and distribution of Personal Protective Equipment (PPE)
- working across local and national networks to co-ordinate responses, keep abreast of developments and share learning
- establishing social care provider support arrangements locally based on nationally agreed principles
- liaison with Scottish Government colleagues to inform financial requirements and support discussions with HM Treasury.

As the year progressed living with and delivering services in a Covid environment became the norm and approaches required to be continually adapted.

Our approach was aligned to the NHS Scotland Covid 19 Framework published on 31 May 2020: Re-mobilise, Recover, Re-design and our existing strategic priorities.



Our ongoing approach was presented to the IJB in March 2021 within a cohesive Re-Mobilisation Plan. The re-mobilisation plan reiterated that the continuing responses to the pandemic do not constitute a shift in the strategic direction of the HSCP but a need to be agile, responsive and continue to rapidly redesign aspects of service delivery.

Principal Activities & Key Achievements in 2020/21

During 2020/21 the key activities and achievements of Clackmannanshire and Stirling Integration Joint Board included:

- Gaining approval for and implementing the initial Covid 19 Local Mobilisation Plan (LMP) and responses detailed under Covid 19 – Response, Mobilisation and Remobilisation
- Developing, periodically updating and monitoring the Strategic Improvement Plan (SIP) as a consolidated, cohesive and comprehensive single partnership improvement plan
- Continuing to significantly progress implementation of the Primary Care Improvement Plan incorporating implementation of the General Medical Services Contract Arrangements and Mental Health Action 15 plans.
- Further development of the Transforming Care Programme overseen by the Transforming Care Board as the key delivery vehicle to modernise and transform integrated service delivery to improve outcomes for citizens
- Developing and Beginning to Implement a Review of Frontline Adult Social Care to improve outcomes and address the implementation gap
- Taking actions to substantially address the operational overspends in relation to the Bellfield Centre within the Stirling Health and Care Village.
- Establishing monthly financial 'Grip and Control' meetings to enhance financial management and budgetary control
- Further developing and updating the Strategic Improvement Plan as the key consolidated improvement plan for the partnership.
- Reviewing the Terms of Reference and membership of the Strategic Planning Group to align its role and business more closely to the Strategic Priorities, Strategic Commissioning and Transforming Care Programme. The Strategic Planning Group is now open to the public enhancing transparency and supporting our co-productive approaches.
- Refreshing our approaches to Locality Planning and Engagement and Participation.

- Further developing strategic relationships including the partnerships role in leading on the Community Wellbeing Agenda in Community Planning Partnerships.
- Further developing our approach to Strategic Needs Assessment through work on understanding of impacts of disease at partnership and locality levels.
- Developing Integrated Commissioning Arrangements
- Agreeing delegation of authority for the Alcohol & Drugs Partnership
- Supporting appropriate Working from Home arrangements for staff who can effectively function remotely. This included targeted investment in remote working capabilities.
- Securing full financial support from Scottish Government for the financial implications of Covid 19 including the impact on the planned programme of financial savings.

Forward Look: Changing Policy Landscape for Future Delivery of Health and Social Care

In September 2020 the Scottish Government commissioned the Independent Review of Adult Social Care chaired by Derek Feeley, a former Scottish Government Director General for Health and Social Care and Chief Executive of NHS Scotland.



The primary aim of the review was to recommend improvements to adult social care in Scotland, primarily in terms of the outcomes achieved by and with people to use services, their carers and families, and the experience of people who work in adult social care. The review took a human rights based approach.

The report from the review incorporated 53 recommendations including recommendations on establishing a National Care Service, Direct Funding of reformed IJBs, Options for Raising Revenues to increase investment in Adult Social Care and significant changes in accountability for Adult Social Care.

The review was debated in the Scottish Parliament on 16 February 2021 and the establishment of a National Care Service was incorporated within the manifesto of the new Scottish Government.

The new Cabinet Secretary of Health and Social Care will be tasked with taking forward the establishment of a National Care Service and this will have a significant impact on the policy landscape the IJB operates within in coming years.

2020/21 Annual Accounts

The Accounts report the financial performance of the Integration Joint Board. Its main purpose is to demonstrate the use of the public funds available for the delivery of the Integration Joint Board's vision and priorities as set out in the Strategic Commissioning Plan.

The requirements governing the format and content of local authorities' annual accounts are contained in The Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The 2020/21 Annual Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting and the Local Authority Accounts (Scotland) Regulations 2014.

For financial year 2020/21 a surplus of £12.179m has been declared reflecting the net increase in reserves held between 1 April 2020 and 31 March 2021.

At 31 March 2021 the Integration Joint Board holds £13.875m of reserves which are earmarked for use in future years.

The level of reserves held at 31 March 2021 requires to be viewed as exceptional as a result of:

- Covid 19 allocations from Scottish Government. The balance of covid funding held in IJB reserves at 31 March 2021 will be the first call on Covid 19 exceptional expenditure in 2021/22 and is anticipated to be fully utilised in the year.
- Slippage on expenditure in relation to Scottish Government policy priorities including Primary Care and Mental Health Transformation
- Improvements in the underlying financial position of the IJB in the later part of 2020/21
- The financial position not requiring operational overspends to be offset by Transformation Funding as in previous years, and this funding therefore being used to create a Transformation Earmarked Reserve of £1.183m to sponsor the Transformation Programme in 2021/22 and beyond.
- Additional allocations from Scottish Government for specific purposes in the later part of 2020/21 including the allocation of a £0.512m Community Living Change Fund for use over financial years 2021/22 to 2023/24.

The table below summarises the movement in reserves from 2019/20:

	£m
Reserves at 1 April 2020	1.696
Net Increase in Reserves	12.179
Reserves at 31 March 2021	13.875

The reserves held at 31 March 2021 are across 3 broad categories as summarised in the table below:

	£m
General Reserves	2.986
Earmarked Reserves: Balance of Scottish Government Covid Funding	6.642
Other Earmarked Reserves	4.248
Reserves at 31 March 2021	13.875

A full analysis of reserves and movements therein is provided within the financial statements.

Whilst the reserves position at 31 March 2021 is exceptional due to the issues detailed above this does bring the partnership into a position where it has a degree of general reserve to assist in managing unforeseen future events and financial risk and permits Transformation Funding to be focussed on its intended purpose. This is consistent with the aims of IJBs budget strategy approved along with the Medium Term Financial Plan in March 2020 and effectively accelerates the implementation of elements of the budget strategy.

Performance Reporting

The Integration Joint Board continues to further develop its performance management culture throughout the Partnership through developing over time ways to demonstrate improved outcomes for citizens, best value for the use of public money and evidence of progress in relation to the agreed Strategic Plan Priorities.

The Integration Joint Board receives a performance report at each meeting which along with financial reports and reporting on the Transforming Care Programme, gives a rounded view of the overall performance, financial sustainability and progress in implementing the Strategic Plan priorities of the Partnership.

Taken together information on key performance indicators, measurable progress in delivering the priorities of the Strategic Plan and financial performance collectively aim to demonstrate best value within a culture of continuous improvement.

The published Annual Performance Reports for the Partnership, including those for previous years, can be found here <https://clacksandstirlinghscp.org/performance/>

The 2020/21 report represents the 5th Annual Performance Report for the Partnership. It is acknowledged the approach to, and quality of performance reporting will continue to develop over time and that the 2020/21 report was developed amidst managing the continuing demands of the COVID19 pandemic including challenges with availability of information.

The Annual Performance Report, when published, will detail progress in relation to the partnership priorities along with summary and detailed performance information.

The Scottish Government has extended the provisions of the Coronavirus (Scotland) Act 2020. This Act provides for Integration Authorities to delay publication of Annual Performance Report.

The partnerships 2020/21 Annual Performance Report will be published by November 2021. The preparation of the Annual Performance Report was not at a stage which permitted inclusion of key performance information within the draft accounts. This will be incorporated within the final accounts when a draft Annual Performance Report is available.

Financial Performance and Outlook, Risks and Plans for the Future

Financial Performance

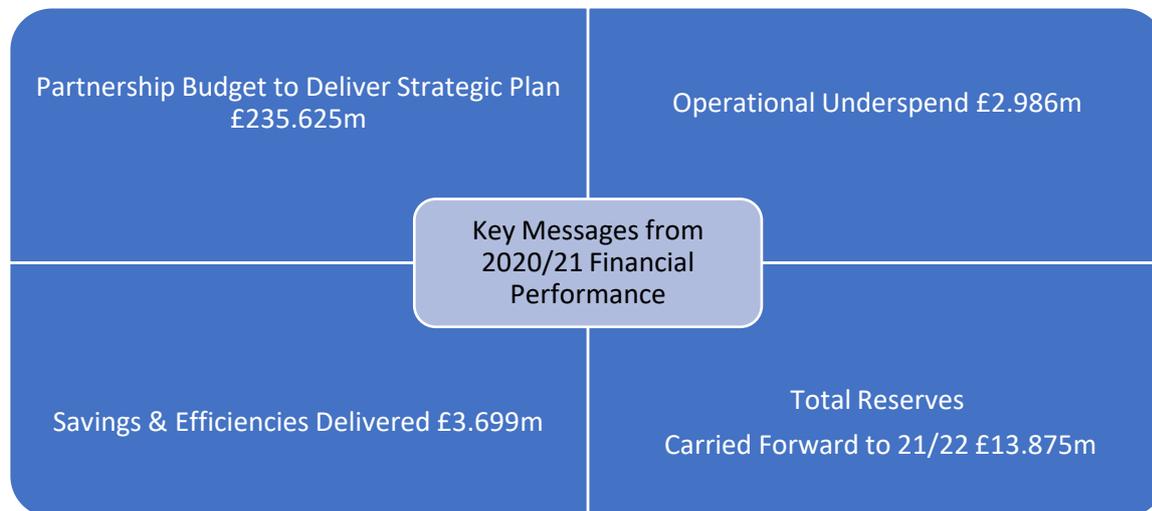
The Partnership has continued to face significant financial challenges in 2020/21 requiring the development and implementation of options for financially sustainable service delivery aligning, as far as possible, to the priorities agreed within the Partnerships Strategic Commissioning Plan 2019-2022.

The 2020/21 Revenue Budget and Medium Term Financial Plan was considered by the Integration Joint Board on 24 March 2020 on a 'business as usual' basis, as advised by Scottish Government, whilst acknowledging the risks that the emerging situation with regard to the Covid 19 pandemic may bring. The plan was predicated on a savings requirement of £6.214m with risk assessed plans in place to deliver £5.787m of these savings at the point of budget setting.

Savings achieved during the year are estimated at £3.699m with Scottish Government funding support being provided for estimated unachieved savings of £2.515m.

The operation financial position on the Integrated Budget (the partnership budget excluding set aside budget for large hospital services) was a net underspend of £2.986m. This position includes allocation of Covid funding from Scottish Government for unachieved savings.

No additional financial contributions from the partners were required in reaching this position and per the terms of the Integration Scheme the underspend on the Integrated Budget is carried forward via establishment of a General Reserve.



Key factors Impacting Financial Performance in 2020/21:

- Level of financial support for the financial impacts of Covid including full support for unachieved savings
- Underspends across several areas of Community Health Services including predominantly staffing related underspends in
 - District Nursing
 - Addictions
 - Allied Health Professionals
 - Community Learning Disabilities

- Community Mental Health Services
- Whilst Family Health Services Prescribing remained the most significant cost pressure area within the partnership budget the level of overspend was less than projected during the year.
- Reductions in costs of residential adult social care
- Levels of staffing underspends across adult social care services

Overall this resulted in a surplus of £12.179m for the Partnership for the 2020/21 financial year.

Whilst this is a positive financial position the Partnership will continue to face significant financial challenges to deliver the Strategic Plan priorities and improved outcomes for service users, unpaid carers and communities in a climate of growing demand, cost and complexity.

Set Aside Budget for Large Hospital Services

The Set Aside budget covers the in-scope integration functions of the NHS that are carried out in a large hospital settings providing services to the population of more than one Local Authority and/or Partnership area. For the Clackmannanshire and Stirling Partnership this includes services provided at the Forth Valley Royal Hospital site including the Lochview Learning Disability Inpatient facility and at Bellsdyke hospital in Larbert (Mental Health Inpatients). This covers areas such as emergency department, geriatric and general medicine, palliative care, learning disability and mental health inpatient services.

For financial year 2020/21 NHS Forth Valley met the pressures associated with the set aside budget and therefore the financial risk does not currently lie with the Integration Joint Board. As a result, the figures disclosed in the accounts reflect the budget position for the Set Aside element. However, financial reports to the Integration Joint Board include information on the actual estimated expenditure against the Set Aside budget, noting that NHS Forth Valley currently meets the financial pressure associated. A summary of the position is as follows:

	£m
Set Aside Budget	23.588
Estimated Expenditure	24.695
Overspend Met by NHS Forth Valley	1.107

Arrangements for the Set Aside budget continue to be under review. Work on completing this review has not been concluded during 2020/21 due to the focus on managing the Covid pandemic. The further work required to complete the review and agree future arrangements in line with extant legislation and the partnership action plan in response to the Ministerial Strategic Group recommendation on Progress on Integration is planned to be completed by September 2021 with recommendations being made thereafter to the IJB and NHS Board. This, along with the review of the Integration Scheme, may impact how this is financed and accounted for in future years.

Financial Outlook

The impact of the Covid 19 pandemic continues to have a profound impact on both the UK and Scottish economies and therefore the outlook for public expenditure over both the short and medium to longer term. The impacts of this remain very uncertain whilst the pandemic continues and the partnership has continued to work closely with Scottish Government to monitor and seek financial support for the financial impacts for 2021/22.

Changing Scottish Government policy in relation to Health and Social Care and particularly the proposed establishment of a National Care Service will have a significant effect on the finances and accountabilities of the IJB going forward. The IJB awaits the detail of the legislative and policy direction of Scottish Government in this regard.

In March 2020 the partnership considered and approved a Medium Term Financial Plan for the coming 5 year period. This plan was developed on a 'business as usual' basis based on:

- The context set out in the Scottish Government 5 Year Financial Strategy and Medium Term Financial Framework for Health and Social Care
- Local and regional intelligence and modelling on the changing demand for services from regional planning work and the refresh of the Strategic Needs Assessment
- The ongoing impact of changes in legislation including the Carers Act and Free Personal Care for <65's
- The estimated impact of the Health and Social Care Partnerships Transforming Care Programme aligned to Strategic Commissioning Plan priorities.

The Medium Term Financial Plan will initially be reviewed in June 2021. However it is understood the Scottish Government will review, refresh and publish a revised Medium Term Financial Framework for Health and Social Care aligned to the future policy approaches for Health and Adult Social Care. A more substantive review of the IJBs Medium Term Financial Plan will be conducted at this point aligned to key assumptions with the Scottish Governments Medium Term Financial Framework.

COVID19 and Future Risks

COVID19:

The impact of the Covid19 pandemic continues to be the greatest single risk facing the Integration Joint Board. It will continue to affect the demand for and delivery of Health and Social Care services and the cost of these for a considerable period. Demand and service patterns experienced during 2020/21 were significantly different from longer term trends making forecasting more difficult and therefore higher risk. This also brings opportunities to accelerate the redesign and transformation of service delivery at pace. The considerations within the IJBs 2021/22 Revenue Budget approved by the IJB on 11 May 2021 took account of this and incorporated significant strategic change and investment proposals aligned to the Strategic Priorities within a balanced budget framework.

To mitigate this risk the IJB will:

- Continue to work closely with Scottish Government to monitor report and seek support for the direct financial implications arising from the pandemic.
- Incorporate learning from the pandemic into our operational and strategic planning. Examples of this are the Care Home Assurance Team (CHART) and our approaches to Technology Enabled Care and Self Directed Support.
- Continue to monitor and evaluate changing demands for services (for example demand for Mental Health Services) and seek to incorporate these into our planning and service responses incorporating our approaches to participation and engagement.

Future Risks

Covid19 aside the most significant risks facing the IJB are:

- Continued economic uncertainty, and potential effect on public spending, in the wake of the result of the UK's decision to leave the European Union(EU), commonly referred to as 'Brexit', and utilisation of the additional financial powers devolved to the Scottish Government through the Scotland Acts 2012 and 2016.
- Increasing demand for and cost of health and social care services driven by to demographic change including an ageing and increasing population with multiple and complex long term conditions;
- Public sector pay policy, particularly where this deviates from general inflation and/or allocations to the IJB to reflect these costs.
- Price and supply volatility in the markets, at both UK and international levels for prescription drugs and other therapeutic products.
- Inequalities between the affluent and more deprived areas and the challenges of deprivation, housing and employment;
- The wider financial and economic environment, including the impact of Covid on UK and Scottish economic strategies and public expenditure
- Increasing public expectations from health and social care services:
- The changing policy landscape particularly in relation to Adult Social Care and rising expectations associated with this.
- The need to maintain and improve the quality of services and improve outcomes for service users, unpaid carers and communities; and
- Workforce challenges staff wellbeing, the ageing workforce and issues around recruitment and retention within the health and social care workforce.
- Maintaining performance against key local and national indicators whilst maintaining service delivery within resources available.

All of the above risks may have an impact on the partnerships costs in future years and, therefore, add to the financial pressures over the medium to longer term.

Plans for the Future

There continues to be opportunities for the Integration Joint Board to use its combined resources in a more effective, efficient and person-centred ways focusing of place based services to make better use of public resources and improve outcomes for our citizens.

The increasing demand on services risks exceeding available resources and approaches to services design and delivery requires to be focused on better outcomes for citizens and co-produced with our communities through meaningful and ongoing engagement. The Partnership continues to adopt a whole-systems approach to improve health and social care outcomes and will work alongside Community Planning partners to address wider issues in relation to congruence with Local Outcome Improvement Plans, driving public value through place based services, community empowerment, public health and health improvement.

These approaches will ensure a joint contribution to encouraging, supporting and maintaining the health and wellbeing of people who live in our communities thus assisting the partnership in addressing the challenges faced.

It is recognised that if there are not fundamental changes to the way that services are planned and delivered with partners across all sectors, current service provision will not be sufficient to meet the future health and social care needs of the population. We must therefore continue to embed new ways of working and seek to focus resources away from bed based models of care into community based services. We need to continue to critically appraise and challenge our current models of service delivery to ensure our combined resources are focused on areas of greatest need delivering the best outcomes to our service users and patients, and that crucially we co-produce these harnessing the capacity of local communities to support the wider preventative, health and wellbeing outcomes.

The future planning and commissioning of services is, of course, profoundly affected by the COVID19 pandemic. At time of writing we are still in the response phase to the pandemic but focusing significant energy of recovery and renewal planning. The pandemic will affect both demand for services and public sector funding. Whilst there are significant risks associated with this there are also significant opportunities which require, in consultation with our population to be explored. Lessons learned from the pandemic including rapid service transformation, reduction in delayed discharges, use of technologies, and building on the resilience of communities are key examples.

Moving forward there will increasingly be a requirement to focus investment of available resources on Strategic Commissioning Plan Priorities and ensure we and partners meet statutory requirements in innovative ways including increasing use of assistive technologies and digital solutions. It is paramount these solutions are co-produced with communities through an ongoing commitment to public and service user engagements.



The key elements of this approach are set out in the 'plan on a page' schematic on Page 8 of this document and supplemented the detailed planning within and aligned to our Transforming Care Programme.

Conclusion

In this fifth year of operations the Partnership has focussed heavily on our responses to the challenges of the Covid 19 pandemic in ways that are naturally aligned to our Strategic Priorities.

Progress on this and achieving the vision and outcomes of the Strategic Commissioning Plan will be reported to the Integration Joint Board by November 2021 via the draft Annual Performance Report. Thereafter the Integration Joint Board will continue to receive regular reports on the Transforming Care Programme as the delivery mechanism for the Strategic Commissioning Plan. This will seek to demonstrate the scale of activities and significant level of progress in relation to the agreed Strategic Commissioning Plan priorities.

Going forward, the Clackmannanshire and Stirling Health and Social Care Partnership will continue to face significant financial challenges in delivering better outcomes for its patients and service users, in line with its Strategic Commissioning and Financial Plans, in a climate of growing demand and complexity within finite resources.

In order to achieve this we must continue to identify and implement innovative ways of delivering sustainable services to our citizens in ways that are truly co-produced with our communities, that draw on lived experience of our service users and that are human rights based.

We will continue to work with staff, managers, services, partners (including the third and independent sectors) and our communities to lead and support sustainable service design approaches, identify and implement innovative, cost effective and person centred, outcomes focused and place-based service delivery models and pathways, and contribute to the delivery of the Partnership's Strategic Commissioning Plan 2019-2022 priorities within resources available.

Where to Find More Information

If you would like more information please visit our webpage at:

<https://clacksandstirlinghscp.org/>

The papers and minutes from meeting of the Integration Joint Board can be found here:

<https://clacksandstirlinghscp.org/integration-joint-board-meetings/>

Other publications from the partnership, past and present can be found here:

<https://clacksandstirlinghscp.org/publications/>

Acknowledgements

The Integration Joint Board would wish to take this opportunity to thank the staff, volunteers and paid and unpaid carers whose work contributes to the provision of services to the populations of Clackmannanshire and Stirling.

Les Sharp
Chair
24 November 2021

Annemargaret Black
Chief Officer
24 November 2021

Ewan C. Murray
Chief Finance Officer
24 November 2021

Statement of Responsibilities

Responsibilities of the Integration Joint Board

The Integration Joint Board is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the board has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In Clackmannanshire and Stirling Integration Joint Board, that officer is the Chief Finance Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland act 2003).
- Approve the Annual Accounts.

I confirm that these Annual Accounts were approved for signature on 24 November 2021

Signed on behalf of the Clackmannanshire and Stirling Integration Joint Board.

Cllr Les Sharp
Chair

24 November 2021

Responsibilities of the Chief Finance Officer

The Chief Finance Officer is responsible for the preparation of the IJB's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing the Annual Accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with legislation
- complied with the local authority Code (in so far as it is compatible with legislation)

The Chief Finance Officer has also:

- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities

I certify that the financial statements give a true and fair view of the financial position of the Clackmannanshire & Stirling Integration Joint Board as at 31 March 2021 and the transactions for the year then ended.

Ewan C. Murray
Chief Finance Officer
24 November 2021

Remuneration Report

Introduction

This Remuneration Report is provided in accordance with the Local Authority Accounts (Scotland) Regulations 2014. It discloses information relating to the remuneration and pension benefits of specified IJB members and staff.

The information in the tables below is subject to external audit. The explanatory text in the Remuneration Report is reviewed by the external auditors to ensure it is consistent with the financial statements.

Voting Membership of the Integration Joint Board in 2020/21

Voting members of the Integration Joint Board constitute Councillors nominated as Board members by constituent authorities and NHS representatives nominated by the NHS Forth Valley. The voting members of the Clackmannanshire and Stirling Integration Joint Board were appointed through nomination by Clackmannanshire Council, NHS Forth Valley, and Stirling Council.

Voting Membership of the Integration Joint Board during 2020/21 was as follows:

Clackmannanshire Council

Councillor Les Sharp (Chair)

Councillor Dave Clark

Councillor Martha Benny

NHS Forth Valley

John Ford, Non-Executive

Cathie Cowan, Chief Executive

Julia Swan, Non-Executive

Graham Foster, Director of Public Health and Strategic Planning

Alan Rennie, Non-Executive (Vice Chair)

Gordon Johnston, Non-Executive

Stirling Council

Councillor Scott Farmer

Councillor Graham Houston

Councillor Susan McGill

Remuneration: Integration Joint Board Chair and Vice Chair

The voting members of the Integration Joint Board are appointed through nomination by Clackmannanshire & Stirling Councils and NHS Forth Valley. Nomination of the Integration Joint Board Chair and Vice Chair postholders alternates between a Councillor and a Health Board representative.

The Integration Joint Board does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the Integration Joint Board. The Integration Joint Board does not reimburse the relevant partner organisations for any voting board member costs borne by the partner. The details of the Chair and Vice Chair appointments and any remuneration and taxable expenses paid are shown below.

Taxable Expenses 2020/21	Salary, Fees and Allowances 2020/21	Name	Post(s) Held	Nominated by	Taxable Expenses 2019/20	Salary, Fees and Allowances 2019/20
£	£				£	£
Nil	Nil	Councillor Les Sharp	Chair from April 2020	Clackmannanshire Council	Nil	Nil
Nil	Nil	Alan Rennie	Vice Chair from September 2020	NHS Forth Valley	Nil	Nil
Nil	Nil	Total			Nil	Nil

The IJB does not have responsibilities, either in the current year or in future years, for funding any pension entitlements of voting Integration Joint Board members. Therefore, no pension rights disclosures are provided for the Chair or Vice Chair.

Remuneration: Officers of the Integration Joint Board

The Integration Joint Board does not directly employ any staff in its own right; however specific post-holding officers are non-voting members of the Board.

Chief Officer

Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014 a Chief Officer for the Integration Joint Board must be appointed and the employing partner must formally second the officer to the Integration Joint Board. The employment contract for the Chief Officer will adhere to the legislative and regulatory framework of the employing partner organisation. The remuneration terms of the Chief Officer's employment are approved by the Integration Joint Board.

The Interim Chief Officer from 1 April to 16 June 2019 was employed by Stirling Council who met the costs of the interim appointment for this period in full.

The permanent Chief Officer took up post on 17 June 2019 and was employed by NHS Forth Valley.

Other Officers

No other staff are appointed by the Integration Joint Board under a similar legal regime. Other non-voting board members who meet the criteria for disclosure are included in the disclosures below.

The Chief Finance Officer is employed by NHS Forth Valley.

Total 2019/20	Senior Employees	Salary, Fees & Allowances	Taxable Expenses	Total 2020/21
£		£	£	£
17,652	Chief Officer (Interim) M Valente From 1 April to 16 June 2019	-	-	-
74,279 (FTE £94,156)	Chief Officer A Black From 17 June 2019	99,175	-	99,175
74,710	Chief Finance Officer E Murray	76,978	-	76,978
166,641	Total	176,153	-	176,153

In respect of officers' pension benefits the statutory liability for any future contributions to be made rests with the relevant employing partner organisation. On this basis there is no pensions liability reflected on the Integration Joint Board balance sheet for the Chief Officer or any other officers.

The Integration Joint Board however has responsibility for funding the employer contributions for the current year in respect of the officer time spent on fulfilling the responsibilities of their role on the Integration Joint Board. The following table shows the Integration Joint Board's funding during the year to support officers' pension benefits. The table also shows the total value of accrued pension benefits which may include benefits earned in other employment positions and from each officer's own contributions.

Senior Employee	In Year Pension Contributions		Accrued Pension Benefits		
	For Year to 31/03/20 £	For Year to 31/03/21 £		Difference from 31/03/20 £000	As at 31/03/21 £000
Chief Officer (interim)	3,884	-	Pension	-	-
M Valente			Lump sum	-	-
Chief Officer	15,524	20,728	Pension	3	28
A Black			Lump Sum	3	73
Chief Finance Officer	15,614	16,088	Pension	2	32
E Murray			Lump Sum	2	70
Total	35,040	36,816	Pension	5	59
			Lump Sum	5	42

Disclosure by Pay Bands

As required by the regulations, the following table shows the number of persons whose remuneration for the year was £50,000 or above, in bands of £5,000.

Number of Employees in Band 2019/20	Remuneration Band	Number of Employees in Band 2020/21
2	£70,000 - £74,999	0
0	£75,000 - £79,999	1
0	£95,000 - £99,999	1

Exit Packages

There were no exit packages in relation to Clackmannanshire and Stirling Integration Joint Board in financial year 2020/21.

Cllr Les Sharp

Chair
24 November 2021

Annemargaret Black

Chief Officer
24 November 2021

Annual Governance Statement

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

Scope of Responsibility

The IJB is responsible for ensuring that:

- its business is conducted in accordance with the law and appropriate standards
- that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

The IJB also aims to foster a culture of continuous improvement in the performance of the IJB's delegated functions and to make arrangements to secure best value.

To meet this responsibility, the IJB has established arrangements for governance which includes a system of internal control. The system is intended to manage risk to support the achievement of the IJB's policies, aims and objectives. Reliance is also placed on the NHS Forth Valley and Clackmannanshire and Stirling Councils systems of internal control which support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the IJB.

Given the IJB utilises the systems of internal control with NHS Forth Valley, Clackmannanshire Council and Stirling Council the system can only provide reasonable and not absolute assurance of effectiveness.

Purpose of the Governance Framework

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

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

Governance Framework and Internal Control System

The Board of the IJB comprises the Chair, Vice Chair and 10 other voting members; 6 are Council Elected Members nominated (3 each council) by Clackmannanshire and Stirling Council, and, 6 are Board members of NHS Forth Valley (4 Non Executive Directors and 2 Directors). There are also a number of non-voting professional and stakeholder members on the IJB including the Chief Officer and Chief Finance Officer. Stakeholder members currently include representatives from the third sector interfaces, carers and service users.

The main features of the governance framework in existence during 2020/21 were:

- The Integration Scheme
- Standing Orders
- Scheme of Delegation

- Urgent Decision Making Powers to ensure effective and responsive governance during Covid
- Financial Regulations and Reserves Policy and Strategy
- Code of Conduct and Register of Interests
- Strategic Improvement Plan
- Enhanced Governance and Assurance Arrangements for Care Homes and Care at Home Services
- The HSCP Covid 19 Mobilisation and Re-mobilisation Plans
- IJB Audit and Risk Committee operating within a Terms of Reference approved by the IJB
- IJB Finance & Performance Committee operating within a Terms of Reference approved by the IJB
- Clinical and Care Governance Framework
- Risk Management Framework and Strategic Risk Register
- Complaints Handling Procedure
- Information Governance Arrangements & Information Security Policy
- General Data Protection Regulations (GDPR)
- Climate Change Duties
- Equality Duty
- Accessibility Regulations

The governance framework described operates on the foundation of internal controls, including management and financial information, financial regulations, administration, supervision and delegation.

The IJB utilises the internal control systems of NHS Forth Valley, Clackmannanshire Council and Stirling Council in the commissioning and delivery of in-scope functions. The Annual Governance Statements of the constituent authorities will be reviewed for any significant weaknesses which could be a risk to the IJB.

The IJB complies with “The Role of the Head of Internal Audit in Public Organisations” (CIPFA) and operates in accordance with “Public Sector Internal Audit Standards” (CIPFA). The Head of Internal Audit reports directly to the Integration Joint Board Audit Committee with the right of access to the Chief Financial Officer, Chief Officer and Chair of the Integration Joint Board Audit and Risk Committee on any matter. The annual programme of internal audit work is based on a risk assessment drawn from review of the Integration Joint Boards Strategic Risk Register and is approved by the Integration Joint Board Audit and Risk Committee.

From April 2020 the IJBs Chief Internal Auditor has been from FTF Internal Audit Service who are an internal audit consortium covering Fife, Tayside and Forth Valley.

Review of Adequacy and Effectiveness

The IJB has responsibility for conducting at least annually, a review of effectiveness of the system of internal control and the quality of data used throughout the organisation. The review is informed by the work of the Senior Management Team, work of the IJBs internal audit service and the Chief Internal Auditor’s annual report, and reports from external auditors and other review agencies and inspectorates.

The review of the IJB’s governance framework is supported by a process of self-assessment and compiled by the Chief Finance Officer.

The Chief Finance Officer completes a “Self-assessment Checklist” and any further supporting evidence requested as evidence of adequacy and review of key areas of the

IJB's internal control framework; this is provided to the IJBs Chief Internal Auditor as part of the evidence base to inform the opinion within the Annual Internal Audit Report.

The Chief Officer also gives assurances as Director of Health and Social Care through the Annual Governance Statement processes of the constituent authorities and the IJB Chief Finance Officer reviews the Annual Governance Statements of the constituent authorities to identify any identified weaknesses in governance which may affect integration functions and/or pose a risk to the IJB.

The Senior Management Team has input to this process through the Chief Finance Officer. In addition, the review of the effectiveness of the governance arrangements and systems of internal control within the Health Board and Local Authority partners places reliance upon the individual bodies' management assurances in relation to the soundness of their systems of internal control.

The appointed IJB Chief Internal Auditor provides an annual report to the Audit and Risk Committee and an independent opinion on the adequacy and effectiveness of the governance framework, risk management and internal control.

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

The Management Commentary provides an overview of the key risks and uncertainties facing the IJB.

Roles and Responsibilities

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

The IJB complies with the CIPFA Statement on "The Role of the Chief Finance Officer in Local Government 2014". The IJB's Chief Finance Officer has overall responsibility for Clackmannanshire and Stirling Health and Social Care Partnerships financial arrangements.

The IJB complies with the requirements of the CIPFA Statement on "The Role of the Head of Internal Audit in Public Organisations 2019". The IJB's appointed Chief Internal Auditor has responsibility for the IJB's internal audit function and is professionally qualified and suitably experienced to lead and direct internal audit staff. The Internal Audit service operates in accordance with the CIPFA "Public Sector Internal Audit Standards 2017".

Board members and officers of the IJB are committed to the concept of sound internal control and the effective delivery of IJB services. The IJB's Audit and Risk Committee operates in accordance with CIPFA's Audit Committee Principles in Local Authorities in Scotland and Audit Committees: Practical Guidance for Local Authorities. The Committee's core function is to provide the IJB with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance arrangements.

Governance Issues Relating to the Impact of COVID-19

The IJB's approved governance framework has been in place for the year ended 31 March 2021.

However, from March 2020 the governance context in which the IJB operates has been impacted by the need to implement urgent decision making arrangements and take urgent actions where required in response to the significant public health challenge presented by the COVID-19 pandemic.

The planning and delivery of health and social care services has had to rapidly adapt to meet this challenge and the IJB has had to adapt its governance arrangements accordingly.

In response to the pandemic and the requirement to move quickly and decisively to manage the subsequent pressures on health and social care services in Clackmannanshire & Stirling, the IJB approved and initiated urgent decision-making arrangements at its March 2020 meeting and have extended them at each IJB meeting to date.

Under these arrangements, authority is delegated, if required, to take decisions to meet urgent operational requirements, to the Chief Officer in consultation with the Chair and Vice Chair of the IJB and Chief Executives and Chief Financial Officers of the Constituent Authorities. Any decisions taken require to be reported to the IJB.

Financial governance arrangements remain in place and have been supplemented by additional controls and reporting arrangements to manage and monitor COVID-19 related expenditure and resultant impact on the IJBs financial position.

The IJB and IJBs committees have continued to meet and function through the pandemic however agenda has been reduced from time to time to focus on essential business and statutory requirements without compromising effectiveness of governance arrangements.

The timing of approval and publication of audited Annual Accounts and the Annual Performance Report for 2020/21 were in line with the flexibility permitted through the Coronavirus Act (Scotland).

Some elements of planned reviews of governance arrangements during 2020/21 have not been taken forward within the originally planned timescales due to management capacity being focused on dealing with the COVID-19 pandemic. Much of this is also due to the relationship between the governance framework and the review of the Integration Scheme. The constituent authorities and IJB have agreed to pause progress with the review of the Integration Scheme until at least June 2021.

The review of certain elements of the governance frameworks including the Scheme of Delegation are currently planned to be revisited, reprioritised and undertaken during 2021/22. Despite actions having been deferred effective governance was maintained during the year.

Other Governance Issues

The IJB considered an initial indicative 2021/22 revenue budget in March 2021 but did not approve the 2021/22 Revenue Budget until its special meeting on 11 May 2021.

This was as a result of the exceptional timing of UK and Scottish Budgets in response to Covid, knock on impacts on budget setting for NHS Forth Valley, Clackmannanshire Council

and Stirling Council impeding compliance with the terms of the Integration Scheme, a number of material issues affecting the IJB budget remaining fluid or unclear at the time of the March meeting and the IJB wishing further information in the form of business cases to support proposed investment decisions.

The exceptional nature of financial planning and budget setting for 2020/21 rather than any systemic weaknesses in the IJBs arrangements drove these circumstances however it is disclosed here in the spirit of transparency. The IJBs budget timetabling will always be predicated on setting the revenue budget for the coming financial year before the 31 March.

Management of Risk

The Integration Joint Board monitors and seeks to mitigate significant risk through its Risk Management Framework and Strategic Risk Register. The Strategic Risk Register is regularly reviewed by the partnership Senior Leadership Team. The Audit & Risk Committee provide a scrutiny role for the Integration Joint Board by reviewing, scrutinising and approving the Strategic Risk Register as a standing agenda item at each meeting. High risks on the Strategic Risk Register are reported to the Integration Joint Board through regular Performance Reports.

As the Transforming Care Programme and the role of the Transforming Care Board has been developed over 2020/21 a risk register for the programme has now also been developed which enhances the IJBs approach to management of risk going forward.

The IJBs risk management framework is currently under review. This review will consider any updates required to the risk management framework and improving interfaces with risk management arrangements across the constituent authorities assisting in linking operational and strategic risk identification, management and reporting.

The major changes to the risk profile of the IJB during the year are, understandably, predominantly in relation to the current and future impacts of the Covid 19 pandemic. As well as the additional of a specific strategic risk in relation to Covid 19 all the control actions for all other strategic risks have been reviewed in relation to mitigation of impacts of Covid 19. Additionally, the format of the register has been reviewed to ensure control actions are SMART (Specific, Measurable, Achievable, Realistic and Timely). Furthermore, given ongoing challenges in relation to recruitment and retention of the workforce and the need to prioritise the workforces wellbeing the associated strategic risk has been fundamentally reviewed.

Action Plan

Following consideration of the review of adequacy and effectiveness the following action plan has been agreed to ensure continual improvement of the IJB's governance. Regular updates on progress of the agreed actions will be monitored by the IJB Audit and Risk Committee.

Update on 2019/20 Action Plan and 2020/21 Action Plan

Areas for Improvement Identified	Action Undertaken in 2020/221	Responsible Party(s)	Previous Planned Date of Completion	Revised Planned Date of Completion
A comprehensive review of the IJBs Governance Frameworks will be undertaken aligned to changes in operational responsibilities of the Chief Officer	<p>Action outstanding.</p> <p>Not yet progressed due to continued management focus on managing impact of pandemic.</p> <p>Linked to review of Integration Scheme and further consideration of requirement to develop a revised scheme post June 2021.</p>	Chief Officer and Chief Finance Officer	March 2021	December 2021
Development of Local Code of Corporate Governance, Whistleblowing Policy and Counter Fraud arrangements to strengthen governance.	<p>Local Code of Corporate Governance will be developed as part of review of governance frameworks.</p> <p>Consideration has been made to HSCP Whistleblowing and Counter Fraud Policies however it is felt that these would confuse and risk weakening rather than strengthen arrangements as these are anchored in employing authorities.</p>	Chief Officer and Chief Finance Officer	March 2021	December 2021

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<p>Implement Revised Approach to Directions</p>	<p>Action outstanding.</p> <p>Preparations were made to implement revised approach in line with development of Transforming Care Programme and Medium Term Financial Plan but deferred due to Covid-19 pandemic response.</p> <p>Chief Officer has will facilitate work on future approach in later half of 2021.</p>	<p>Chief Officer, Head of Service (SP&HI) & Chief Finance Officer</p>	<p>March 2021</p>	<p>December 2021</p>
<p>Review Form and Fitness for Purpose of Extant Scheme of Delegation</p>	<p>Extant IJB Scheme of Delegation has been in place since 30 March 2016 and as partnership arrangements have changed substantively since this time is requires review to ensure it is fit for purpose.</p> <p>It is therefore viewed that this could be reviewed in advance of any revised Integration Scheme.</p>	<p>Chief Officer, Chief Finance Officer and Heads of Governance of Constituent Authorities</p>	<p>N/A</p>	<p>December 2021</p>
<p>Produce Annual Assurance Reports for IJB Committees</p>	<p>As part of developing good governance arrangements and continuous improvement the IJBs committees will consider and approve annual assurance reports and these will be considered by the IJB and previous work on assurance principles</p>	<p>Chief Finance Officer & Business Manager</p>	<p>N/A</p>	<p>November 2021</p>

<p>Review of relationship between IJB and Community Planning Partnerships (CPPs)</p>	<p>Action being progressed. As part of developing good governance arrangements the IJBs has taken on the CPP leadership role for the Alcohol and Drug Partnership across Clackmannanshire and Stirling areas. In addition, the IJB has taken on the leadership role on behalf of both CPPs for Well-being, particularly focused on the impact of COVID. The delegation of Health Improvement is underway and will further develop with CPPs throughout 2021/ 22.</p>	<p>Head of Service (Strategic Planning & Health Improvement)</p>	<p>March 2021</p>	<p>March 2022</p>
<p>Further Develop Best Value Arrangements</p>	<p>Establish and agree mechanism to provide IJB with overt assurance on the characteristics of Best Value in accordance with the Local Government in Scotland Act 2003 Best Value Guidance</p>	<p>Chief Finance Officer</p>	<p>-</p>	<p>March 2022</p>
<p>Further Develop Strategic Improvement Plan</p>	<p>Review format, structure and effectiveness of plan as key consolidated improvement plan for partnership including :</p> <ul style="list-style-type: none"> • Ensuring plan is 'SMART' • Ensuring progress on MSG Proposals on Progress are adequately incorporated • Further review post Annual Internal Audit Report & Annual Audit Report. • Consideration of role of Audit & Risk Committee in monitoring. 	<p>Head of Service Strategic Planning & Health Improvement</p>	<p>-</p>	<p>December 2021</p>

Undertake Review of Strategic Plan / Strategic Commissioning Plan	Current plans lifecycle is 2019/2022 so a review requires to be conducted during 2021/22 including consideration on Covid impacts and other material changes in Strategic Needs Assessment	Chief Officer & Head of Service, Strategic Planning & Health Improvement	-	March 2022
Ensure Information Governance Assurance Report presented to IJB.	Including review of information sharing protocols and assurance on information governance arrangements.	Head of Information Governance, NHS Forth Valley	-	November 2021

Conclusion and Opinion on Assurance

Whilst recognising that improvements are required, as detailed above, it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the IJB's governance arrangements.

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

Systems are in place to regularly review and improve the internal control environment and the implementation of the action plan will be monitored by the HSCP Senior Management Team and reported via the IJB and the IJB Audit and Risk Committee.

Cllr Les Sharp
Chair
24 November 2021

Annemargaret Black
Chief Officer
24 November 2021

Comprehensive Income and Expenditure Statement

This statement shows the cost of providing services for the year according to accepted accounting practices. Where the impact on the General Fund is amended by statutory adjustments this is shown in the Movement in Reserves Statement.

2019/20			2020/21		
Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000	£'000	£'000	£'000
22,006	0	22,006	23,588	0	23,588
111,166	(10,135)	101,031	125,010	(7,186)	117,824
76,594	0	76,594	81,750	0	81,750
284	0	284	301	0	301
210,050	(10,135)	199,915	230,649	(7,186)	223,463
	(199,634)	(199,634)		(235,642)	(235,642)
210,050	(209,769)	281	230,649	(242,828)	(12,179)
		281			(12,179)

There are no statutory or presentation adjustments which affect the Integration Joint Board's application of the funding received from partners. The movement in the General Fund balance is therefore solely due to the transactions shown in the Comprehensive Income and Expenditure Statement. Consequently, an Expenditure and Funding Analysis is not provided in these annual accounts.

Movement in Reserves Statement

This statement shows the movement in the year on the Integration Joint Board's reserves. The movements which arise due to statutory adjustments which affect the General Fund balance are separately identified from the movements due to accounting practices.

Movements in Reserves During 2020/21	General Fund Balance £000	Unusable Reserves £000	Total Reserves £000
Opening Balance at 31 March 2020	(1,696)	0	(1,696)
Total Comprehensive Income and Expenditure	(12,179)	0	(12,179)
Increase in 2020/21	(12,179)	0	(12,179)
Closing Balance at 31 March 2021	(13,875)	0	(13,875)

Movements in Reserves During 2019/20	General Fund Balance £000	Unusable Reserves £000	Total Reserves £000
Opening Balance at 31 March 2019	(1,977)	0	(1,977)
Total Comprehensive Income and Expenditure	281	0	281
Decrease in 2019/20	281	0	281
Closing Balance at 31 March 2020	(1,696)	0	(1,696)

Balance Sheet

The Balance Sheet shows the value of the IJB's assets and liabilities as at the balance sheet date. The net assets of the IJB (assets less liabilities) are matched by the reserves held by the IJB.

31 March 2020		Notes	31 March 2021
£'000			£'000
1,696	Short Term Debtors	Note 7	13,875
<u>1,696</u>	Current Assets		<u>13,875</u>
0	Short Term Creditors		0
<u>0</u>	Current Liabilities		<u>0</u>
0	Provisions		0
<u>0</u>	Long-Term Liabilities		<u>0</u>
<u><u>1,696</u></u>	Net Assets		<u><u>13,875</u></u>
(1,696)	Useable Reserves: General Fund	Note 10	(13,875)
<u>0</u>	Un-useable Reserves		<u>0</u>
<u><u>(1,696)</u></u>	Total Reserves		<u><u>(13,875)</u></u>

Ewan C. Murray
Chief Finance Officer

The unaudited accounts were issued on 23 June 2021.

Notes to the Financial Statements

1. Significant Account Policies

General Principles

The Financial Statements summarises the authority's transactions for the 2020/2021 financial year and its position at the year-end of 31 March 2021.

The Integration Joint Board was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Section 106 body as defined in the Local Government (Scotland) Act 1973.

The Financial Statements are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

The accounts are prepared on a going concern basis, which assumes that the Integration Joint Board will continue in operational existence for the foreseeable future. The historical cost convention has been adopted.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when settlement in cash occurs. In particular:

- Expenditure is recognised when goods or services are received and their benefits are used by the Integration Joint Board.
- Income is recognised when the IJB has a right to the income, for instance by meeting any terms and conditions required to earn the income, and receipt of the income is probable.
- Where income and expenditure have been recognised but settlement in cash has not taken place, a debtor or creditor is recorded in the Balance Sheet.
- Where debts may not be received, the balance of debtors is written down.

Funding

The Integration Joint Board is primarily funded through funding contributions from the statutory funding partners, Clackmannanshire and Stirling Councils and NHS Forth Valley. Expenditure is incurred as the Integration Joint Board commissions specified health and social care services from the funding partners for the benefit of service recipients in Clackmannanshire and Stirling.

Cash and Cash Equivalents

The Integration Joint Board does not operate a bank account or hold cash. Transactions are settled on behalf of the Integration Joint Board by the funding partners. Consequently, the Integration Joint Board does not present a 'Cash and Cash Equivalent' figure on the balance sheet. The funding balance due to or from each funding partner as at 31 March is represented as a debtor or creditor on the Integration Joint Board's Balance Sheet.

Employee Benefits

The Integration Joint Board does not directly employ staff. Staff are formally employed by the funding partners who retain the liability for pension benefits payable in the future. The IJB therefore does not present a Pensions Liability on its Balance Sheet.

The Integration Joint Board has a legal responsibility to appoint a Chief Officer. More details on the arrangements are provided in the Remuneration Report. The charges from the employing partner are treated as employee costs.

Charges from funding partners for other staff are treated as administration costs.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are liabilities of uncertain timing or amount. A provision is recognised as a liability on the balance sheet when there is an obligation as at 31 March due to a past event; settlement of the obligation is probable; and a reliable estimate of the amount can be made. Recognition of a provision will result in expenditure being charged to the Comprehensive Income and Expenditure Statement and will normally be a charge to the General Fund.

A contingent liability is a possible liability arising from events on or before 31 March, whose existence will only be confirmed by later events. A provision that cannot be reasonably estimated, or where settlement is not probable, is treated as a contingent liability. A contingent liability is not recognised in the Integration Joint Board's Balance Sheet but is disclosed in a note where it is material.

A contingent asset is a possible asset arising from events on or before 31 March, whose existence will only be confirmed by later events. A contingent asset is not recognised in the Integration Joint Board's Balance Sheet but is disclosed in a note only if it is probable to arise and can be reliably measured.

Reserves

The Integration Joint Board's reserves are classified as either Usable or Unusable Reserves.

The Integration Joint Board's only Usable Reserve is the General Fund. The balance of the General Fund as at 31 March shows the extent of resources which the Integration Joint Board can use in later years to support service provision.

The Integration Joint Board has no unusable reserves.

Indemnity Insurance

The Integration Joint Board has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. NHS Forth Valley, Clackmannanshire and Stirling Councils have responsibility for claims in respect of the services that they are statutorily responsible for and that they provide.

Unlike NHS Boards, the Integration Joint Board does not have any 'shared risk' exposure from participation in CNORIS. The Integration Joint Boards participation in

the CNORIS scheme is therefore supplementary to normal insurance arrangements for clinical and care services.

Known claims are assessed as to the value and probability of settlement. Where it is material the overall expected value of known claims, taking probability of settlement into consideration, is provided for in the Integration Joint Board's Balance Sheet.

The likelihood of receipt of an insurance settlement to cover any claims is separately assessed and, where material, presented as either a debtor or disclosed as a contingent asset.

VAT

The Integration Joint Board is not registered for VAT and as such VAT is settled or recovered by the partner agencies.

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

2. Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The IJB considers that there are no such standards which would have significant impact on its annual accounts.

3. Critical Judgements in Applying Accounting Policies

Set Aside Budget for Large Hospital Services

For financial year 2020/21 the sum included within the accounts in relation to the Set-Aside budget for Large Hospital services reflects the budget allocated rather than the actual cost of hospital activity. Systems are continuing to be developed to be able to accurately provide this information within the accounts in future financial years. Development of these arrangements continues to be impacted by the pandemic but is ongoing.

In terms of risk of misstatement a 10% shift in activity would equate to an estimated £2.469m in costs which would, in turn, be matched by additional income from NHS Forth Valley.

The approach to developing arrangements was detailed in a report to the Integration Joint Board meeting in June 2018 and within the partnerships consolidated response to the Ministerial Strategic Groups proposals on Progress on Integration. The Integration Joint Board, and its committees, will continue to receive reports on progress of this work with the next substantive progress report due in September 2021.

4. Events After the Reporting Period

The Annual Accounts were authorised for issue by the Chief Finance Officer on 23 June 2021. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

5. Expenditure and Income Analysis by Nature

2019/20		2020/21
£000		£000
20,677	Services commissioned from Clackmannanshire Council	21,428
43,321	Services commissioned from Stirling Council	40,283
145,769	Services commissioned from NHS Forth Valley	168,638
254	Other IJB Operating Expenditure	271
3	Insurance and Related Expenditure	3
27	Auditor Fee: External Audit Work	27
(4,547)	Service Income: Clackmannanshire Council	(4,162)
(5,588)	Service Income: Stirling Council	(3,024)
(199,634)	Partners Funding Contributions and Non-Specific Grant Income	(235,642)
281	(Surplus) or Deficit on the Provision of Services	(12,179)

6. Taxation and Non-Specific Grant Income

2019/20 £000		2020/21 £000
17,323	Funding Contribution from Clackmannanshire Council	20,474
35,769	Funding Contribution from Stirling Council	42,854
146,542	Funding Contribution from NHS Forth Valley	172,314
<hr/>		
199,634	Taxation and Non-specific Grant Income	235,642
<hr/>		

The funding contribution from the NHS Board shown above includes £23.588m in respect of 'set aside' resources relating to acute hospital and other resources. These are provided by the NHS which currently retains responsibility for managing the costs of providing the services. The Integration Joint Board, however, has strategic responsibility for the consumption of, and level of demand placed on, these resources.

7. Debtors

31 March 2020 £000		31 March 2021 £000
694	Stirling Council	6,198
0	Clackmannanshire Council	3,148
1,002	NHS Forth Valley	4,529
<hr/>		
1,696	Debtors	13,875
<hr/>		

Amounts owed by the funding partners are stated on a net basis. Creditor balances relating to expenditure obligations incurred by the funding partners but not yet settled in cash terms are offset against the funds they are holding on behalf of the Integration Joint Board.

8. Creditors

There are no creditor's balances in the Integration Joint Board accounts.

9. Provisions

No provisions have been made in the Integration Joint Board accounts.

10. Usable Reserve: General Fund

The Integration Joint Board holds a balance on the General Fund for two main purposes:

- To earmark, or build up, funds which are to be used for specific purposes in the future, such as known or predicted future expenditure needs. This supports strategic financial management and pursuance of best value from available resources.
- To provide a contingency fund to cushion the impact of unexpected events or emergencies. This is regarded as an element of the Integration Joint Board's financial resilience framework. The IJB held contingency funding totalling £2.986m at 31 March 2021.

The table below shows the movements on the General Fund balance:

2019/20				2020/21			
Balance at 1 April 2019	Transfers Out 2019/20	Transfers In 2019/20	Balance at 31 March 2019/20		Transfers Out 2020/21	Transfers In 2020/21	Balance at 31 March 2020/21
£000	£000	£000	£000		£000	£000	£000
(1)	1	0	0	Integration Fund	0	0	0
(320)	0	(73)	(393)	Transformation Funding	0	(790)	(1,183)
(253)	0	(87)	(340)	Primary Care & Mental Health Transformation Funds	0	(189)	(529)
(176)	176	0	0	Transforming Urgent Care	0	0	0
(23)	0	0	(23)	Autism	0	0	(23)
(100)	12	0	(88)	Dementia Friendly	44	0	(44)
(508)	0	0	(508)	Drug and Alcohol Recovery Support	0	(72)	(580)
(40)	0	0	(40)	See Hear	0	(11)	(51)
(11)	0	0	(11)	Sensory Impairment	11	0	0
(140)	140	0	0	Primary Care Improvement Fund	0	0	0
(128)	92	0	(36)	GP OOH Fund	0	(78)	(114)
(24)	2	0	(22)	Alcohol & Drugs	0	(7)	(29)
(21)	0	0	(21)	GP subcommittees for GP contract	0	(20)	(41)
(57)	0	(57)	(114)	Mental Health Innovation Fund	0	(24)	(138)
(124)	124	0	0	Unscheduled Care	0	0	0
(50)	27	0	(23)	Independent Travel	23	0	0
0	0	(77)	(77)	Primary Care Premises	0	(33)	(110)
0	0	0	0	Scottish Living Wage	0	(237)	(237)
0	0	0	0	Community Living Fund	0	(512)	(512)
0	0	0	0	District Nursing Posts	0	(57)	(57)
0	0	0	0	Forth Medical Group	0	(94)	(94)
0	0	0	0	Mental Health - Perinatal Funding	0	(32)	(32)
0	0	0	0	Drug Related Deaths Funding	0	(153)	(153)
0	0	0	0	Covid Earmarked Reserve - NHS FV	0	(704)	(704)
0	0	0	0	Appropriate Adult	0	(33)	(33)
0	0	0	0	Self Directed Support	0	(32)	(32)
0	0	0	0	Old Age Isolation	0	(27)	(27)
0	0	0	0	Shielding	0	(114)	(114)
0	0	0	0	Covid Earmarked Reserve - Stirling	0	(4,622)	(4,622)
0	0	0	0	Aids for Daily Living	0	(117)	(117)
0	0	0	0	Covid Earmarked Reserve - Clackmannanshire	0	(1,316)	(1,316)
(1,976)	574	(294)	(1,696)	Total Earmarked	78	(9,273)	(10,890)
0	0	0	0	Contingency	0	(2,986)	(2,986)
(1,976)	574	(294)	(1,696)	General Fund	78	(12,259)	(13,875)

11. Related Party Transactions

The IJB has related party relationships with the NHS Forth Valley and the Clackmannanshire & Stirling Councils. In particular, the nature of the partnership means that the Integration Joint Board may influence, and be influenced by, its partners. The following transactions and balances included in the Integration Joint Board's accounts are presented to provide additional information on the relationships.

There are no material transactions with Clackmannanshire and Stirling Integration Joint Board officers or with organisations they have an interest in. The remuneration and any other taxable payments to senior officers, the Chair and Vice Chair are disclosed in the remuneration statement. Each Board member's registered interests will be published on the Integration Joint Board webpage in due course.

Support services were not delegated to the Integration Joint Board through the Integration Scheme and are instead provided by the constituent authorities free of charge as a 'service in kind'. The support services provided by the constituent authorities mainly consist of performance management, human resources, financial management, information services, information technology and payroll.

Transactions with NHS Forth Valley

2019/20		2020/21
£000		£000
(146,542)	Funding Contributions received from the NHS Board	(172,314)
145,769	Expenditure on Services Provided by the NHS Board	168,638
99	Key Management Personnel: Non-Voting Board Members	118
<hr/>		
(673)	Net Transactions with NHS Forth Valley	(3,558)

Key Management Personnel: The Chief Officer and Chief Finance Officer are employed by NHS Forth Valley and recharged to the Integration Joint Board via contributions from the constituent authorities based on voting shares. Details of the remuneration for the Chief Officer and Chief Finance Officer is provided in the Remuneration Report.

Balances with NHS Forth Valley

31 March 2020		31 March 2021
£000		£000
1,002	Debtor balances: Amounts due from the NHS Board	4,529
1,002 Net Balance with the NHS Forth Valley		4,529

Transactions with Clackmannanshire Council

2019/20		2020/21
£000		£000
(17,323)	Funding Contributions received from the Council	(20,474)
(4,547)	Service Income Received from the Council	(4,162)
20,677	Expenditure on Services Provided by the Council	21,428
50	Key Management Personnel: Non-Voting Board Members	59
(1,144) Net Transactions with Clackmannanshire Council		(3,149)

Balances with Clackmannanshire Council

31 March 2020		31 March 2021
£000		£000
0	Debtor balances: Amounts due from the Council	3,148
0 Net Balance with Clackmannanshire Council		3,148

Transactions with Stirling Council

2019/20 £000		2020/21 £000
(35,769)	Funding Contributions received from the Council	(42,854)
(5,588)	Service Income Received from the Council	(3,024)
43,321	Expenditure on Services Provided by the Council	40,283
50	Key Management Personnel: Non-Voting Board Members	59
<hr/> 2,014 Net Transactions with Stirling Council		(5,536)

Balances with Stirling Council

31 March 2020 £000		31 March 2021 £000
694	Debtor balances: Amounts due from the Council	6,198
<hr/> 694 Net Balance with Stirling Council		6,198

12. Expenditure Analysis

Expenditure on services commissioned by the Clackmannanshire and Stirling Integration Joint Board from its constituent authorities is analysed below:

Expenditure Analysis

	2019/20 Expenditure £'000	2020/21 Expenditure £'000
Health Services		
<u>Set Aside</u>		
Accident and Emergency Services	6,076	6,446
Inpatient Hospital Services Relating to:		
General Medicine	2,977	3,294
Geriatric Medicine	4,340	4,304
Rehabilitation Medicine	1,397	1,616
Respiratory Medicine	1,069	1,167
Psychiatry of Learning Disability	1,092	1,084
Palliative Care (Hospital Based)	939	965
Mental Health Inpatient Services	5,433	5,819
Subtotal	23,323	24,695
Adjustment to budget	(1,316)	(1,107)
Subtotal	22,006	23,588
<u>Operational</u>		
District Nursing Services	3,730	3,883
Community Nursing Services	197	323
Community Addiction Services	2,600	2,685
Community Based AHP Services	6,243	6,397
Public Dental Service	1,027	1,040
Services provided outwith a hospital in relation to geriatric medicine	1,075	1,090
Palliative Care (delivered in Community)	74	77
Community Learning Disability Services	765	712
Community Mental Health Services	3,664	4,274
Continence Services	145	147
Services Provided by health professionals to promote public health	955	963
Community Hospitals (recurrent budget)	5,224	5,814
Resource Transfer	8,465	8,576
Joint Partnership Agreements	1,723	1,792
Partnership Funds (ICF/ Delayed Discharge / Bridging)	2,202	2,454
Shared Partnership Costs	142	150
Integration Fund Pass Through Funding	8,838	23,072
Reserves	242	-
Subtotal	47,312	63,450
<u>Universal</u>		
Primary Medical Services (GMS Contract)	26,406	29,565
Primary Dental Services (GDS Contract)	8,248	9,304
Community Ophthalmic Services	2,686	2,787
Community Pharmaceutical Services	37,067	38,069
GP Out of Hours Services	2,187	2,025
Subtotal	76,594	81,750
Total Health Services	145,911	168,788

Social Care Services - Clackmannanshire

Long Term Care	10,668	12,062
Care at Home	7,649	9,326
Day Care	291	230
Housing with Care	279	162
Respite Care	61	(1)
Staffing	6,629	7,649
Direct Payments	981	789
Third Party Payments	731	993
Supplies & Services	398	348
Premises	34	103
Transport	45	23
Provisions	-	-
Garden Aid	-	-
Housing Aids and Adaptions	149	42
Income	(4,547)	(4,162)
Resource Transfer	(7,239)	(10,298)
Share Partnership Costs	57	60

Total Social Care Services - Clackmannanshire	16,187	17,326
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Social Care Services - Stirling

Long Term Care	14,544	15,615
Housing Aids & Adaptations	788	373
Voluntary Orgs / 3rd Sector	1,063	984
Sensory Services	168	175
Daycare	1,551	150
JLES	327	220
Equipment	201	207
Respite	557	1,057
Care and Support at Home	16,887	17,010
Integration Fund	(5,563)	(5,342)
Transport	87	41
Alcohol & Drug Services	371	286
Resource Transfer	(5,214)	(5,371)
MECS / Telecare / Telehealth	327	608
Reablement	1,601	1,836
Bellfield Centre	4,763	3,937
Strathendrick	-	523
Streets Ahead	-	317
Riverbank	-	446
Appropriate Adults	-	18
Quality Assurance	-	21
Self-Directed Support	-	39
FV Domestic Abuse	-	-
Unachieved Savings	-	1,138
Staffing	4,321	4,839
Direct Payments	957	1,080
Savings	-	-
Reserves	-	(672)
Share Partnership Costs	85	90

Total Social Care Services - Stirling	37,818	37,349
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Partnership Total	199,916	223,463
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Independent Auditor's Report

Space left blank for insertion of independent auditors report within final accounts.

Integration Joint Board Audit and Risk Committee

23 June 2021

Agenda Item 10

Strategic Risk Register

For Approval

Paper Approved for Submission by:	Ewan Murray, Chief Finance Officer
Paper presented by	Ewan Murray, Chief Finance Officer
Author	Ewan Murray, Chief Finance Officer
Exempt Report	No

Directions	
No Direction Required	<input checked="" type="checkbox"/>
Clackmannanshire Council	<input type="checkbox"/>
Stirling Council	<input type="checkbox"/>
NHS Forth Valley	<input type="checkbox"/>

Purpose of Report:	To provide the Audit and Risk Committee with the Strategic Risk Register for review and approval.
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Recommendations:	<p>The Audit and Risk Committee is asked to:</p> <p>1) Review and approve the Strategic Risk Register</p>
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1. Background

- 1.2 In line with approved Performance Reporting Frameworks the Integration Joint Board receives updates on high risks on an exception basis.
- 1.3 The Audit and Risk Committee undertakes a scrutiny function for the Integration Joint Board to scrutinise and review the full Strategic Risk Register.
- 1.4 The Strategic Risk Register is regularly reviewed by the HSCP Senior Leadership Team (SLT) and updated thereafter by the Chief Finance Officer. The most recent review was 14 June 2021.
- 1.5 Work is ongoing with Risk Leads from constituent authorities to review and align risk management arrangements. The next stage is a workshop on 24 June and a further update on progress will be provided at the next meeting.
- 1.6 A summary of the current 16 Strategic Risks are shown in Table 1 below, with no movement noted since last Audit and Risk meeting.

Table 1

Strategic Risk	Risk Direction	Previous Score March 2021	Current Score June 2021	Target Score
1. Financial Resilience	↔	16	16	9
2. Leadership, Decision Making and Scrutiny	↔	12	12	8
3. Sustainability of partnership	↔	16	16	3
4. Performance Framework	↔	12	12	4
5. Culture/HR/Workforce planning	↔	9	9	3
6. Experience of service users/patients/unpaid carers	↔	9	9	6
7. Information Management and Governance	↔	16	16	9
8. Information Sharing Process and practice	↔	16	16	12
9. Effective links with other partnership	↔	6	6	6
10. Harm to Vulnerable People, Public Protection and Clinical & Care Governance	↔	12	12	4
11. Sustainability and safety of adult placement in external care home and care at home sectors	↓	20	12	4
12. Health and Social Care workforce demographic / resilience of service	↔	16	16	6
13. Potential Impact of the UK Decision to Leave the EU	↔	12	12	9
14. Ability to Deliver Primary Care Improvement Plan	↔	16	16	9
15. GP Sustainability	↔	16	16	9
16. COVID-19	↓	12	9	6

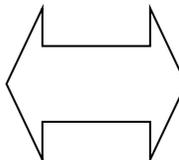
2. Appendices

Appendix 1 - Strategic Risk Register

Fit with Strategic Priorities:	
Care Closer to Home	<input type="checkbox"/>
Primary Care Transformation	<input type="checkbox"/>
Caring, Connected Communities	<input type="checkbox"/>
Mental Health	<input type="checkbox"/>
Supporting people living with Dementia	<input type="checkbox"/>
Alcohol and Drugs	<input type="checkbox"/>
Enabling Activities	
Technology Enabled Care	<input type="checkbox"/>
Workforce Planning and Development	<input type="checkbox"/>
Housing and Adaptations	<input type="checkbox"/>
Infrastructure	<input type="checkbox"/>

Implications	
Finance:	None.
Other Resources:	None.
Legal:	None.
Risk & mitigation:	None.
Equality and Human Rights:	The content of this report does not require a EQIA.
Data Protection:	The content of this report does not require a DPIA
Fairer Duty Scotland	<p>Fairer Scotland Duty places a legal responsibility on public bodies in Scotland to actively consider ('pay due regard' to) how they can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions.</p> <p>The Interim Guidance for public bodies can be found at: http://www.gov.scot/Publications/2018/03/6918/2</p> <p>The content of this report does not require Fairer Duty Scotland Assessment</p>

CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 14 June 2021

Ref	Risk	Strategic Fit	Likelihood	Impact	Risk Score	Risk Reduction Action (Timescale)	Risk Owner(s)	Notes / Progress	Risk Direction
HSCP 001	Financial Resilience (This risk relates to financial and operational stability, and commissioning. It includes the sustainable capacity across all sectors, and co-location and/or sharing of teams and assets).	1. National Core Outcome 'Resources are Used Effectively & Efficiently' 2. Local Outcome 'Decision Making'	Current (4) Target (3)	Current (4) Target (3)	Current (16) High Target (9) Medium	<ol style="list-style-type: none"> 1. Establishment of revised programme management arrangements including structure to monitor transforming care programme including savings delivery. (Complete) 2. Review and continual assessment of deliverability of efficiency and redesign programmes and alignment to Strategic Plan Priorities (Ongoing) 3. Approval of and periodic monitoring/updating of medium term financial plan to complement and support delivery planning to implement Strategic Plan. (March 21 - Six Monthly) 4. Development of further financially sustainable service options aligned to Strategic Priorities and Transformation Themes consideration by IJB. (March 21 and ongoing) 5. Agreed process for agreement and payment of contract rates including uplifts. (Annually) 6. Identify and mitigate as far as possible the financial risk associated legislative changes including the Carers Act and Free Personal Care for <65s (Annually as part of revenue budget) 7. Develop planning and shared accountability arrangements for Unscheduled 	Chief Officer / Chief Finance Officer	<p>Need to consider how phased delegation to Chief Officer and possible future co-ordinated services impacts development of integrated financial reporting and financial risk.</p> <p>Likely to be significant financial challenges in medium term.</p>	

CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 14 June 2021

Ref	Risk	Strategic Fit	Likelihood	Impact	Risk Score	Risk Reduction Action (Timescale)	Risk Owner(s)	Notes / Progress	Risk Direction
						<p>Care and the 'set aside' budget for large hospital services. (September 2021)</p> <p>8. Review of Governance Framework including Scheme of Delegation, Financial Regulations and Reserves Policy and Strategy as part of prudent financial planning and management arrangements. (Reserves – March/June 21, Scheme of Delegation planned during 2021 or post Integration Scheme Review)</p> <p>9. Review and agree relationship with Alcohol and Drugs partnership including financial plan and impact on outcomes. (Relationship agreed Financial Plan September 2021)</p> <p>10. Development of alignment of investment to Strategic Commissioning Plan priorities and consideration of future disinvestment options (Ongoing)</p> <p>11. Horizon Scanning arrangements internally and externally including use of economic outlook information (Ongoing & updates via Finance Reports)</p> <p>12. Financial Reporting to Integration Joint Board, Strategic Planning Group and Partnership Senior Leadership Management Team, development of Financial Reporting Improvement Plan</p>			

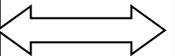
CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 14 June 2021

Ref	Risk	Strategic Fit	Likelihood	Impact	Risk Score	Risk Reduction Action (Timescale)	Risk Owner(s)	Notes / Progress	Risk Direction
						(Reporting Ongoing – Improvement Plan September 2021) 13. Ongoing monitoring of demand trends and relationship between investment and key performance indicators including Delays to Discharge, Early Intervention and Prevention Etc. Modelling additional potential future demand impact of COVID. (Ongoing) 14. Ensuring Role and Function of Finance & Performance Committee is discharged to give assurance to IJB.(Annually – planned August 21) 15. Preparation and submission to Scottish Government of regular LMP (Local Mobilisation Plan) COVID19 costs returns. (In place and quarterly returns in 2021/22) 16. Assessment of financial impact of COVID19 on current and future years including Transformation Programme and additional demands.(Ongoing linked to periodic refresh of MTFP) 18. Use of Benchmarking including Investment Levels from Constituent Authorities and Early Intervention and Prevention where and when possible. (Ongoing)			

CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 14 June 2021

Ref	Risk	Strategic Fit	Likelihood	Impact	Risk Score	Risk Reduction Action (Timescale)	Risk Owner(s)	Notes / Progress	Risk Direction
						19. Operational Grip and Control Meetings and Enhanced Accountability Framework for Senior Managers (in place subject to ongoing development) 20. Implement Pan FV Budget Monitoring Arrangements (In place)			

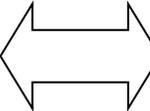
CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 14 June 2021

<p>HSC 002</p>	<p>Leadership, Decision Making and Scrutiny (including effectiveness of governance arrangements and potential for adverse audits and inspections).</p>	<p>1. National Core Outcome 'Resources are Used Effectively & Efficiently' 2. Local Outcome 'Decision Making'</p>	<p>Current (3) Target (2)</p>	<p>Current (4) Target (4)</p>	<p>Current (12) Medium Target (8) Low</p>	<p>1. Development of Transforming Care Board including input from Chief Executives and other senior officers of constituent authorities. (In place) 2. In line with the Participation and Engagement Strategy develop ongoing approach to engagement with public and communities. (ongoing) 3. Board Effectiveness Review, and review of Integration Scheme. (in progress – further consideration of requirement for revised scheme post June 2021) 4. Review of Governance Frameworks and Scheme of Delegation. (Reserves & Directions June/Sept 21 and rest considered post Integration Scheme review) 5. Integration Joint Board development programme (annually) 6. Development of Transforming Care Programme as delivery plan to support the pursuance of Strategic priorities underpinned by Strategic Improvement Plan (in place) 7. Partnership Management Team Development Programme. (Ongoing with annual review) 8. Strategic Improvement Plan including RAG status assessment and monitoring (in place and subject to ongoing development).</p>	<p>Chief Officer</p>	<p>1. Annual Internal and External Audit Reports considered including agreed management responses to recommendations.</p>	
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CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 14 June 2021

						<p>9. Implementation and reporting of Urgent Decision Making Powers (in place). 10. Ensure preparedness for additional inspections highlighting improvement requirements. (Ongoing)</p>			
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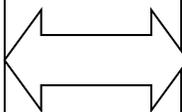
CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 14 June 2021

<p>HSC 003</p>	<p>Sustainability of Partnership (The unique three way Health & Social Care Partnership fails to further develop due to differing priorities and requirements).</p>	<p>1. National Core Outcome 'Resources are Used Effectively & Efficiently'.</p>	<p>Current (4) Target (1)</p>	<p>Current (4) Target (3)</p>	<p>Current (16) High Target (3) Low</p>	<p>1. Establish, implement and periodically review Governance Framework (annually linked to Annual Governance Statement) 2. Regular Meetings of Chief Officer and Chief Executives.(ongoing) 3. Pre Agenda and use of briefings / seminars where appropriate (e.g. budget, IRASC , unscheduled care) (ongoing) 4. Review of Governance and committee arrangements including reviews of committee structure (annually) 5. Board Development Programme. (annually) 6. Ongoing Staff Engagement Programme (September 21) 7. Review of Integration Scheme (in progress) 8. Review and development of management and professional structures. (in place subject to ongoing development) 9. Investment in Enhanced Structures including Heads of Service posts. (in place and ongoing) 10. Development of Assurance Frameworks (ongoing informed by Internal Audit review) 11. Frontline Social Care Review and implementation plan. (ongoing) 12. Continue to seek to have positive influence of competing organisational demands and resource priorities of constituent bodies. (ongoing</p>	<p>Chief Officer & Chief Executives</p>		
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CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 14 June 2021

						<p>linked to standing committees and panels)</p> <p>13. Ensure Chief Officer and IJB have single overview of integration functions and services through performance and financial reporting. (development ongoing including link to pan-FV Finance meetings)</p> <p>14. Development of operational service plans and a single overarching service plan (December 21)</p> <p>15. Align HSCP transformation plan with partners corporate plans (complete)</p> <p>16. Continue to work with NHS Chief Executive to complete transfer of operational services and ensure compliance with Public Bodies Act. (ongoing)</p>			
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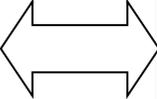
CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 14 June 2021

<p>HSC 004</p>	<p>Performance Framework (This relates to the responsibility of the Health and Social Care Partnership to provide an overview of performance in planning and carrying out the integrated functions in an open and accountable way).</p>	<p>1. National Core Outcome 'Resources are Used Effectively & Efficiently' 2. Local Outcome 'Decision Making'.</p>	<p>Current (3) Target (1)</p>	<p>Current (4) Target (4)</p>	<p>Current (12) Medium Target (4) Low</p>	<p>1. Develop linkage of performance reporting to Strategic Plan Priorities and Outcomes Framework (ongoing) 2. Minimise duplication and bureaucracy to ensure performance management and reporting meaningful and realistic.(ongoing) 3. In relation to Measuring Performance Under Integration create integrated reporting framework and agree and monitor targets / trajectories. (December 21) 4. Further develop approach to Annual Performance Report including future development of planning and reporting at locality level and benchmarking with 'peer' Health and Social Care Partnerships. (annually) 5. Develop workplan for Finance and Performance Committee to undertake performance review and assurance role for IJB. (in place) 6. Development of performance measures and reporting at locality level. (ongoing) 7. Agree Improvement Plan with NHS FV to address data issues including SMR data. (September 21)</p>	<p>Head Of Service (SP&HI) / Chief Officer / Chief Finance Officer</p>	<p>Risk previously increased given ongoing challenges re data and information locally and nationally and absence of peer reporting in APR.</p>	
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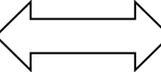
CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 14 June 2021

<p>HSC 005</p>	<p>Culture/HR/ Workforce Planning (This risk relates broadly to the work of Human Resource management across all partners to Workforce Planning for the 'in scope' workforce. It includes developing culture, behaviours and values, as well as sustainable change skills and capabilities).</p>	<p>1. National Core Outcome 'Engaged Workforce', and 'Resources are Used Effectively & Efficiently' 2. Local Outcome 'Decision Making'</p>	<p>Current (3) Target (1)</p>	<p>Current (3) Target (3)</p>	<p>Current (9) Medium Target (3) Low</p>	<p>1. Establish building blocks of inclusive approach to staff engagement at all levels. (Ongoing) 2. Develop multi-disciplinary care pathways and teams. (ongoing) 3. Refresh/ review workforce strategy and plan. (ongoing) 4. Refreshed staff engagement including linkage to Frontline Social Care Review (in place) 5. OD Advisor now appointed. (complete) 6. Move to consistent use of iMatter staff survey platform across the constituent authorities, and the development of reporting infrastructure against HSCP within that system. (in place) 7. Staff Development and Training Programmes including Mandatory Training. (ongoing) 8. Positively manage relationships with Staff Side/Trade Union representatives. (ongoing) 9. Develop integrated reporting infrastructure with partners (Dec 21) 10. Review and gain IJB approval for refreshed workforce plans (March 22 linked to Strategic Plan review)</p>	<p>OD Advisor / Heads of Service</p>	<p>Key strategic plans in place, Workforce Plan was refreshed as part of Strategic Commissioning Plan process, and the Participation & Engagement Strategy has also been refreshed and approved by IJB (Sept 20). Further work on Equalities Mainstreaming requires to be completed.</p> <p>Risk when OD advisor workplan/ objectives agreed and begin to be progressed.</p>	
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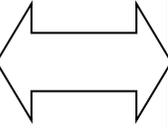
CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 14 June 2021

<p>HSC 006</p>	<p>Experience of service users/patients/unpaid carers (This risk is about failure to engage adequately and fully with stakeholders, in particular groups of service users and their unpaid carers including those who experience inequalities in access and/or outcomes. Includes feedback and learning from complaints. Key challenges in this area are around measuring and evidencing change).</p>	<p>1. National Core Outcome 'Carers are supported', and 'Positive Experiences' and Local Outcome 'Experience' 2. Local Outcome 'Community Focused Supports'</p>	<p>Current (3) Target (2)</p>	<p>Current (3) Target (3)</p>	<p>Current (9) Medium Target (6) Low</p>	<p>1. Implement Participation and Engagement Strategy. (ongoing) 2. Review of Carers Act Implementation (ongoing) 3. Collegiate working across Forth Valley in relation to Ministerial Steering Group (MSG) indicators. (Dec 21) 4. Strategic Commissioning Plan and Budget Consultation process including Strategic Planning Group (in place) 5. Ongoing processes of participation and engagement. (ongoing) 6. Monitor trends in service user satisfaction, (annually as part of APR) 7. Briefing sessions to support service user and unpaid carer IJB members. Offer of devices and training for non voting IJB members. (in place) 8. Inclusion of data within Annual Performance Report (APR) (annually) 9. Establishment of Carers Strategy Group (in place) 10. Equality Duty Report considered by IJB Nov 20 (in place)</p>	<p>Chief Officer/ Head of Service (SP&HI)</p>	<p>An Equality Outcomes and Mainstreaming Report has been considered by the Integration Joint Board in April 2016 and published. Equality and Human Rights Impact Assessment will be completed where required. The IJB report template revised. Local Government Benchmarking Framework</p>	
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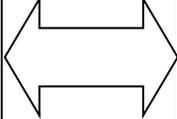
CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 14 June 2021

<p>HSC 007</p>	<p>Information Management and Governance (This risk relates to Information Management and Governance, and the risk of increased demand for relevant areas of provision covering Health & social Care combined. It includes the lack of resources which are fit for purpose, capacity and capability of staff, as well as records and data management processes. It also covers Information and Communication Technology systems, infrastructure, data protection and data sharing).</p>	<p>1. National Core Outcome 'Resources are Used Effectively & Efficiently' 2. Local Outcome 'Decision Making'</p>	<p>Current (4) Target (3)</p>	<p>Current (4) Target (3)</p>	<p>Current (16) High Target (9) Medium</p>	<p>1. Ensure and participate in refresh of data sharing governance arrangements including annual assurance report to IJB (October 21) 2. Further Development of Cross ICT system working capabilities across constituent authorities (ongoing) 3. GDPR arrangements. (in place) 4. Participate as key customer in procurement of replacement Adult Social Care information systems. (in place) 6. Take cognisance of systems issues from Frontline Social Care Review (ongoing)</p>	<p>Chair of Data Sharing Partnership / Heads of Service</p>	<p>This risk relates to Information Management and Governance. Including the difference between anonymised information, identifiable information, and performance information.</p>	
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CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 14 June 2021

<p>HSC 008</p>	<p>Information sharing process and practice (This relates to the risk of a lack of a structured common information provision across council social work areas and NHS, which is monitored, evaluated and managed operationally within integrated functions of the Clackmannanshire and Stirling Health and Social Care Partnership).</p>	<p>1. National Core Outcome ‘Resources are Used Effectively & Efficiently’ 2. Local Outcome ‘Decision Making’</p>	<p>Current (4) Target (3)</p>	<p>Current (4) Target (4)</p>	<p>Current (16) High Target (12) Medium</p>	<p>1. Building sufficient capacity and capabilities to carry out analytical functions for partnership in the long term including use of LIST Analysts (ongoing) 2. Appropriate Information Sharing Agreements are in place and reviewed timeously (Annually) 3. Develop use of SOURCE system to inform planning and benchmarking. (ongoing) 4. Explore use of Systems Dynamics Modelling (via LIST support) (ongoing) 5. Memorandum of Understanding being progressed through constituent authorities which will allow LIST team easier access to appropriate information systems (in place) 6. Analytical Workplan (in place subject to annual review) 7. Ensure data sharing agreements are reviewed and refreshed periodically. (annually)</p>	<p>Chair of Data Sharing Partnership / Head of Service (SP&HI)</p>	<p>This risk relates to Information Management and Governance. Including the difference between anonymised information, identifiable information, and performance information.</p> <p>Risk re-assessed and considered higher than previously scored.</p>	
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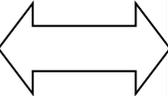
CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 14 June 2021

<p>HSC 009</p>	<p>Effective Links with other Partnerships (This risk relates to partnership planning and effective links with other partnerships. Such as Community Planning, Third and Voluntary Sectors, Criminal Justice, Housing, Falkirk Health and Social Care Partnership, Emergency Planning and Resilience Partnership).</p>	<p>1. National Outcome 'Resources are Used Effectively and Efficiently, and ' People are safe'</p>	<p>Current (2) Target (2)</p>	<p>Current (3) Target (3)</p>	<p>Current (6) Low Target (6) Low</p>	<p>1. Develop statutory links and clarify relationships with Community Planning Partnerships in Clackmannanshire and Stirling including developing plans to lead Wellness Agendas. (in place for Sept 21) 2. Develop links with Public Protection Fora. (in place) 3. Clarification of Relationship and Accountabilities with Alcohol and Drug Partnerships at Forth Valley and Partnership levels. (in place) 4. Develop relationships, linked to approach to Annual Performance Report, with 'peer' Health and Social Care Partnerships (ongoing) 5. Maintain effective working relationships with Third Sector Interface organisations and Providers through mechanisms such as Providers Fora and via Commissioning Consortium development (in place) 6. Ensure officers participate actively in national groups including Chief Officers Group, IJB Chief Finance Officers and Integration Managers Networks (in place) 7. Established and effective relationships with Officers from Falkirk HSCP in relation to pan Forth Valley services and future coordination. (in place) 8. Use of Social Care Insights reports and other benchmarking data such as Local Government</p>	<p>Chief Officer, Head of Service (SP & HI) Chief Finance Officer</p>	<p>Links are currently established with partners, including: a) Criminal Justice Authority (and successors) and Community Planning Partnership (note: these are Statutory links) b) Alcohol and Drugs Partnership (ADP) and Public Protection fora c) Third and Independent Sectors – representation as appropriate at Integration Joint Board and Strategic Planning Group, and representation of HSCP Officers on Third Sector Forum d) Housing Contribution Group</p>	
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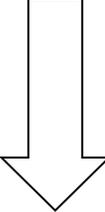
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						Benchmarking Framework to identify and learn from high performing partnerships. (Annually)			
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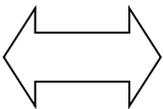
<p>HSC 010</p>	<p>Harm to Vulnerable People, Public Protection and Clinical & Care Governance (This risk relates to the risk to self, to others, and from others. Public Protection and involves the strategic work of the Adult Protection Lead Officer, Child Protection Lead Officer, Mental Health Officers, Independent Chair of the Adult and Child Protection Committees, as well as processes such as PVG checking, and training procedures).</p>	<p>1. National Outcome 'Resources are Used Effectively and Efficiently', ' People are safe', 'Positive Experience', 2. 'Quality of life' Local Outcome 'Self-Management' 'Community Focused Supports', 'safety', Experience'</p>	<p>Current (2) Target (1)</p>	<p>Current (4) Target (4)</p>	<p>Current (12) Medium Target (4) Low</p>	<p>1. Integration Joint Board has assurance that services operate and are delivered in a consistent and safe way (September 21) 2. Reviewed Clinical and Care Governance Framework (in place subject to annual review) 3. Whole system working to eliminate delay to discharge arrangements (ongoing) 4. Review of Health and Care Village in Stirling and implementation of model of care including care governance arrangements (in place) 5. Establishment of Quarterly Clinical and Care Governance Meetings (in place) 6. Linkage with Performance Frameworks (in development) 7. Annual Clinical and Care Governance Assurance Report to IJB (Annually) 8. Self Evaluation of Adult Support and Protection Arrangements (May 21)</p>	<p>Chief Social Work Officers / NHS Forth Valley Medical Director / Chair of Clinical and Care Governance Group</p>		
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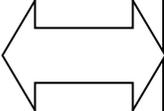
<p>HSC 011</p>	<p>Sustainability and safety of adult placement in external care home and care at home sectors Both Local Authorities utilise externally commissioned care home placements for adults, particularly older adults. External care homes are commissioned and inspected nevertheless risks arise from the sustainability of care homes as business models; having enough scrutiny at an earlier stage of any risks or concerns within a care home; reviews of adult placements by Local Authorities should take place at a minimum of once a year. Capacity to review is under significant pressure and an escalation method of concern needs put in place. Approach replicated, as appropriate for Care at Home providers.</p>	<p>1. National Outcomes 'People are Safe' 'Positive Experience' 2. Quality of Life</p>	<p>Current (4) Target (2)</p>	<p>Current (3) Target (2)</p>	<p>Current (12) Medium Target (4) Low</p>	<p>1. Provider forums are in place as is a commissioning and monitoring framework. (in place) 2. There is clear regulation and inspection. (ongoing) 3. The thresholds matrix for homes around adult support and protection has been implemented and is being monitored. (in place) 4. A process for reviews and a clear escalation model is being developed including reporting to the Clinical and Care Governance Group (ongoing). 5. Monitoring of Financial Sustainability of Providers using informatics provided via Scotland Excel and local intelligence (in place) 6. Future consideration of mixed economy options for future models of care. (ongoing) 7. Business continuity planning arrangements. (ongoing) 8. Preparation on Briefings for Senior Officers (including Chief Executives) and IJB Chair and Vice Chair on emergent provider issues (as required) 9. Plan to undertake caseload review. (ongoing) 10. New Care and Support Framework (partially inplace – full implementation by April 22) 11. COVID19 Financial Assistance arrangements. (in place) 12. Strengthening of management structures. (subject to ongoing review)</p>	<p>Heads of Services / Strategic Commissioning Manager /Adult Support and Protection Coord,</p>		
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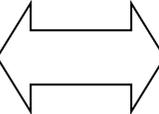
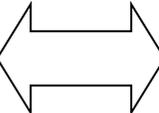
						13 , Care Home Monitoring and Enhanced Assurance re COVID19 per SG Guidance including role of CHART Team (in place and recurrent required investment approved by IJB)			
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HSC 012	<p>Health and Social Care workforce demographic / resilience of service. This risk relates to the sustainability workforce due to challenges of demographics and recruitment/retention. Covid is assumed to increase this risk.</p>	<p>Health and Social Care Outcomes</p> <ul style="list-style-type: none"> • People can live well at home for as long as possible • People are safe and live well for longer • People are satisfied with the care they get 	Current (4) Target (2)	Current (4) Target (3)	(16) High Target (6) Low	<ol style="list-style-type: none"> 1. Proactively implement transformation programme working in partnership with staff side. (ongoing) 2. Review models of working and optimise opportunities of integration.(ongoing) 3. Proactive recruitment including opportunities for new roles (ongoing) 4. Explore opportunities with staff to optimise retention. Flexible working, training, education. (ongoing) 5. Consider organisational change opportunities to build workforce capacity. (ongoing) 6. Ensure staff welfare and development are clear priorities with action plans.(ongoing) 7. Work with partners to promote Clackmannanshire and Stirling as a positive area to work and live. (ongoing) 	Head of Services, CH&I and Professional Leads	HSCP OD advisor now started (March 21)	
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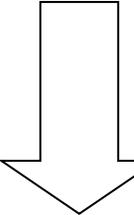
CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 14 June 2021

<p>HSC 013</p>	<p>Potential Impact of the UK Decision to Leave the EU (commonly referred to as Brexit)</p>	<p>1. National Outcome ‘Resources are Used Effectively and Efficiently, and ‘ People are safe’</p>	<p>Current (4) Target (3)</p>	<p>Current (3) Target (3)</p>	<p>12 (Medium) 9 (Medium)</p>	<ol style="list-style-type: none"> 1. Continue to work with constituent authorities to understand assessed risk in relation to commissioned functions and service delivery. (in place and ongoing) 2. A reporting process has been established and updates on status are collated for the Partnership and submitted to Scottish Government via NHSFV’s emergency planning team on behalf of the HSCP. (in place) 3. All commissioned services have updated their business continuity plans, as have constituent authorities. (ongoing) 4. Periodically review plans in light of transitional arrangements and emergent issues. (ongoing) 5. Horizon Scanning arrangements including assessment of potential economic impacts (ongoing) 6. Work with constituent authorities to understand likelihood of supply issues and cost impacts. E.g via Directors of Pharmacy Group on potential pharmaceutical supply issues. (ongoing) 	<p>Head of Service (SP & HI), Chief Finance Officer</p>	<p>Risk under review as implications emerge.</p>	
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CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 14 June 2021

<p>HSC 014 (added 26 May 2019)</p>	<p>Ability to Deliver Primary Care Improvement Plan including tripartite agreement within additional resources provided by Scottish Government</p>	<p>1. National Outcome 'Resources are Used Effectively and Efficiently, and ' People are safe'</p>	<p>Current (4) Target (3)</p>	<p>Current (4) Target (3)</p>	<p>16 High 9 Medium</p>	<p>1. Continue to work collaboratively with NHS Board and LMC reps via Programme Board (ongoing) 2. Continue to explore options to maximise impact from available investment (ongoing) 3. Ensure reporting to Scottish Government reflects risk in ability to meet policy objectives and tripartite agreement (in place) 4. Continue to discuss (as part of tripartite) and work with government colleagues to understand deliverability of Memorandum of Understanding (ongoing) 5. Continue to inform Scottish Government of risk via periodic reporting on PCIP and via various national networks (Ongoing)</p>	<p>Chief Officer / Chief Finance Officer / Programme Manager</p>	<p>Tripartite statement presented to June 20 IJB. PCIP allocation letter received and in line with expectations but leaves significant recurrent financial gap.</p>	
<p>HSC 015 (added 21 Feb 2020)</p>	<p>GP Sustainability: Risk that general practice will not be able to sustain the delivery of general medical services to the population</p>	<p>1. National Outcome 'Resources are Used Effectively and Efficiently, and ' People are safe'</p>	<p>Current (4) Target (3)</p>	<p>Current (4) Target (3)</p>	<p>16 High 9 Medium</p>	<p>1. GP Sustainability Group in Place including Horizon Scanning and Linkage to PCIP (in place) 2. 2C practice arrangements. (in place) 3. Recruitment drives (ongoing) 4. Promotion of Clacks and Stirling as positive place to live and work. (ongoing) 5. GP Premises Improvement Plans (in place) 6. PCIP Tripartite Statement (in place)</p>	<p>Associate Medical Director Primary Care / GP Clinical Leads / Chief Officer/ NHS Chief Exec</p>	<p>Plan is delivered on pan Forth Valley basis with NHS FV Chief Exec chairing Programme Board</p>	

CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 14 June 2021

<p>HSC 016 (added 17 March 2020)</p>	<p>COVID 19: Risk that critical services to vulnerable populations cannot be delivered as a result of coronavirus pandemic</p> <p>NOTE: Risk to be mainstreamed through next substantive review of Strategic Risk Register via reviewing Covid risks on other Strategic Risks to reflect ongoing risk managements actions as endemic disease.</p>	<p>1. National Outcome ' People are safe'</p>	<p>Current (3) Target (2)</p>	<p>Current (3) Target (3)</p>	<p>9 Medium 6 Low</p>	<ol style="list-style-type: none"> 1. Review and Update Service Business Continuity Plans (in place) 2. Costed mobilisation plans for government and service prioritisation plans. (complete subject to quarterly review and LMP cost returns) 3. Establishment of partnership coordination centre in Bellfield (in place) 4. Service monitoring arrangements. (in place) 5. Care Home Assurance and Monitoring Arrangements. (in place) 6. Flexible working arrangements where possible including risk assessments and following guidance for non clinical workspaces. (in place) 7. Effective and efficient linkage to emergency planning arrangements within constituent authorities and government. (in place) 8. Approval of remobilisation plans (March 21) 9. Ensure contingency plans in place for potential additional waves of infections. (in place) 10. Submission of Covid cost estimates for 21/22 using Scottish Government template and assumptions (complete) 11. Wider supports to social care 	<p>Partnership Leadership Team (Chief Officer, Heads of Service & Chief Finance Officer)</p>	<p>Partnership Co-ordination led by Chief Officer and links to Multiagency responses in place.</p>	
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CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 14 June 2021

						providers in place (e.g. wellbeing supports) with liaison and escalation arrangements if providers require additional support.			
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Explanation of Scoring:

Likelihood and Impact are Scored on a 1-5 Rating. The scores are then multiplied to give an overall risk score. Risk scores over 15 are rated High/Red. Risk Scores from 9 to 15 are rated Medium / Amber and risk scores up to 8 are rated Low/ Green.

Integration Joint Board Audit and Risk Committee

23 June 2021

Agenda Item 11

Relevant National Reports:
Local Government Overview
2020/21 and Audit Scotland: Code
of Practice 2020/21

For Noting

Paper Approved for Submission by:	Ewan Murray, Chief Finance Officer
Paper presented by	Ewan Murray, Chief Finance Officer
Author	Ewan Murray, Chief Finance Officer
Exempt Report	No

Directions	
No Direction Required	<input checked="" type="checkbox"/>
Clackmannanshire Council	<input type="checkbox"/>
Stirling Council	<input type="checkbox"/>
NHS Forth Valley	<input type="checkbox"/>

Purpose of Report:	To bring the relevant national reports to the attention of the Audit & Risk Committee for noting.
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Recommendations:	<p>The Audit and Risk Committee is asked to:</p> <p>1) Note the reports and their relevance to wider context that the IJB operates within.</p>
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1. Background

- 1.1. The extant terms of reference for the Audit and Risk Committee states that any national reports relevant to the context or responsibilities of the IJB will be brought to the attention of the Audit and Risk Committee.
- 1.2. Since the last meeting of the Audit and Risk Committee two relevant national reports have been published
 - Accounts Commission: Local Government in Scotland: 2020/21 Overview
 - Audit Scotland: Code of Practice 2020/21

2. Considerations

- 2.1. Audit and Risk Committee members are asked to note the appended reports and their relevance to the context the IJB operates within.
- 2.2. Key messages from the Local Government Overview include:
 - The Covid19 pandemic is having a profound impact on all aspects of society including the economy, jobs and physical and mental health of the public
 - Relationships with communities have been vital
 - Levels of service disruption have varied
 - Some services were delivered virtually
 - The workforce demonstrated the versatility to take on new roles
 - There were significant changes in council governance structures and processes
 - Council continue to face significant financial challenges, and these have been exacerbated by the pandemic

- Scottish Government has provided substantial additional financial support, but the nature and timing of funding has created further challenges for councils.
- Councils have started to plan for longer term recovery from the crisis
- There has been some ongoing learning resulting from the emergency response to the pandemic

2.3. Audit Scotland’s Code of Audit Practice describes the high-level, principles-based purpose and scope of public audit in Scotland. It replaces the Code issued in June 2016 and comes into effect for audits of financial years starting on or after 1 April 2022.

The principles which underpin public audit in Scotland are:

- The independent appointment of auditors
- The wider scope of public audit
- Transparent public reporting of audit findings and recommendations
- Relevant to changing public service delivery models, priorities and risks.

3. Conclusions

3.1. Audit and Risk members are invited to read the reports appended.

4. Appendices

Appendix 1 – Accounts Commission Local Government Overview 2020/21
 Appendix 2 – Audit Scotland: Code of Audit Practice

Fit with Strategic Priorities:	
Care Closer to Home	☒
Primary Care Transformation	☒
Caring, Connected Communities	☒
Mental Health	☒
Supporting people living with Dementia	☒
Alcohol and Drugs	☒
Enabling Activities	
Technology Enabled Care	☒
Workforce Planning and Development	☒
Housing and Adaptations	☒
Infrastructure	☒
Implications	
Finance:	N/A

Other Resources:	N/A
Legal:	As a public body the IJB is subject to public audit.
Risk & mitigation:	N/A
Equality and Human Rights:	The content of this report does not require a EQIA
Data Protection:	The content of this report does not require a DPIA
Fairer Duty Scotland	<p>Fairer Scotland Duty places a legal responsibility on public bodies in Scotland to actively consider ('pay due regard' to) how they can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions.</p> <p>The Interim Guidance for public bodies can be found at: http://www.gov.scot/Publications/2018/03/6918/2</p> <p>The content of this report does not require Fairer Duty Scotland Assessment</p>

Local government in Scotland

Overview 2021



ACCOUNTS COMMISSION 

Prepared by Audit Scotland
May 2021

Who we are

The Accounts Commission

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

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

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

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

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

Chair's introduction

In 2020, Covid-19 changed the world and will have a profound impact on our lives in the years ahead. The public services we all receive and many of us depend on each and every day have adapted, in some cases transformed and will certainly continue to change.

Covid-19 has laid bare and exacerbated existing **inequalities** such as health, work, income, housing and education across Scotland's communities. The multiple impacts of these inequalities have affected the most vulnerable, minority groups and women.

Reporting on how inequalities are being tackled is, and will be, a core priority for the Accounts Commission in our future reporting. The recovery from Covid-19 isn't going to be quick, again exacerbating the impact on the lives of those already most affected. The recovery plans and priorities need to recognise this.

Councils must put robust and realistic plans in place and work alongside partner organisations best placed to help. They must work with and for their communities, focusing on the needs of local people.

This will have to be achieved against an increasingly challenging **financial outlook**. There is rarely financial certainty for councils beyond the current financial year. For many years the Commission has reported on the importance of long-term financial planning for our councils and they need the certainty of a multi-year financial settlement to do this. Without this Scotland is faced with a clear risk to the financial sustainability of our councils. During the last few years we have seen increasing amounts of funding provided by the Scottish Government being ring-fenced for specific purposes and this limit on local flexibility

has also emerged through the funding arrangements for Covid-19. Councils have also been impacted by the significant loss of income and additional costs caused by Covid-19 which will have a consequential impact in the coming years. Support for councils will be needed to allow them to take a comprehensive and holistic approach as they look to stimulate economic recovery, address inequalities and build back communities.

Of course, this complex and difficult set of circumstances will, inevitably, mean that councils must make difficult decisions about the services they deliver, and indeed how these services are delivered.

A key issue will therefore be reaching agreement between the Scottish Government and COSLA to achieve a funding model for local government that targets and supports those most in need.

Throughout 2020 and beyond, the ways in which councils and communities have worked together to deliver services and support the most vulnerable has been incredible. Many communities and individuals continue to step in to provide crucial local services, empowered to do so by councils. Those local areas where partnership working was already strong and embedded were able to respond and react more quickly to the developing needs caused by Covid-19. This brought into focus the value and importance of **partnership working** and empowering communities to deliver services that meet very local needs.

Chair's introduction continued

The Accounts Commission will look to ensure that the significant amounts of funding given to councils to deliver and provide support to mitigate the impact of Covid-19 achieved value for money. **Following the 'pandemic pound'** will be central to our future work.

Our audit work has already seen so much positive work in councils, not least the swift and vital move to delivering services remotely and digitally. This new way of working needs to be harnessed and consolidated, with **lessons learned, shared and improved upon**. It is vital that councils do not default to previous ways of working in areas where new approaches are having positive outcomes.

This latest Local Government Overview is the first in a series of reports that will reflect on the evolving and long-term nature of the impact of Covid-19. Here we consider the initial response of councils. And our future reporting will give a more detailed analysis of the impact and lessons learned from the pandemic, including an assessment of progress being made in early phases of recovery in 2022 before looking ahead to how councils have supported their local communities to begin recovering.

Elma Murray

Interim Chair of the Accounts Commission

Key messages



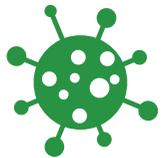
**Communities
and people**



**Service delivery
and partnership
working**



**Resources and
governance**



1. The Covid-19 pandemic is having a profound impact on all aspects of society, including the economy, jobs, and the physical and mental health of the public

The negative impacts have been greater for those already experiencing socio-economic disadvantage, and existing inequalities have intensified. Councils have been at the centre of the response to the pandemic, supporting communities through these difficult times. They responded quickly and put their initial focus on maintaining service delivery and protecting communities.



2. Relationships with communities have been vital

Councils and communities have worked well together to manage local responses to Covid-19. These included supporting initiatives to promote wellbeing and support people who were shielding and facilitating community support hubs. Existing partnerships that were stronger before the pandemic made a smoother transition into the response phase, as there were fewer barriers. Moreover, some communities were able to offer a faster and more targeted response and deliver some vital services as a result of having fewer formal decision-making structures. In some cases, Community Planning structures have been strengthened and community groups have been able to work more flexibly, demonstrating the value of community empowerment.



3. Levels of service disruption have varied

Services such as education, social care and culture and leisure were badly affected, while other core services continued on a reduced basis. Services that could be delivered by people working from home were most resilient. The disruption to services had significant negative impacts on vital areas and on some client groups. These included carers who lacked access to respite care, people with learning disabilities who lacked access to important services and wider support, and school children, who experienced significant disruption to their education. Communities experienced significant service disruptions alongside the wider impact of the pandemic. This created further challenges including job losses and increased economic uncertainty, the impact on people's mental health, and increased child protection risks during lockdown.

Key messages continued



4. Some services were delivered virtually

For example, education continued where students were able to access learning materials online. Councils worked fast to enable homeworking for staff and to provide innovative IT (information technology) solutions. There were challenges for some councils in the early days of the move to homeworking, including limited internet connectivity and insufficient supplies of IT equipment to enable the required numbers of staff to work remotely.



5. The workforce demonstrated the versatility to take on new roles

Staff were redeployed from services that were closed or reduced into services facing increased pressure while working at pace under challenging circumstances. There will be an increased need in future for staff to be agile as services continue to evolve in line with the pandemic and the recovery phases. Councils must also manage the pressures on staff to ensure their people are not put at risk of burnout as the pandemic continues.



6. There were significant changes in council governance structures and processes

At the onset of the crisis, councils suspended or revised their meeting schedules, and adopted different approaches to decision-making. Virtual meetings were established in growing numbers of councils, and all councils now hold remote meetings. There is now less reliance on delegation to officers or emergency committees than in the early stage of the pandemic, but councils must continue to balance the need for urgent decision-making with transparency.

Key messages continued



7. Councils continue to face significant financial challenges, and these have been exacerbated by the pandemic

The Convention of Scottish Local Authorities (COSLA) estimated that the total net financial impact of Covid-19 in 2020/21 would be £767 million. This includes forecast financial pressures of £855 million, with loss of income accounting for around £400 million of this total. The financial pressures have been offset slightly by estimated cost reductions of £88 million from a range of areas such as lower property costs and reduced school meal costs.



8. The Scottish Government has provided substantial additional financial support, but the nature and timing of funding has created further challenges for councils

Funding announced by the Scottish Government by February 2021 is likely to support councils in covering the net financial impact of the pandemic for 2020/21. This additional funding includes a significant element of one-off grant funding, therefore this may present financial sustainability risks for some councils in future years. Furthermore, funding announcements have been frequent but not regular, and in some cases specific conditions are attached. This has created an additional administrative burden for the Scottish Government and councils arising from awarding and accepting grants and completing the related reporting requirements.

Key messages continued



9. Councils have started to plan for longer term recovery from the crisis

While restarting services is led largely by national guidance, and the response to a second wave of Covid-19, councils are beginning to think about how to rebuild local economies and support communities in the long term. Councils will play a pivotal role in this, and as they progress through the recovery phases, there must be recognition that a return to 'business as usual' will not be possible and that the negative impacts of the pandemic will be felt for years to come. Councils' recovery plans have signalled this kind of thinking, focusing on areas that were already priorities before the pandemic, such as digital, tackling inequalities and climate change. We are still learning about the significant long-term challenges, and councils' recovery and renewal plans should address the longer-term implications of the pandemic for local economies, communities and individuals. Recovery plans must also recognise the longstanding issues of inequality that exist and set out actions to address the differential impact of Covid-19 on different groups.



10. There has been some ongoing learning resulting from the emergency response to the pandemic

Councils' service delivery arrangements and working practices changed at an unprecedented pace and on a scale that would have been considered impossible in the past. The need to respond quickly with simplified procedures has allowed councils to operate more flexibly and achieve outcomes that would previously have taken much longer. For example, the use of digital technology, to support changes to service delivery and councils' governance arrangements, has accelerated at a greater pace than many councils had planned for or thought achievable. It is important that councils now consolidate and build on the factors that allowed this level of change and innovation to take place so quickly. Councils should also identify the positive developments to take forward into renewal planning to maintain this momentum. It is also important for councils to avoid the risk of reverting to 'business as usual' in areas where new ways of working are having positive outcomes, for example flexible working and an increase in digitally enabled services. We will consider further lessons learned in more detail in future local government overview reports.

About this report

Our local government overview this year is taking place amidst the Covid-19 pandemic, which has created an unprecedented set of issues and challenges for councils, their partners and for communities. The shape of the recovery and renewal curve is not yet clear, nor are many of the longer-term impacts on the economy, communities, and public services.

This report

- is the first in a series of reports that reflects the evolving and long-term nature of the impact of Covid-19
- considers the initial response phase of the pandemic from March 2020, and includes financial data correct as at the end of February 2021
- provides case study examples of council responses to new challenges.

Future reporting

- will give a more detailed analysis of the impact of the pandemic and lessons learned from it, including an assessment of progress being made in early phases of recovery in 2022
- will cover further progress, with renewal and recovery reported on in 2023.

Timeline of key events

18th - £350m funding announced for councils, the third sector, and community groups

20th - Closure of schools

24th - Scotland goes into 'lockdown'

30th - The Scottish Gov. announce that local authorities' August 2020 deadline to deliver 1140 funded hours of Early Learning and Childcare will be removed

6th - Coronavirus (Scotland) Act receives royal assent

20th - Covid-19 deaths peak in Scotland

5th - Scottish Gov. announce that £155m in Barnett Consequentials will be passed to Local Government

7th - Announcement of the 'Connecting Scotland' Initiative

29th - Scotland enters phase 1 of Scottish Gov. route map

16th - Summer provision of free school meals announced

19th - Phase 2 of Scottish Gov. route map begins

23rd - £257.6 million of additional funding for councils to help tackle Covid-19 is approved (includes £155m consequentials)

10th - Phase 3 of Scottish Gov. route map begins

13th - UK Government announce the Eat Out to Help Out Scheme for establishments serving food

20th - The University of Oxford publishes its findings from a coronavirus vaccine trial, noting that the vaccine appears safe and triggers an immune response

5th - Local restrictions in Aberdeen following rise in infections

4th - Scottish pupils receive SQA results

11th - Re-opening of schools



Initial response phase, March to August 2020

Timeline of key events

1st - New restrictions introduced in the West of Scotland

22nd - New national restrictions and hospitality curfews introduced

24th - Scottish Gov. publish 2020/21 Autumn Budget revision. Covid-19 guaranteed consequentials reach £6.5bn

7th - Further temporary restrictive measures for hospitality, particularly in the central belt

20th - Further funding announced for free school meals and additional flexibility for councils to use the £20 million welfare fund

2nd - Local Authority protection levels take effect

5th - UK Gov. announce furlough extended to March

20th - 11 local authorities move into Level 4

24th - UK wide relaxation of restrictions over Christmas announced

8th - Covid-19 vaccination programme commences

14th - It is confirmed that the ELC expansion deadline has moved to August 2021

19th - The Scottish Gov. announce tightening of festive period restrictions

26th - National lockdown in Scotland begins

5th - Mainland Scotland goes into lockdown with a new legal requirement forbidding anyone from leaving their home except for essential purposes.

11th - The rollout of the Oxford/Astrazeneca coronavirus vaccine begins

29th - Scottish Gov. announce the Western Isles will move to Level 4 due to rise in cases

22nd - Children in early learning and childcare and primaries 1 to 3 return full-time to classrooms

25th - Scottish Gov. announce Scotland's vaccination programme has delivered first doses of the Covid-19 vaccine to a third of those eligible

28th - Scottish Gov.t announce three cases of a Covid-19 Variant of Concern first identified in Brazil, have been identified in Scotland



Initial response phase, September 2020 to February 2021

Key facts/Context

About local government

Councils in Scotland operate in a complex and challenging landscape. The scale of Covid-19 has created an unprecedented set of issues and challenges for councils, their partners, and communities. These include unprecedented economic and social impacts, additional financial pressures and increased service demand, the need for new service delivery models and negative impacts across communities and groups, particularly those who were already vulnerable. For several years, councils have been dealing with increasing challenges and uncertainty while continuing to address the needs of local people and national priorities. The Covid-19 pandemic has put into clear focus the pivotal role of councils in delivering not only the day-to-day services that communities rely on, but also in responding to risks. It emphasises the essential importance of effective leadership, good governance and good financial management for all councils.

Additional Covid-19 actions and responsibilities

- support to communities
- business support grant administration and distribution
- infrastructure amendments
- advice services
- staff redeployment
- virtual service delivery

32 councils



£12.6bn net expenditure budget in 2019/20



Workforce of **206,000** local government staff



Providing services to **5,463,300** people in Scotland

431,000

claims for the Self-employment Income Support schemes

£0.8bn

estimated additional Covid-19 costs in 2020/21

180,000

people shielding in Scotland

£0.4bn

estimated loss of income in 2020/21

9,000

households receiving kit through 'Connecting Scotland'

£1.02bn

administered in business support grants

[Our Local government in Scotland: Financial overview 2019/20](#) and [Digital in Local Government](#) reports explore some of these issues in more detail.

Key characteristics of the response

We have organised our analysis of the local government response to the pandemic and the wider risks that have emerged under the following themes. Early lessons learned relating to each theme are highlighted in the following sections of the report.

Each characteristic can be navigated to by the tabs at the top of the pages.



Communities and people

Community wellbeing and the role of communities in responding to the crisis

- differing impacts of Covid-19 on demographic groups
- the impact of the pandemic on inequalities
- communities' contributions in responding to the crisis



Service delivery and partnership working

The adaption of service provision and working with partners

- reduced service provision and prioritised services
- innovation and digital delivery
- enhanced collaboration and more positive working relationships



Resources and governance

The financial impact of responding to Covid-19, use of resources and changes to governance arrangements

- challenging financial outlook– additional spending and lost income
- new funding and financial flexibilities
- staff redeployed to fulfil essential roles
- virtual decision-making
- changes to governance arrangements



Communities and people

The adverse effects of the Covid-19 pandemic on different communities will last for years to come. Some people have faced greater hardship than others, and inequalities have increased in areas such as health, deprivation, employment and digital access. Communities have been integral in supporting councils and their partners' responses to the pandemic. Covid-19 recovery planning needs a sustained focus on addressing inequalities with community empowerment at its heart.

Covid-19 has had a profound impact on society and the economy

- The impact of Covid-19 on society has been hugely disruptive. Social distancing measures have markedly changed people's daily lives and, for many, have had a detrimental impact on mental health and wellbeing.
- Covid-19 has created significant uncertainty for many sectors of the economy. The national restrictions have forced many industries to shut down completely, resulting in substantial job losses and reliance on the national furlough scheme. At November 2020 the unemployment rate was 4.4 per cent, compared with 3.8 per cent for the same period in 2019.¹ The Improvement Service has created a Covid-19 economic impact dashboard² which shows the current uptake of government support at a Scottish local authority level. This uses publicly available data and includes details of the types of employment furloughed, the Self-Employment Income Support Scheme, unemployment benefit claims, and the Covid-19 Business Support Fund Grant Scheme.
- Covid-19 will also bring longer-term impacts on the economy and labour market, potentially leading to structural changes and the risk of long-term scarring for those exposed to extended periods of unemployment. The pandemic has created unequal effects on the economy so far, with digital and tech industries thriving whereas retail, hospitality, tourism, and creative industries have been the worst affected. Many of the workers within these worst affected industries are among the lowest paid and include groups such as young people, women, those with disabilities, and minority groups. This creates a risk that existing social and economic inequalities will be exacerbated. There is also the potential for some areas to be disproportionately affected, for example in economies surrounding city centres relying on footfall and in rural economies relying on tourism. The Improvement Service comments on these issues in more detail in its Covid-19 Supplement to the Scottish Local Authorities Economic Development Group (SLAED) Indicators Report 2019-20.³

1. [Labour marker in the regions of the UK](#): Office for National Statistics, March 2021

2. [COVID Economic Impact dashboard \(shinyapps.io\)](#)

3. [Covid-19 Supplement to SLAED Indicators Report 2019-20](#)

Covid-19 had a significant impact on children and young people

- Significant disruption to education has had an adverse effect on children and young people. The move to home learning has been challenging for many families and has led to loss of learning and loss of school experiences. Our report [Improving outcomes for young people through school education](#) looks at these issues in more detail and notes that the negative impacts of the pandemic may affect children and young people across a range of outcomes, and has had a detrimental effect on mental health and wellbeing.
- Covid-19 has also had a significant impact on young carers, many of whom have had to take on additional caring responsibilities during lockdown. These young people provide essential care for their families, often 24 hours a day, and this can lead to challenges in maintaining their social, educational, and economic wellbeing, as well as their physical and mental health. The pandemic and associated lockdown restrictions and social distancing measures have had far-reaching implications for young carers. These include increases in the complexity of the care provided, the withdrawal of some aspects of external support, difficulties associated with home learning and increased stress and anxiety levels as care loads grow.

Covid-19 has had a disproportionate impact on some communities and groups in society

- Covid-19 has had disproportionate effects on peoples' health, particularly those with existing health conditions, but the pandemic and society's response to it is also having an unequal impact on disadvantaged and vulnerable people and communities.
- Those living in areas of high deprivation in Scotland are twice as likely to die from Covid-19,⁴ and structural inequalities, for example poor access to good-quality education, employment, health and housing, place black and minority ethnic groups at much higher risk of becoming severely ill with Covid-19.⁵
- One-third of 18-24-year-olds have been furloughed or lost their job, in contrast to just over one-sixth of working-age adults overall. A cause for concern is prompted by further analysis by the Resolution Foundation which suggests that those currently on furlough have an increased risk of later unemployment when the job retention scheme ends.⁶
- The financial impact of Covid-19 has been substantial for many individuals and families. Over half of families in receipt of Universal Credit or Child Tax Credit in Scotland have had to borrow money since the start of the crisis.⁷ The economic impact has also affected some groups to a greater degree than others, for example young people and women in low-paid job sectors that have faced service closures. Women have historically been exposed to labour market inequality, through comprising more underpaid and undervalued work and are also more likely to have caring responsibilities, making it harder to balance work and care commitments. These issues have been heightened through the response to Covid-19, as women have been disproportionately affected by job disruption and the need for more unpaid care.⁸
- In addition, digital exclusion has been exacerbated, resulting in reduced access to information, goods, and services for some. In the 20 per cent most deprived areas in Scotland, 82 per cent of households have access to the internet, in comparison with 96 per cent in the 20 per cent least deprived areas.⁹

4. [Deaths involving Coronavirus \(COVID-19\) in Scotland, National Records of Scotland, December 2020](#)

5. [Supporting community recovery and resilience in response to the COVID-19 pandemic: a rapid review of evidence, Glasgow Centre for Population Health, May 2020](#)

6. [Getting Britain working \(safely\) again, The next phase of the Coronavirus Job Retention Scheme, May 2020](#)

7. [A stronger Scottish lifeline in the economic storm, Joseph Rountree Foundation, July 2020](#)

8. [The impact of COVID-19 on women's labour market equality, Close the gap: Disproportionate disruption May 2020](#)

9. [Scottish Household Survey 2019: annual report](#)

New vulnerabilities have also emerged as a result of Covid-19

- Covid-19 has created new vulnerabilities and exacerbated existing inequalities and exposure to risk factors.¹⁰ The response to the pandemic has had a huge impact on vulnerable adults and children, for example through care services being removed from people with disabilities and elderly people, children with additional support needs having reduced educational support, and increased child protection risks as a result of children being less visible to support services.
- These services provide important streams of both practical and social support for those in need. The reduction or cessation of services has had a significant impact. For example, the Care Inspectorate found that children and young people, whose school education and building-based social activities had been suspended, were particularly adversely affected.¹¹ Similarly, parents in some situations became quickly exhausted. The Care Inspectorate also note the risk of hidden harm being a concern.
- The disproportionate impact has also been reflected in the challenges for those with caring responsibilities, including carers who have faced reduced access to support services and respite care.

Case study 1

East Renfrewshire Council



East Renfrewshire Council's multi-layered approach to shielding.

The council contacted those on the shielding list to assist with essential tasks such as delivering food and medicine. Further support was provided to other groups by cross matching the shielding list with the lists of those accessing other services, such as homecare, telecare, housing, learning disability, food hubs and young mums' services. This allowed the council to co-ordinate various elements of support and contact people who had not used services before. It also helped to identify wider issues that were emerging during the pandemic, such as communities being at risk of food poverty.

10. [A brief summary of some issues and potential impact on those living in socio-economic disadvantage, The Improvement Service: Poverty, Inequality and Covid-19](#)

11. [Delivering care at home and housing support services during the COVID-19 pandemic, September 2020](#)

Councils were innovative and worked at pace to provide support to those most at risk

- In the initial phases of the pandemic, councils identified vulnerable people using sources such as databases of those accessing food banks, households receiving free school meals and people on the shielding list. This allowed for a targeted response to those at greatest risk.
- Councils have been at the forefront in adapting services and providing support to communities. Diverse approaches were taken to respond to the changing circumstances and to support the most vulnerable. For example, innovative solutions to provide accommodation for homeless people were established. The rapid response to housing the homeless, through additional funding and using private sector resources, is unprecedented.
- Councils are also contributing to national efforts to minimise the negative effect of digital exclusion on vulnerable communities, working with the Scottish Government and third sector to distribute digital devices through the 'Connecting Scotland' initiative.

Case study 2

The City of Edinburgh Council



The City of Edinburgh Council private sector leasing scheme to tackle homelessness.

The council increased its provision to homeless people by using private sector resources, such as hotels, B&Bs and rented accommodation through the private sector leasing scheme. Working with Link Housing, the council is looking to enhance the scheme in the longer-term, where landlords can lease their properties to the council for up to ten years at guaranteed rents. The council began a new contract for the scheme in April 2020 and, despite the challenges of Covid-19, the scheme has increased by 89 properties, and 321 new tenancies were established between 1 April and 6 November 2020.

Councils were innovative and worked at pace to provide support to those most at risk

Case study 3

Scottish Borders Council



Scottish Borders Council's 'Inspire Learning' programme:

'Inspire Learning' is an ambitious digital learning programme developed in July 2019, through which all secondary pupils and teachers received their own iPad. A range of partners have contributed to the programme's success by adopting a 'one vision' approach. The initial phase was completed six months ahead of schedule in March 2020, providing an invaluable tool for remote learning in response to Covid-19. In the first week of home learning, over 90 per cent of secondary pupils were using their iPads at home. The programme has also now been extended to all primary pupils in P4 and above and primary teaching staff. It also aims to aid collaboration between schools, enhance delivery of the curriculum, and address future employment challenges, by teaching young people digital skills such as coding, working with Apple's education initiative.

Councils will continue to play a significant role in addressing future inequalities

- The Convention of Scottish Local Authorities (COSLA) has recently prepared a [Blueprint](#), based on the empowerment of people and communities, that outlines the steps local government needs to take to overcome inequalities which increase the chances of contracting Covid-19, and longer-term impacts of the virus. However, it is too early to assess councils' progress in applying the blueprint or to understand the full impact of the pandemic on inequalities.
- Councils will play an integral role in Scotland's recovery from Covid-19 and putting communities at the centre of recovery will be vital. As well as managing the specific impacts of the pandemic, councils will also need to address the challenges that existed before the pandemic, many of which have been heightened.
- The impact of the crisis will require targeted interventions to ensure that people can be supported to overcome its damaging social and economic effects. Councils have demonstrated early signs of this kind of thinking, for example by developing virtual skills programmes for young people, and job-matching websites to help people find employment.

Case study 4

Falkirk Council



[Falkirk Council's Employment and Training Unit.](#)

The council's Employment and Training Unit has ensured that more than 800 people could continue to develop employability skills during Covid-19 by providing virtual support, replacing typical face-to-face learning. The team supports young people in Falkirk who wish to develop skills outwith traditional higher or further education settings. The service offers a range of support, from specific training and qualifications to wider life skills in wellbeing, health, and finance. The team has signposted people to other services to help with challenges arising from Covid-19. It has been successful in securing jobs for some despite the fragile employment market, in areas such as health and social care, retail, food and administration.

Lessons learned

The impact of Covid-19 has been extremely detrimental for many of Scotland's most vulnerable people and communities. The impact will be long-lasting and will significantly increase inequalities. Recovering from the pandemic will require tackling inequalities to be a priority.

As councils may look to embed longer-term changes to service provision as seen during the pandemic, it is important that they are adaptable in their approach, to ensure that services are reaching communities in the right way. Councils need to understand the needs of those experiencing digital exclusion and put

a strategy in place to ensure equal access to services for all citizens and communities.

Communities were an asset in councils' response to the pandemic

- As councils worked at pace to adapt service provision and provide additional support to vulnerable people, community groups made significant contributions, for example local people helping to coordinate the shielding response.
- Community-led responses were delivered through initiatives such as Community Planning Partnerships and third sector volunteering. Communities made important contributions to delivering these support systems.
- The establishment of community hubs was a common approach to coordinating local support by providing emotional support and services such as deliveries of food and medicines.

Case study 5

North Ayrshire Council



[North Ayrshire Council's 'Three Towns' Community Hub.](#)

The council established community hubs around its localities, one being the three towns of Saltcoats, Stevenston, and Ardrossan. Existing community engagement work provided a robust base for developing a collective response from different services, and from community groups that acted as volunteers.

The hub linked together expertise from the community, health, social work, libraries, community development and voluntary organisations. The hubs provided a local telephone point of contact for community need arising as a result of Covid-19, also helping to distribute food, medicine, mental health support, and books. Holistic working provided an efficient response to serving communities with various services 'under one roof'.

Communities experienced increased levels of activity and collaboration

- As a result of reduced levels of governance and decision-making protocols, communities embraced the opportunity to take charge in responding to the crisis. For example, communities quickly organised themselves to help councils to provide essential supplies to vulnerable people, often in a matter of days.
- Before the pandemic, this type of innovation and activity from local people faced barriers, including limited opportunities to influence or take control of decision-making processes, poor relationships and a lack of trust between communities and the public sector, continued financial pressures and austerity measures, and leadership and cultural challenges. However, the need for more streamlined processes allowed communities to make significant contributions in response to the pandemic. Our report [Principles for community empowerment](#) outlines the benefits of community empowerment in more detail.
- Collaboration was more effective where pre-existing relationships with communities were strong. Shared values and trust were important in helping councils to target support and achieve buy-in from community groups.

Case study 6

East Lothian Council



[East Lothian Council Connected Communities Resilience Bases.](#)

The council established six bases (one in each ward) across the local authority area to support vulnerable people or those who are self-isolating and have no other local support. Staff coordinated the despatch of essential goods including food, sanitary products, and hearing aid batteries. They proactively contacted those on the shielding list and worked with community groups to tackle concerns over wellbeing and isolation.

Lessons learned

Action taken by communities has been vital in supporting councils and their partners to deliver an emergency response. Partnerships that were well-established before the pandemic had a smoother transition into the response phase and acted more quickly than others.

The importance of strengthening relationships with communities has been apparent. Greater flexibility in decision-making structures has been an effective tool for communities, empowering them while allowing the council to operate more efficiently. Giving communities

more scope to use initiatives like this will be important in the future but must be balanced with the return of robust governance arrangements and continued openness and transparency in decision-making.



Service delivery and partnership working

Councils were central to the national Covid-19 pandemic response to supporting communities and vulnerable groups, alongside partners in health and social care and voluntary sectors. They responded quickly to the pandemic, placing their initial focus on maintaining essential services and protecting communities. Levels of service disruption varied during the early stages of the spring 2020 lockdown. Some councils worked well with their communities to respond to the challenges.

Councils proved agile in adapting service provision, by redirecting resources and using digital technology

- In their initial response to the national lockdown in March 2020, councils had to take quick decisions on their priorities to maintain key services while changing the way they delivered services and pausing some altogether.
- Generally, the most resilient services were those that were able to embrace home working, particularly administrative, support and processing functions.
- The impact of the pandemic and disruption to services varied. Services such as education, social care, culture and leisure, and housing repairs were significantly disrupted, and it is likely that these impacts will have longer-term consequences for communities and councils.
- Our report [Improving outcomes for young people through school education](#) found that those involved in planning and delivering school education and their partners had developed a strong foundation of working together before the pandemic. That foundation helped them deliver a quick response to the crisis. However, the move to home learning was less effective for children and young people living in already challenging home circumstances. This has exacerbated learning and development inequalities among pupils.

Case study 7

Aberdeen City and East Dunbartonshire



Councils including [Aberdeen City](#) and [East Dunbartonshire](#) distributed digital equipment to school pupils.

Aberdeen City Council's Education Service provided laptops and internet access for children and young people to support their access to the curriculum and continuing their studies at home. Teachers came up with interactive ways to provide more engaging learning for students. Guidance on delivering a digital curriculum was also issued to parents and staff.

- The pandemic impacted on councils' ability to carry out their social care functions, and the Coronavirus (Scotland) Act 2020 temporarily relaxed many of the usual statutory requirements on councils. These changes had significant negative impacts on some vulnerable groups and communities. In its review of care at home services, the [Care Inspectorate](#) found that health and social care partnerships effectively prioritised support for people with critical needs; but the impacts of this prioritisation on other people using services was very variable across the country.
- The suspension of day care and respite services had a particular impact on children and young people with additional support needs, learning disabilities or challenging behaviours. Children and young people whose school education and social activities had been suspended were particularly adversely affected.
- The Care Inspectorate also found that social isolation, disruption of daily activities, limitations on physical activity and the suspension of reablement services had an adverse impact on the health and wellbeing of people who experience care and carers.
- All councils and partner providers closed their leisure centres, libraries, museums, and cultural centres to the public.
- Councils initially restricted housing repairs to emergencies and essential repairs only, and the right to repair timescales were suspended in cases where landlords and contractors could not meet them because of the disruption caused by Covid-19.

Case study 8

Midlothian Council



Midlothian Council's Registrations service moved to a seven-day service, to make sure that deaths would be registered on time, and in line with social distancing requirements.

The service adapted to enable remote digital registrations, coordinating the early stages of each registration before completing it in the office. The council's library support team provided administrative assistance to the registrations team.

- Other services such as waste collection and administration functions continued on a reduced basis in the early stages of the spring 2020 lockdown. For example, in waste management, most councils continued kerbside bin collections, but recycling centres were temporarily closed. Most planning services were moved online with site visits suspended and a focus on responding to urgent matters.
- Councils made creative use of digital technology, responding to challenges across services. For example, school pupils were given access to learning materials online while learning at home (the 2021 report [Improving outcomes for young people through school education](#) looks at councils' responses to the pandemic and their impacts in detail). In addition, fitness classes and library collections moved online; some care homes provided virtual visiting for residents; and some councils live-streamed funeral services privately for family and friends.
- The [Digital progress in local government report](#) found that the pandemic has had a huge impact on council workforces, resulting in a large-scale shift to homeworking and remote working. Getting the right technology, skills, and support in place to give staff the confidence to use new cloud-based tools has been a key challenge. Councils' digital and information communication technology (ICT) teams have responded with unprecedented speed, agility, and resilience.

Case study 9

Perth and Kinross Council



[Perth and Kinross Council](#) live streamed funeral services from Perth Crematorium, to allow families to say goodbye to their loved ones safely while following social distancing guidelines.

The webcam service was made available privately to relatives, and the feedback received from families has been overwhelmingly positive.

Councils rapidly changed service delivery arrangements

- Councils reacted quickly to take on new responsibilities brought about by the pandemic, including distribution of business support grants ([see Resources and governance section](#)) and involvement in the shielding response.
- Councils have also experienced an impetus for digital change from the challenges of the pandemic, with some taking the opportunity to accelerate their digital transformation plans by, for example, adopting online meetings and reducing staff travel. [The Digital progress in local government report](#) provides more details on how councils met these challenges.
- Data sharing between councils and partners enabled resources to be directed to those in need. [The Digital progress in local government report](#) highlighted the example of the Helping Hands platform which councils and third sector partners jointly developed to coordinate support for citizens who were shielding or otherwise vulnerable. This allowed councils and partners to identify and support those at greatest risk. However, the Improvement Service found that a lack of data sharing in some cases created challenges, for example relating to councils and Public Health Scotland sharing Test and Protect data from households required to isolate.
- Our review of the 32 council websites found that councils took similar approaches to communicating with the public and staff through their websites by providing periodic updates on most services. But some councils' websites had gaps in information on key services such as homelessness and social care in the early stages, creating the risk of people not being kept fully informed about the services they needed.

Case study 10

Perth and Kinross Council



[Perth and Kinross Council staff such as parking attendants worked with NHS Tayside to collect and deliver prescriptions and other medical equipment to patients.](#)

This followed the suspension of parking charges, to allow key workers to get to their places of work more easily. The council's Public Transport Unit also worked with businesses that normally take pupils to school to instead take key workers to and from work back home.

Council workforces demonstrated versatility by adapting quickly, taking on new roles and working under pressure to maintain key services

- Councils redeployed staff from closed or reduced services to services that faced increased demand or pressures. Staff have had to work at pace and under significant pressure.
- Homeworking and staff redeployment have created challenges for council workforces. The additional pressures created by new and changed ways of working reinforce the need for the workforce to be versatile now and in the future.
- The impact of the pandemic on staff wellbeing and mental health means that there is an increased need for leaders to be aware of staff wellbeing and their role in supporting staff, as well as ensuring the effectiveness and accuracy of councils' workforce data and planning. These challenges have been highlighted by the [Improvement Service Organisational Development Local Authority Network \(ODLA\)](#).
- There is an increasing and ongoing need for council workforces to be agile as services continue to adapt to the impact of Covid-19, and as recovery moves into renewal. But councils must also manage the pressures on their staff to ensure their people are not at risk of burnout as the pandemic continues.

Case study 11

North Ayrshire Council



[North Ayrshire Council](#) redeployed staff to its community support hub network to work with volunteers in supporting local communities.

The hub network was established in March 2020 providing services including support to vulnerable residents and people in isolation to access emergency food supplies, and connecting with people struggling with money worries, social isolation, and poor mental health. The links to a wide range of disciplines allowed the hub to respond quickly in the initial phases of lockdown by taking a multi-agency approach. In one week, the hubs answered over 2,200 calls, carried out 2,153 food deliveries and 746 prescription drop-offs, and provided advice and signposting to over 400 residents to key statutory services.

Lessons learned

Councils must closely monitor the impacts of service changes and disruptions on people and communities. There are growing concerns about the effects of service disruptions on different groups, for example the impacts of moving school education into homes and online on disadvantaged and vulnerable children

and young people, and of reduced or paused care services on people who rely on them and their carers. Councils must develop targeted responses to tackle both the immediate negative impacts of the pandemic and the long-term inequalities that have been exacerbated.

As councils embrace longer-term digital service provision, they must balance the efficiencies digital services bring against the needs of communities and the workforce. Citizens must be at the heart of decisions about the services they rely on.

Councils have worked effectively with community partners to respond to the impacts of Covid-19. Partnerships between councils and community partners have developed and strengthened in some areas

- Councils play a key role in leading and coordinating partnerships focused on supporting and improving the lives of people in their communities. This role has been crucial as councils have coordinated and managed local responses to the pandemic. There have been many positive examples of these partnerships - including in mandatory Local Resilience Partnerships, through data-sharing responses to support shielding - and community resilience responses.
- During the early stages of the spring 2020 lockdown, it was not always clear how councils identified those in need of additional support. Some councils outlined their approaches on their websites, for example in providing additional support to individuals and families by coordinating data on those accessing other support such as food banks, households receiving free school meals, and those on the shielding list. Not all councils detailed their approaches publicly. This created a risk that people were not fully informed about the services they could access and were entitled to, particularly those in vulnerable groups, or about the council's response to Covid-19 in their local area.
- Partnerships with the third sector and communities have been particularly important in protecting people's wellbeing and supporting community hubs. As noted in the [Communities and people](#) section, partnerships that were well established before the pandemic had a smoother transition in the response phase. Many councils set up community hubs, and some communities were able to offer a faster and more targeted response to deliver vital services as a result of having fewer formal decision-making structures.

- Councils played an active role in national initiatives such as [Connecting Scotland](#), working with the Scottish Government and third sector to distribute digital devices to people in need.
- Collective action from Community Planning Partnerships (CPPs) had a significant positive impact. CPPs provided a much-needed way of coordinating local support activities and communications. Work carried out by the Improvement Service highlighted how CPPs have added value, through emergency resilience planning and by providing an immediate response involving key partners and communities.
- CPPs' impacts highlighted the value of Community Planning, in coordinating local and national responses, mobilising communities to take charge of supporting vulnerable people, developing existing relationships within Community Planning, and marshalling third sector resources. Following this initial reactive phase, there is evidence of CPPs now looking to join councils' efforts in recovery planning.

Case study 12

East Renfrewshire Council



[East Renfrewshire Council](#) contacted the 2,500 people on the shielding list to check whether they needed any assistance, for example in obtaining food and medicine provision, digital support, or financial help.

The council also carried out a social care needs assessment at that point to determine what support was already in place, for example district nursing or home care, and then worked with Voluntary Action East Renfrewshire to meet the additional needs.

Case study 13

Fife Council



Fife Council worked with Fife Voluntary Action to deliver the Helping Hands initiative.

This aims to support local communities across Fife, providing a range of essential services, including delivery of shopping and prescriptions, and providing transport and befriending services. There are eight active community resilience groups in Fife, six of which were established before the pandemic. These linked directly with the Emergency Resilience Team which provides advice on and support for developing local resilience arrangements and community-led responses. The groups have been key to providing a foundation for building capacity and additional resources to respond to the impacts of Covid-19 and support communities.

- The Improvement Service has worked with COSLA and the Society of Local Authority Chief Executives (SOLACE) to develop a local government Covid-19 dashboard, to help councils to coordinate and draw insights from the significant volume of Covid-19 data they hold. The dashboard has been created to put greater focus on evidence-based service arrangements and to help councils use timely data to inform their decision-making. It is too early to assess the overall effectiveness of the dashboard, but the early signs are positive, and councils now have access to current data on key figures and emerging trends analysed nationally and at family grouping level. Further consideration will be given to the dashboard in future local government overview reports.
- More broadly the Improvement Service has played a key role in sharing good practice examples of effective ways of working by councils during the pandemic, preparing a paper on the role of Community Planning in the response to the crisis and producing economic dashboard outputs on its website to show differences in councils' uptake of the furlough schemes. COSLA's Recovery Special Interest Group is currently reviewing lessons learned and developing policy on the national recovery from Covid-19. The group is chaired by the COSLA vice-president and includes COSLA's president and five policy spokespersons. Its aim is to develop political direction from local government to shape the medium- to longer-term recovery work.

Councils' approaches to restarting paused services have varied, but they have been guided by the Scottish Government's national guidance

- As well as recovery planning, early action has already been taken in some councils to address the profound and immediate economic and social consequences of the pandemic. Some councils are working with partners to develop skills programmes to tackle future employment issues and using place-based approaches to address wider economic challenges.
- Councils have also maintained their focus on key challenges that they faced before the pandemic, and progress has been made in some areas despite the unprecedented pressures that emerged. For example, in March 2021, the Improvement Service¹² noted that data returned by local authorities indicated that 114,222 children were accessing funded early learning and childcare services as at the end of February 2021. Of these, 98,474 children (86 per cent) were accessing more than the statutory entitlement of 600 hours, and 74,096 children (65 per cent) were accessing 1,140 hours, despite the legal obligation to do so being suspended for a further 12 months.
- But there are significant challenges facing councils as they move from the response to recovery from the pandemic. As we highlighted earlier in this report, there are longstanding and wide-ranging inequalities in children's and young people's education outcomes that have been exacerbated by the impacts of and actions taken in response to Covid-19. The impacts of reduced services for pupils and for care service users for example, may not be known for some time and will require long-term efforts to address them.
- Services that were paused or reduced during Covid-19 restrictions will have built up backlogs of demand that may take some time to become clear. Councils' responses to these backlogs and the restarting of services will need to be effectively resourced and managed.
- Looking to the medium and longer term, councils recognise the challenges of repairing the damage to communities caused by Covid-19. Recovery planning began in many councils early in the pandemic, primarily focusing on recovery and renewal. The priorities that demanded councils' attention before the pandemic have become even more pressing, such as tackling inequalities, improving outcomes for young people, and tackling climate change.

12. [Early Learning and Childcare Expansion Delivery Progress Report, March 2021](#)

Case study 14

Glasgow City Council



Glasgow City Council acted promptly in establishing its Covid-19 Recovery Group to tackle the economic and social consequences of the pandemic by looking at economic impact data.

At the end of this process, the group will publish a report containing recommendations on the actions that will guide the economic recovery of the city and city region. The group consists of members of the Glasgow Economic Leadership, the Glasgow Partnership for Economic Growth, the Glasgow Economic Commission, and some external advisers. Members include representatives from the public sector, academia, the voluntary sector, and the tourism, retail, financial services, and energy sectors.

Case study 15

Edinburgh and South East Scotland



Edinburgh and South East Scotland City Region Deal partners, through the Integrated Employer Engagement workstream of the Integrated Regional Employability and Skills programme, launched a new job matching website, c19jobs, as a rapid response to promote key worker roles and to help reduce unemployment caused by the pandemic impacts.

The site offers vacancies in key sectors such as the NHS, supermarkets, and take-away services. The site also provides information and guidance for both employers and employees.

Case study 16

North Ayrshire Council



[North Ayrshire Council](#) launched its [Community Wealth Building Strategy](#) in May 2020 which is the first of its kind in Scotland.

The strategy underlines how the council and other 'anchor' organisations – including NHS Ayrshire and Arran, Ayrshire College, and wider partners - will support more local business to bid for public sector contracts. The council seek to continue to enhance its strategy, recognising that Covid-19 has had a negative impact on inequalities to ensure that the recovery is strong, resilient, and fair. It aims to 'keep wealth local' and provide more sustainable solutions to tackle Climate Change.

Lessons learned

Councils and their staff have been at the centre of unprecedented efforts to protect and support people and communities through the Covid-19 pandemic. Demands on people have been intense, and both council staff and the citizens they serve will need continued targeted support through the move to recovery and renewal. Councils' recovery and renewal efforts must be informed by comprehensive understanding of the issues that affect all those who live and work in their communities, and the positive partnerships built on during their initial response should be a core element in this.

The impacts of the pandemic, particularly its unequal impacts on groups in society and the awareness it has raised of issues of fairness and equality, the importance of community and the value of local services are all key to deciding future priorities for public services and what 'building back better' might mean for communities.



Resources and governance

Councils have been dealing with the unprecedented economic and fiscal consequences of the Covid-19 pandemic alongside other challenges. Significant changes were also required to governance arrangements in the early stages of the pandemic.

Councils face significant financial challenges as a result of the pandemic

- Our [Local government in Scotland: financial overview 2019/20](#) report explains how the Covid-19 pandemic and associated lockdown has affected many aspects of councils' finances and created significant financial challenges and uncertainty.
- As part of COSLA's cost collection exercise carried out in July 2020, councils estimated that the total 2020/21 net financial impact of Covid-19 would be £767 million. This includes financial pressures totalling £855 million, offset by cost reductions of £88 million from a range of areas such as lower property costs and reduced school meal costs. Loss of income accounted for around £400 million of the forecast financial pressures. Other areas forecast to come under increased pressure include the costs associated with delaying capital projects, underachievement of savings and the additional costs associated with delays in the redesign and reconfiguration of services.
- The closure of sport and leisure facilities is likely to result in a significant loss of income for councils. In summer 2020, COSLA estimated that this could be around £75 million for 2020/21, however this was based on assumptions in line with the Scottish Government's route map out of lockdown at that time. It is likely that the further lockdown restrictions implemented in December 2020 will exacerbate this challenge, resulting in a greater loss of income than first anticipated. This also applies to other areas of lost income for councils, including from the closure of other buildings and services, reductions in fees and charges and the impact of school closures on income from food and drink. In addition, the council tax reduction scheme and loss of council tax revenue continues to put significant pressure on revenues, alongside similar challenges faced by councils in collecting housing rent payments. Councils also projected that they will miss out on over £50 million in savings as a result of opportunities forgone and the pressures faced in response to Covid-19.
- Councils' auditors also reported wider financial consequences of Covid-19 in the 2019/20 annual audit reports. These include the suspension of capital programmes, delays in bad debt collection and the uncertainty of capital receipts.

Case study 17

Projected loss of income – ALEOs

Several large urban councils have arm's-length external organisations (ALEOs) that were set up to manage commercial activities and provide income back to councils. These include conference facilities and transport services.

Councils' projected loss of income from these organisations in 2020/21 is £39 million. This includes Lothian Buses, Edinburgh Trams, the Scottish Exhibition and Conference Centre and the Aberdeen Exhibition and Conference Centre.

The UK and Scottish governments have provided substantial additional funding to support the pandemic response

- Scotland has had guaranteed additional funding from the UK Government of £8.6 billion. As at February 2021, over £2 billion of Scottish Government Covid-19 support for councils had been either allocated or announced. This includes the following:
 - **£800 million of non-ringfenced revenue support, including £200 million (estimated) of dedicated funding to compensate councils for loss of income**
 - **£267 million to support education recovery**
 - **£255 million to support individuals, families and communities**
 - **£434 million of NHS funding to be passed on to health and social care partnerships**
 - **£63 million of capital support for Regeneration Capital Grant Fund, Town Centres Capital Fund, School transport support and Digital Inclusion funding.**
- As part of their new responsibilities resulting from the impact of the pandemic, councils have administered funding of over £1 billion under the Covid-19 Business Support Fund Grant Scheme. These grants are administered by councils on behalf of the Scottish Government, and funding is made available to councils to finance the costs incurred. Councils reported that over 106,000 applications were received for the Small Business Grant Scheme and the Retail, Hospitality and Leisure Business Grant Scheme across Scotland. Of the applications received, over 90,000 were successful with grants of over £1 billion awarded by December 2020.¹³

Covid-19 Business Support Fund Grant Scheme (December 2020)

- Total number of applications: **106,662**
- Number of grants awarded: **91,258**
- Value of grants awarded: **£1,019,526,016**

13. [Coronavirus \(COVID-19\): business support fund grant statistics - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/publications/2021/01/20210113-covid-19-business-support-fund-grant-statistics/)

More councils added to their revenue reserves in 2019/20. Further increases may occur in 2020/21 as a result of carry-forward of late grant funding and allocations of cash from the Scottish Government

- In 2019/20, 22 councils reported increases in their revenue reserves balance (13 in 2018/19), with a net increase of £65 million (or three per cent) across all councils. Reserves play an important role in effective financial management. They provide a working balance to smooth out uneven cashflows, protect against the financial impact of unexpected events, and enable funds to be built up for known future commitments. With continued uncertainty around available funding and additional costs resulting from Covid-19, increases in revenue reserve balances may help councils to deal with short-term cash-flow challenges in 2020/21.
- Some elements of funding announced by the Scottish Government in late 2020/21 may need to be carried forward by some councils. This, along with late allocations of cash that are unlikely to be spent before the year-end, is likely to have an impact on councils' year-end reserves. Although an increase in revenue reserves would provide some additional flexibility for councils at a time of significant financial challenges, this is more likely to reflect the timing and nature of funding allocated rather than favourable financial positions resulting from strategic decisions made by councils. Late funding carried forward from 2020/21 is also likely to be earmarked for specific purposes rather than being available for general use. It is important that councils continue to recognise the sustainability challenges of using reserves to fund recurring expenditure, particularly as the impact and challenges of Covid-19 continue to develop.

COSLA is working closely with the Scottish Government to obtain additional financial support for councils

- Discussions continue around an additional package of spending powers and financial flexibility that the Scottish Government claims could be worth up to £600 million for councils. This figure would apply if all councils were able to use all the new flexibilities, but COSLA does not consider this to be a likely scenario. Councils will need to consider the increased costs that may arise in future years and the impact that Covid-19 may have on some areas, for example expected capital receipts. The additional spending powers being discussed apply to Covid-19-related pressures only and to the years 2020/21 and 2021/22 and include:
 - enabling the use of capital receipts to meet one-off revenue funding pressures, including Covid-19 related costs
 - extending debt repayment periods over the life of the asset rather than the contract period
 - allowing councils to take a repayment holiday in either 2020/21 or 2021/22 to defer internal loan fund repayments.
- The Scottish Government has also provided flexibility in its guidance on how councils use specific education and early learning and childcare funding. This includes Pupil Equity Funding and deploying early learning and childcare funding flexibly to deliver critical services for children and families. The extent of how these individual flexibilities may be used by each council is as yet unclear. Each council will need to consider the flexibilities available and decide how funding is used. This may depend on the extent of unavoidable commitments already made, for example in early learning contract commitments to parents.

The total net cost of Covid-19 in 2020/21 will be challenging for councils but is likely to be managed through savings, use of reserves and additional funding provided by the Scottish Government. Nevertheless, significant uncertainty remains around future financial planning and support

- The report [Local government in Scotland: Financial overview 2019/20](#) estimated that funding announced by the Scottish Government by November 2020 would meet 60-70 per cent of the revenue cost pressures identified by councils, with total costs and funding still uncertain. Councils have taken steps to manage this position in-year through delivery of savings and use of reserves. Subsequent announcements of additional funding by the Scottish Government at the end of February 2021 indicate that the total net cost of Covid-19 in 2020/21 may now be fully covered. However, a significant element of this additional funding is non-recurring and ringfenced for specific purposes. Councils may still have cost pressures in other separate areas, including in core services, which may not be met by this specific funding. This therefore puts increased pressure on councils to identify ways to close remaining budget gaps with limited flexibility in some of the funding allocated.
- Funding of councils beyond 2021/22 remains uncertain. Currently, funding is being provided incrementally, and this presents challenges for councils in planning effectively. Significant levels of grant support have been provided by the Scottish Government in 2020/21, but it is not yet clear whether this will continue in future years as the impact of the pandemic develops. COSLA anticipates that the impact on council finances will be felt for years to come, particularly in relation to recovery of income streams and collection of council tax debt. Furthermore, the flow of funding in late 2020/21 has created an additional administrative burden for the Scottish Government and councils in awarding and accepting grants and completing the related reporting requirements. This may have an adverse impact on councils' ability to respond to local needs should a large proportion of future funding come with similar conditions.

Lessons learned

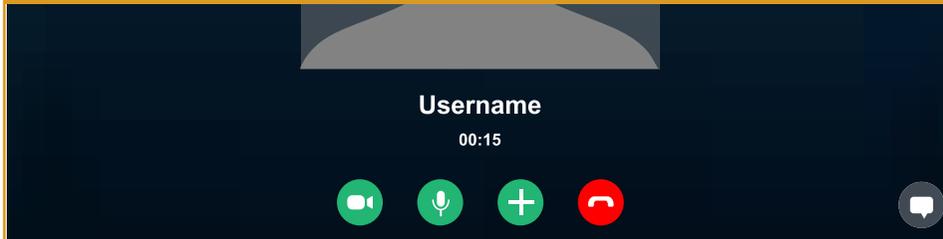
The timing and nature of funding for local government is creating pressure and uncertainty for councils beyond the current financial year. Funding is being provided incrementally and the lack of certainty regarding future budgets makes effective short- and medium-term planning very difficult for councils. Covid-19 will have long-term impacts on councils and the communities that they serve. Councils are likely to require additional support to address the challenges of remobilising services, and supporting social and economic recovery. If additional funding is provided with specific conditions or is ring-fenced for specific purposes councils will then be forced to make difficult prioritisation decisions with potential negative impacts on other services. A lack of flexibility in future funding may lead to a differential impact on service delivery and exacerbate existing financial sustainability risks.

As reported in Local government in Scotland: Challenges and performance 2018, services such as planning, cultural services, environmental health and roads have borne the brunt of service cuts in recent years. The trend has been one of larger reductions to relatively smaller service areas with no change in real terms to social care and education spending. The increased financial constraints created by Covid-19 are likely to create a further risk to recovery should smaller services face further cuts. This will adversely affect councils' ability to provide importance services that people and communities rely on.

Councils made swift changes to governance arrangements

- Councils moved quickly to a revised/suspended schedule of meetings. Many councils held only meetings dealing with urgent business, while some councils maintained other committees. Several councils established a Covid-19 committee, which was helpful in providing key information and updates in relation to council business during the pandemic.
- Some councils have since moved to virtual committee meetings, while others have operated blended or socially distanced meetings. There was some initial inconsistency in how councils made decisions, with some establishing 'emergency' or 'special' committees to take key decisions that would otherwise have been taken by other committees, and others delegating key decisions to senior officers. All 32 councils now have arrangements in place for remote meetings and are not relying on delegation to officers or emergency committees to the extent seen early in the pandemic.
- The Improvement Service notes in its November 2020 paper ['Transitioning to the new normal: Political Governance'](#) that around half of councils are now livestreaming meetings or allowing members of the public to participate. Many of the councils that do not currently livestream or allow the public to participate are exploring options for doing so. Microsoft Teams is the most popular platform, and some councils are using it in conjunction with other technology. Although not in breach of the provisions in the Coronavirus (Scotland) Act 2020, a lack of public participation restricts the openness and transparency of decision-making.
- The new governance arrangements introduced by councils have created greater flexibility and safer conditions for officers, elected members, and the public. However, councils will be required to decide on the longer-term sustainability of these arrangements. Some feedback gathered by the Improvement Service notes that remote meetings are taking longer and need additional support staff to facilitate them, placing greater strain on resources. Councils will face difficult decisions in resourcing governance arrangements that are flexible and safe but that also enable effective scrutiny and decision-making.

Case study 18

Aberdeenshire Council

Aberdeenshire Council was able to ensure minimal disruption to democratic processes from the beginning of the pandemic as it already had the technology in place.

This enabled a smooth transition to virtual meetings by Skype and remote working – ahead of other councils. One committee meeting was postponed, but otherwise all council meetings continued as scheduled. The council produced guidance for elected members, chairs, committee officers and board members to ensure proceedings ran as smoothly as possible. Guidance was also available to help the public understand how meetings would be conducted and recorded, and how they could participate in meetings and access those recordings.

Lessons learned

Councils have reacted well to the changing environment and have acted quickly to implement new governance arrangements that are safe and flexible. Although delegation to officers and emergency committees was undertaken at some councils in the early stages, it is welcome that all 32 councils now have arrangements in place to support remote meetings. It is likely that the requirement for remote meetings will continue for some time, therefore all councils should ensure that public participation is facilitated as soon as possible to provide openness and transparency in decision-making.

The pandemic created significant challenges for councils in financial planning and reporting

- There was inconsistency in the pace at which councils prepared financial updates during the initial response phase of the pandemic. Early monitoring of councils' websites found limited reporting of financial considerations. A few councils prepared detailed financial analysis papers in the early months of the pandemic, but most were slower to make this information available to the public. There has since been an improvement in the pace at which councils are providing financial updates, but the cost projections and assumptions included remain uncertain as the situation continues to develop.
- Councils will need to revise their medium-term financial plans. The wide range of financial and service demand pressures councils faced before the pandemic still exist, alongside a new set of future challenges created by the pandemic. These include restarting services and dealing with backlogs, developing new services and strategies to address the long-term harm caused to communities by the pandemic. In 2019/20, auditors reported greater uncertainty in current financial planning arrangements at councils due to Covid-19. Medium-term financial plans will now need to be revised by all councils to consider additional financial pressures and updated funding arrangements, as well as updated savings requirements and financial assumptions.
- The strategic uncertainties around Scotland's public finances and fiscal plans may also create challenges for councils in updating their own financial plans. Prioritising services such as the NHS may have an adverse impact on local government funding levels. In the [Local government in Scotland: Financial overview 2019/20](#), we reported that between 2013/14 and 2019/20, local government funding underwent a larger reduction than the rest of the Scottish Government budget over the same period. The Scottish Government will have to make difficult fiscal decisions in response to the pandemic and this may exacerbate the financial uncertainty challenge for councils.
- The differential impact of Covid-19 on some groups and communities has implications for the Scottish Government's approach to the distribution of funding. It needs to be targeted to those most in need. As reported in the [Local government in Scotland: Financial overview 2017/18](#), we recognise that a review of funding distribution is difficult in times of reduced budgets and financial challenges, as there will inevitably be some councils that end up with smaller allocations of funding, putting further strain on already tight budgets. Nevertheless, as the effects of the Covid-19 pandemic develop it is increasingly important that the Scottish Government and COSLA assure themselves that the funding formula remains fit for purpose.

Case study 19

Inverclyde Council



Inverclyde Council prepared a 'Covid-19 Financial Considerations' paper in late March 2020.

This paper was used to highlight the financial pressures and supports relating to Covid-19 and to seek delegated powers where required to release funding. All councils are now preparing regular Covid-19 related financial updates for elected members and the public.

Lessons learned

Councils' medium-term financial plans will need to be updated to reflect the significant financial impact of the Covid-19 pandemic. Although considerable challenge and uncertainty still exists, it is important that councils have a plan in place that identifies medium-term impacts so that steps can be taken to manage risk and plan effectively. Good medium-term financial planning, based on modelling various future scenarios and focusing on clear priorities, is more important now than ever.

Local government in Scotland: Overview 2021

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Code of Audit Practice

2021



Prepared by Audit Scotland
June 2021

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Foreword

This Code of Audit Practice (the Code) defines the independent audit of public bodies in Scotland. All auditors appointed by the Auditor General and the Accounts Commission and working on their behalf are required to comply with the Code.

Independent external audit is an essential feature of the public sector. It supports democratic scrutiny of how public money is raised and spent, and the outcomes achieved.

Auditors are independent of the bodies they audit and report their findings in public. In that way, auditors provide independent assurance and promote improvement.

Public bodies are responsible for safeguarding public finances, protecting against fraud and other irregularities, making the best use of their resources and ensuring good governance and delivering Best Value. Auditors identify appropriate evidence, make judgements, and report their conclusions on how public bodies have discharged those responsibilities.

Auditors assess the delivery of policies but not the merits of policy. Other scrutiny in the public sector involves regulators, who monitor business activities to ensure they are fair and effective; and inspectors, who assess compliance with regulations and service-specific professional standards.

More widely, the auditing profession is under scrutiny. Corporate failures have led commercial audit to be challenged. Recommendations to strengthen independence and quality are coming to the fore and debate on the scope and expectations of audit is ongoing. The Scottish public audit model already contains many safeguards of the independence, robustness and integrity of audit. This new Code has been developed with the implications of the review of the wider auditing profession in mind and to maintain confidence in the audit of public bodies in Scotland.

Scotland's public services are facing unprecedented challenges as a consequence of Covid-19. The pandemic has affected every aspect of our society, and has had a disproportionate impact on the black, Asian and minority ethnic community, women, young people, low earners, the disabled, and part-time workers. Recovery and renewal of services present opportunities and risks, against an existing backdrop of tight budgets and increasing demand for services. There is a consensus across the public sector that Covid-19 recovery planning needs to deliver a fairer, more just and equal society, with better

outcomes for Scotland's people, and that delivering that ambition will require a scale of leadership. Improving economic performance and addressing complex, long-term challenges such as inequality and climate change require concerted action and innovative solutions. This is leading to a debate about how public services should evolve in response to these challenges which has implications for how public audit in Scotland might be delivered in future.

The Code provides a framework for effective public audit over a period of significant change and uncertainty which includes strong safeguards of independence, objectivity and audit quality. Through this, the Auditor General and the Accounts Commission work with Audit Scotland to deliver audits that provide the people of Scotland with independent assurance on the use of public money and help public bodies improve services.



Stephen Boyle
Auditor General for Scotland



Elma Murray
Accounts Commission for
Scotland Interim Chair

1. Purpose of the Code

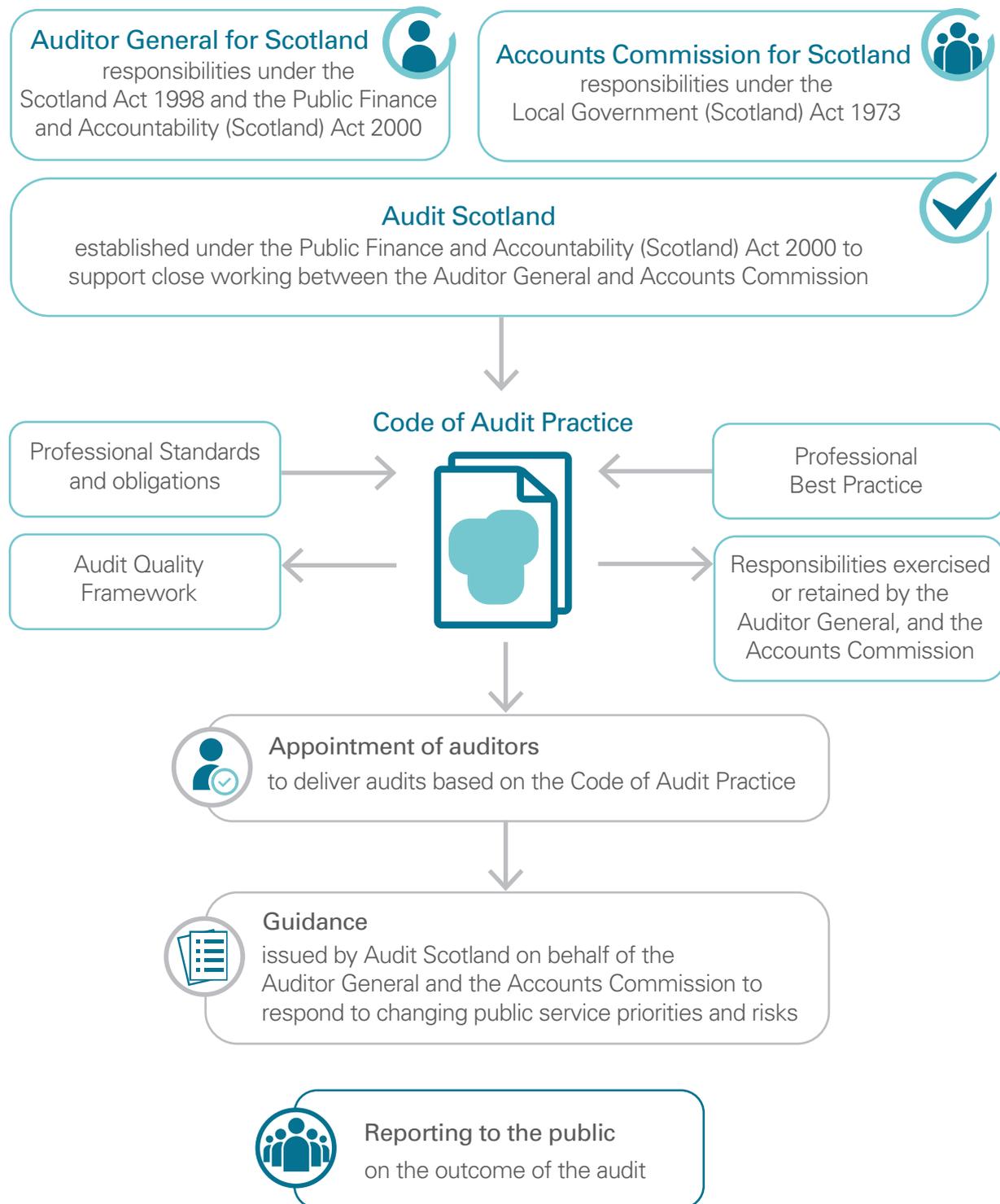
1. This Code of Audit Practice (the Code) describes the high-level, principles-based purpose and scope of public audit in Scotland. It replaces the Code issued in June 2016 and comes into effect for audits of financial years starting on or after 1 April 2022. The Code applies to the audit of over 200 public bodies which spend public money, including the Scottish Government, central government bodies, the NHS in Scotland, local government bodies and further education colleges.

2. Public audit in Scotland is founded on the statutory responsibilities of the Auditor General for Scotland and the Accounts Commission for Scotland, and the auditors they appoint. They work closely in the public interest to create strong and effective public audit which supports accountability and provides independent assurance that public money is spent and reported properly.

3. The Code sits at the centre of the arrangements for public audit in Scotland ([see illustration, page 6](#)). The Code reflects the legal requirements for audit. It also reflects the professional and ethical standards with which auditors must comply. It covers the audit of accounts, which has a wider scope than the private sector, performance auditing and Best Value auditing. The Code also sets out the arrangements which promote auditor independence and the arrangements for monitoring audit quality.

4. The Code applies to all audit work undertaken on behalf of, or as a result of being appointed by, the Auditor General and the Accounts Commission. It is a condition of their audit appointment that auditors comply with the Code and follow guidance that supplements the Code. Guidance is used to help inform auditors' judgements and promote a consistent approach to changing public service priorities and risks. The types of guidance which supplement this Code are explained in [Appendix 6 \(page 41\)](#).

The Code of Audit Practice sits at the centre of the arrangements for public audit in Scotland



Source: Audit Scotland

2. Responsibility for public audit in Scotland

5. Under legislation, the Auditor General and the Accounts Commission are responsible for securing the independent audit of the accounts and performance of public sector bodies in Scotland. The Auditor General and the Accounts Commission have prepared this joint Code to maximise the effectiveness and value of public audit work in Scotland by having a consistent approach and the ability to look at issues across organisational and sectoral boundaries. This is increasingly important as public bodies move towards greater levels of partnership working and integrated service delivery.

The Auditor General for Scotland

6. The Auditor General is an independent Crown appointment, made on the recommendation of the Scottish Parliament under the Scotland Act 1998. The Auditor General is independent and not subject to the control of any member of the Scottish Government or the Parliament.

7. The Auditor General is responsible under the Public Finance and Accountability (Scotland) Act 2000 for appointing independent auditors to audit the accounts of most public bodies in Scotland, except for the local government sector, and for reporting on their financial health and performance. The following bodies are within the audit remit of the Auditor General:

- the Scottish Government, its executive agencies and its non-ministerial departments
- Scottish Parliamentary Corporate Body and Commissioners and ombudsman
- non-departmental public bodies
- National Health Service bodies
- further education colleges
- some public corporations.

8. Audited accounts and reports by the Auditor General are sent to Scottish ministers to be laid before the Scottish Parliament.

9. The Auditor General may initiate examinations into the economy, efficiency and effectiveness with which relevant public bodies have used resources in discharging their functions.

The Accounts Commission for Scotland

10. The Accounts Commission is an independent public body. Its members are appointed by Scottish ministers to hold local government to account. The Accounts Commission was established under the Local Government (Scotland) Act 1973. The following bodies are within the remit of the Accounts Commission:

- Councils
- Integration Joint Boards
- local government committees, pension funds, joint committees and joint boards
- trustees for charities, foundations, mortification or other purpose where a council or some of its members are the sole trustees
- Transport Partnerships created under the Transport (Scotland) Act 2005.

11. The Accounts Commission has five principal responsibilities:

- Securing the external audit of local government bodies' accounts and the audit of Best Value and community planning.
- Considering reports made by the Controller of Audit; making recommendations to Scottish ministers and to local government bodies; and advising Scottish ministers on matters relating to the accounting of local government.
- Carrying out or promoting national performance audit work to improve economy, efficiency and effectiveness, improving financial or other management and in relation to Best Value.
- Issuing a Statutory Direction to local government bodies which sets out certain performance information that they are required to publish.
- Coordinating the scrutiny of local government in Scotland.

12. The Accounts Commission has the power to make findings and reports, to make recommendations to Scottish ministers and local government bodies, and to hold public hearings. In specific circumstances involving illegal expenditure or financial loss, the Accounts Commission may impose sanctions including censure, suspension or disqualification of councillors from office.

Controller of Audit

13. Under statute, the Accounts Commission appoints a Controller of Audit to consider the results of the audit of accounts, including the wider-scope responsibilities and Best Value auditing. The Controller of Audit makes reports to the Accounts Commission on matters arising from the accounts and on Best Value and acts independently of the Accounts Commission when reporting to it.

Audit Scotland

14. Audit Scotland is a statutory body established under the Public Finance and Accountability (Scotland) Act 2000. It is Scotland's national public sector audit agency which provides the Auditor General and the Accounts Commission with the services they need to carry out their duties.

15. Audit Scotland is governed by a board consisting of a non-executive board chair and two non-executive members (all appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament), the Auditor General and the chair of the Accounts Commission. The Auditor General is designated Audit Scotland's Accountable Officer and is responsible for the financial arrangements of Audit Scotland.

16. Audit Scotland aims to ensure that public audit in Scotland:

- is delivered to the highest professional, technical and ethical standards
- makes a positive difference to how public money is spent, Best Value and the outcomes that people experience
- provides insights into what works and what needs to improve
- offers foresight on future risks and opportunities for improvement.

17. Audit Scotland supports the Auditor General and the Accounts Commission in the independent appointment of auditors, delivers the respective performance audit and Best Value work programmes of the Auditor General and the Accounts Commission and undertakes two-thirds of the annual financial audits of public bodies across Scotland's public sector.

18. Audit Scotland also has a key leadership role in ensuring that public audit in Scotland is independent, objective, politically neutral and adds value. It does this through coordinating and supporting the delivery of high-quality public audit in Scotland in consultation with key stakeholders. It provides technical audit support and works with professional regulators, audit and accountancy bodies and private-sector accountancy firms, to promote and strengthen public audit and improve financial and performance reporting by public bodies. This includes preparing guidance on technical auditing and accounting issues and on planning, conducting and reporting the audit.

Responsibilities of audited bodies

19. Audited bodies are responsible for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective governance of their activities. Audited bodies are responsible for maintaining:

- strong corporate governance arrangements
- a financial position that is soundly based
- preparing accounts for audit, comprising financial statements and related reports
- sound systems of internal control
- standards of conduct for prevention and detection of fraud and other irregularities
- internal audit.

20. Those with a management role in an audited body and those charged with governance who have oversight of management make a vital contribution to sound stewardship of public resources and, as required, to secure Best Value. This is achieved through compliance with their statutory duties and responsibilities and by putting in place effective arrangements in areas described in more detail in [Appendix 1 \(page 28\)](#).

Responsibilities of appointed auditors

21. Auditors appointed by the Auditor General and the Accounts Commission undertake the audit of accounts including the wider-scope responsibilities and, where appropriate, Best Value. Once appointed, auditors act independently in carrying out their responsibilities and in exercising professional judgement. The appointed auditor reports to the audited body and others on the results of audit work.

22. Appointed auditor responsibilities are derived from statute, International Standards on Auditing (UK) and the Ethical Standard for auditors, other professional requirements and best practice, the Code and guidance from Audit Scotland. More detail on the auditor's responsibilities for auditing accounts and their wider-scope responsibilities are set out in [Appendix 2 \(page 32\)](#).

23. Weaknesses or risks, including fraud and other irregularities, identified by auditors are only those which come to their attention during their normal audit work in accordance with the Code and may not be all that exist.

3. Principles and scope of public audit

24. The Code recognises the public's high expectations of audit which supports accountability for the use of public funds. Independent audit helps maintain public confidence in the stewardship of public funds and the delivery of public services.

25. The principles which underpin public audit in Scotland are shared by the public audit agencies involved in public audit in the UK. These principles are:

- the independent appointment of auditors
- the wider scope of public audit
- transparent public reporting of audit findings and recommendations
- relevant to changing public service delivery models, priorities and risks.

26. At the core of public audit is the annual audit of accounts, which is based on an examination of reported financial transactions, in accordance with relevant legislation, the applicable accounting framework and other reporting requirements.

27. Recognising that public money is involved, the Auditor General and the Accounts Commission require the scope of public audit to be wider than the private sector audit requirements. The Code requires conclusions on aspects of public bodies' arrangements and performance, for example, conclusions relating to financial sustainability and governance.

28. Local Government auditors have a statutory duty to consider whether the local government body has made proper arrangements for Best Value and community planning. The Accounts Commission requires the wider-scope work to reflect that responsibility as set out in the Code.

29. The Code is designed to ensure that public audit adds value by providing independent conclusions which help the public assess whether public bodies use their resources in the public interest.

30. To add value through audit work, auditors must demonstrate that they understand the environment in which public bodies operate. Audit work must be tailored to the circumstances of the audited body and the audit risks identified and be proportionate.

31. Audit is not a substitute for the audited body's responsibility for putting in place appropriate arrangements for the proper conduct of its functions and for ensuring that public money is safeguarded, properly accounted for, and used effectively.

Independent appointment of auditors

32. It is a fundamental principle of public audit in Scotland that auditors are independent, and are seen to be independent, of the bodies they audit.

33. The Auditor General or the Accounts Commission appoint the auditors and only the Auditor General or the Accounts Commission can dismiss an auditor or change an audit appointment. It is a unique feature and strength of public sector audit that auditors are appointed independently of the bodies they audit. This is an important safeguard that helps ensure that auditors are free from any potential or perceived conflict of interest or other pressure that may compromise their judgement and reporting.

34. All auditors involved in audit work for the Auditor General and the Accounts Commission are required to comply with the recognised Ethical Standard for auditors and relevant professional guidance.

35. The provision of non-audit services by appointed auditors could compromise an auditor's actual or perceived independence. The Auditor General and the Accounts Commission require that any proposed non-audit service is considered in advance of the work starting. The approval process for non-audit services includes the application of the Ethical Standard and is monitored and reported through the audit quality arrangements ([paragraphs 46–48](#)).

36. Audit appointments are made for a period of five years (with the option to extend for up to a further two years). This is the maximum period that any individual auditor can retain responsibility for delivering the audit. Public audit in Scotland supports a mixed-market approach to audit appointments, appointing as auditors, employees of Audit Scotland and accountancy firms, where this facilitates a flexible and sustainable supply of cost-effective, high-quality audits. The mixed audit delivery model brings together a wealth of specialist experience, strengthening Audit Scotland's ability to work with UK and Scottish professional regulators and others to promote and strengthen public audit.

Wider scope of public audit

37. Reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector. The wider-scope audit specified by the Code broadens the audit of the accounts to include consideration of additional aspects or risks in areas of financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes. In local government, public audit includes the audit of arrangements for, and performance of, the audited body's duties for Best Value and community planning.

Fraud and other irregularities

38. In the public sector there are specific fraud risks, including those relating to tax receipts, welfare benefits, grants and other claims made by individuals and organisations. The audited body is responsible for implementing effective systems of internal control, including internal audit, which safeguard public assets and prevent and detect fraud, error and irregularities, bribery and corruption.

39. Auditors assess the specific risk of material misstatement, whether caused by fraud or error, as part of the audit of the accounts. Auditors also report on the adequacy of the audited body's arrangements for preventing and detecting fraud or other irregularities as part of the wider-scope audit.

40. Audit Scotland may conduct data matching to compare information within and between public bodies to identify potential fraudulent transactions, claims or errors. To this end, Audit Scotland coordinates the National Fraud Initiative in Scotland which is a data matching exercise. Audit Scotland and appointed auditors share information on identified frauds and Audit Scotland provides guidance to support appointed auditors in considering fraud risks.

Public reporting of findings and recommendations

41. Audit findings are supported by evidence and explanations which provide the basis for clear judgements and conclusions on how well the audited body has discharged its responsibilities. Auditors make appropriate and proportionate recommendations for improvement in response to the risks identified and the conclusions and judgements reached, based on the matters arising from the audit.

42. Auditors use their judgement when deciding how and when to report their findings and apply the following principles to maximise public accountability and transparency:

- Being open and transparent about the scope and nature of the work carried out and the conclusions reached.
- Timely reporting so that when matters arise, they can be considered and acted on promptly and brought to the attention of the audited body and the public.
- Reporting in public, using the most appropriate form of reporting to ensure the information is accessible.
- Using clear and concise language which audited bodies and the public can understand.
- Reflecting wider-scope conclusions, including in relation to Best Value where appropriate, as specified in the Code.

- Setting out clearly to whom the report is addressed and who is responsible for taking action in response to findings.
- Making recommendations that:
 - are useful, specific and practicable
 - are proportionate and focused on the public interest
 - include management responses and actions taken or proposed, including target dates and responsibility for action
 - are followed up at appropriate intervals to assess progress.

43. The Code recognises that public bodies may operate and deliver services through partnerships, arm’s-length external organisations (ALEOs) or other forms of joint working with other public, private or third-sector bodies. Auditors in the public sector have a right to information held by audited bodies, group entities and others to ensure that they are able to follow, review and assess how public money is spent and to report in the public interest. This is often referred to as 'following the public pound'.

Response to changes in public service delivery models, priorities and risks

44. As public service priorities and delivery models change in response to social and environmental challenges or legislative requirements, public audit will develop and respond so that it remains relevant. Being responsive to changing environments and emerging risks helps ensure audit continues to be a credible and relevant source of independent insight to those holding public bodies to account, the public and other stakeholders.

45. The Code sets out the high-level principles-based approach to the audit of public bodies in Scotland over the audit appointment period. The guidance which supplements the Code is updated during the appointment period to, respond to changes in public service delivery priorities and to allow for inclusion of emerging risks or new professional requirements which affect public audit.

Audit quality

46. The Auditor General and the Accounts Commission require assurance on the quality of public audit in Scotland through comprehensive audit quality arrangements that apply to all audit work and providers, including auditors employed by Audit Scotland and the accountancy firms. The audit quality arrangements recognise the importance of audit quality to the Auditor General and the Accounts Commission and provide regular reporting on audit quality and auditor performance. Audit quality findings are used to inform annual reports prepared by the Accounts Commission and Audit Scotland.

47. Audit Scotland maintains and delivers an [Audit Quality Framework](#)  through a team which is independent of appointed auditors. The team assesses audit quality and provides assurance through independent reporting to the Auditor General and the Accounts Commission. Results are used to highlight good practice and areas for improvement. This supports continuous improvement in audit quality.

48. The Audit Quality Framework includes a programme of independent quality assessments of all the appointed auditors, by an external, independent professional regulatory body. Audited bodies' views on the audit received are also considered on an annual basis. This information is used to assess the delivery of audit work and the extent to which it meets the highest professional and ethical standards.

4. The integrated approach to public audit

49. The integrated approach to public audit involves planning, delivering and reporting audit responsibilities under the Code on an annual basis. The audit of the accounts is at the centre of public audit. The audit of accounts provides the foundation for audit work necessary to support the conclusions on wider-scope audit, including where relevant, Best Value. The integrated approach also informs other audit work and outputs.

50. Audit planning responds to changes in audit risk and audit findings, as well as the context in which audited bodies are operating and their risks. Where significant risks to the audit of the accounts, including wider-scope responsibilities, are identified at the planning stage, auditors set out the work planned to address these risks in the annual audit plan.

51. The annual audit plan documents how auditors intend to meet their responsibilities. The plan is communicated to the audited body. Appointed auditors coordinate their audit with internal audit and, where appropriate, with relevant scrutiny bodies, to ensure that the annual audit plan is joined-up, effective and proportionate.

52. Audit planning takes account of other requirements including the performance reporting activities of the Auditor General and the Accounts Commission. Auditors share intelligence with Audit Scotland on significant risks arising at the bodies which they audit throughout the year so that risks which may require audit and reporting are identified early.

53. Auditors engage with the Auditor General and the Controller of Audit, as appropriate, to ensure that significant risks are highlighted and addressed. Auditors take the lead in the Shared Risk Assessment (SRA) process in councils. This involves coordinating scrutiny activity with relevant scrutiny partners on behalf of the Accounts Commission.

54. The requirements of the Auditor General and the Accounts Commission on aspects of the wider-scope audit and Best Value are set out in guidance on planning the annual audits that supplements the Code. This guidance is informed by matters of risk and assurance arising out of the audits.

The annual audit

55. The annual audit comprises the audit of the financial statements and other reports within the annual accounts and the wider-scope audit responsibilities. The Auditor General and the Accounts Commission require the annual audit to be carried out in accordance with International Standards on Auditing (UK) (the ISAs), guidance on the application of the ISAs to public audit provided in the Public Audit Forum's Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom and with the Ethical Standard. For a Less Complex Body as defined in the Code, a limited audit approach may be applied.

56. Appointed auditors consider significant risks of misstatement in the financial statements and related reports within the annual accounts. They use their professional judgement to assess risks within individual audited bodies and design their audit approach in response to those risks. Auditors also consider the arrangements for, and in some cases the performance of, an audited body's statutory Best Value duties and obligations for community planning as part of their proportionate and risk based wider-scope work.

57. Auditors give their opinion on the various parts of the annual accounts in accordance with the legislative requirements, as set out in [Appendix 2 \(page 32\)](#). The Auditor General and the Accounts Commission specify the form of opinions auditors provide, based on the accounting and legal framework within which public bodies operate and following discussions with auditors. This includes opinions on the financial statements, part of the remuneration report, annual governance statement, and the management commentary (or equivalent) in the annual accounts where required.

Wider-scope and Best Value auditing

58. Auditors consider the significant audit risks in areas defined in the Code as the wider-scope audit. Auditors consider these additional requirements when:

- identifying significant audit risks at the planning stage
- reporting the work done to form conclusions on those risks
- making recommendations for improvement and, where appropriate, setting out conclusions on the audited body's performance.

59. For local government bodies, the Accounts Commission's approach to Best Value auditing requires auditors to assess and report on audited bodies' performance in meeting their Best Value and community planning duties. Auditors use a risk-based approach and integrate that assessment with the annual audit. Auditors:

- consider, within the wider-scope areas set out in [paragraphs 62–70](#), the Best Value statutory guidance ([Appendix 1, page 28](#)), and include the risks they identify in their annual audit plan and report their conclusions

- report progress against findings and recommendations on previous reports on Best Value and subsequent annual audit reports
- report on any Best Value or related themes prescribed by the Accounts Commission in annual planning guidance.

60. For central government and NHS bodies, auditors consider the arrangements put in place by Accountable Officers to meet their Best Value obligations as part of the proportionate and risk-based wider-scope audit work.

61. The wider-scope audit requires consideration of financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes.

Financial management

62. Financial management means having sound budgetary processes. Audited bodies require the ability to understand the financial environment and whether internal controls are operating effectively.

63. Auditors consider whether the body has effective arrangements to secure sound financial management. This includes the strength of the financial management culture, accountability and arrangements to prevent and detect fraud, error and other irregularities, bribery and corruption.

Financial sustainability

64. Financial sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs. Auditors consider the extent to which audited bodies have shown regard to financial sustainability.

65. Auditors look ahead to the medium term (two to five years) and longer term (over five years) to consider whether the body is planning effectively so that it can continue to deliver services.

66. The audit of the financial statements includes consideration of the concept of going concern. Going concern is a relatively short-term concept looking forward 12 to 18 months from the end of the financial year as it relates to the basis for the preparation of the financial statements. Under the Code, the consideration of financial sustainability is wider than the going concern concept.

Vision, leadership and governance

67. Audited bodies must have a clear vision and strategy, and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation.

68. Auditors consider the clarity of plans to implement the vision, strategy and priorities adopted by the leaders of the audited body. Auditors also consider the effectiveness of governance arrangements for delivery, which includes openness and transparency of decision-making; robustness of scrutiny and shared working arrangements; and reporting of decisions and outcomes, and financial and performance information.

Use of resources to improve outcomes

69. Audited bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities. This includes demonstrating economy, efficiency and effectiveness through the use of financial and other resources, and reporting performance against outcomes.

70. Auditors consider the clarity of the arrangements in place to ensure that resources are deployed to improve strategic outcomes, meet the needs of service users taking account of equalities, and deliver continuous improvements in priority services.

Reporting the annual audit

71. Auditors produce the following outputs annually for each audit appointment:

- annual audit plan
- independent auditor's report
- annual audit report.

72. Annual reporting of the audit provides transparency on the outcome of the audit. Audit plans and reports are published on Audit Scotland's website and in accordance with the objectives for public reporting set out in [paragraphs 41–43](#) of the Code.

Annual audit plan

73. The annual audit plan contains an overview of the planned scope and timing of the audit of the accounts and the wider-scope audit to be carried out in accordance with ISAs, the Code, and guidance from Audit Scotland. It identifies the audit work that is planned to meet the audit of the accounts and wider-scope requirements, reflecting the respective responsibilities of audited bodies and appointed auditors.

74. The plan specifies the audit risks identified by the auditor as significant risks and refers to the concept of materiality. The annual audit plan includes the name of the appointment lead and the fee for the audit and confirms the independence of the auditor. Plans are reviewed throughout the audit and the audit approach is updated as necessary.

Independent auditor's report

75. The independent auditor's report sets out the auditor's opinion on the financial statements and other related reports and is added to the audited body's published statements. The format of the opinion is specified in guidance prepared by Audit Scotland.

76. The independent auditor's report is addressed to the audited body and; the Auditor General and the Scottish Parliament or; the Accounts Commission; and any other relevant addressees as specified by the Auditor General or Accounts Commission. The independent auditor's report is signed with the name of the appointment lead.

Annual audit report

77. The annual audit report is a separate report issued by auditors at the conclusion of the year's audit. It includes the information to be reported to the audited body and the Auditor General, or the Controller of Audit; and other specified recipients, as appropriate. It includes:

- significant matters arising from the audit of financial statements and related reports
- conclusions on the wider-scope audit and Best Value.

78. Auditors provide clear judgements and conclusions on the effectiveness and appropriateness of the arrangements in place based on the work that they have done. If there are significant risks, appointed auditors make recommendations for improvement. Annual audit reports include conclusions which are retrospective in nature, comment on progress in implementing previous recommendations and on forward plans within aspects of the wider-scope requirements.

79. Auditors include in their annual audit report a clear narrative that explains what the auditor found and the auditor's judgement in respect of the effectiveness and appropriateness of the arrangements that audited bodies have in place regarding the wider-scope audit. Describing the arrangements in place at an audited body would not be sufficient to meet this responsibility.

80. The requirement for auditors to communicate key audit matters, which apply to listed companies and entities which have adopted the UK Corporate Governance Code in the private sector, applies to annual audit reports prepared under the Code.

Other outputs

81. Other outputs may be required in accordance with guidance produced by Audit Scotland. These other outputs comprise:

- Certification of grant claims prepared by audited bodies.

- Assurance statements for whole of government account returns or other consolidation schedules.
- Reports on summary financial information.

82. Auditors may also produce reports to the audited body, as required and where relevant.

Less complex public bodies

83. The Auditor General or the Accounts Commission may permit an alternative audit approach where an audited body is less complex owing to its size and its limited financial activity. The Auditor General and the Accounts Commission specify in guidance the criteria used to identify a less complex body.

84. A full ISA compliant audit is required at a less complex body unless the Auditor General or Accounts Commission specify an alternative approach as proper practice.

85. The audit of the wider-scope and Best Value in an audited body which meets the definition of a less complex body under the Code may be limited to:

- a review of the Annual Governance Statement
- concluding on the financial sustainability of the body and the services that it delivers over the medium to longer term and; for local government bodies, reporting on the arrangements for securing Best Value.

86. Auditors are required to consider whether there are any audit risks or particular risks to the entity or public interest matters which would make it inappropriate to consider it a less complex body. The auditor will explain the reasons for the audit approach in the annual audit plan and how that aligns with the principles agreed with the Auditor General and the Accounts Commission and published as guidance under the Code.

Best Value reporting

87. The Accounts Commission's approach to Best Value involves reporting on individual local government bodies and thematically across the local government sector through performance reports:

- As part of their integrated wider-scope annual audit work appointed auditors use a risk based approach to assess and report whether the audited body has made proper arrangements for securing Best Value and is complying with its community planning duties, including reporting progress against previous Best Value findings and recommendations ([paragraph 59](#)).

- The Accounts Commission also requires the Controller of Audit to report to the Accounts Commission on each council or Integration Joint Board (IJB) at least once over the five-year audit appointment on the body's performance on its Best Value duty. This enables the Accounts Commission to make findings for improvement where appropriate.
- The Accounts Commission reports nationally on thematic aspects of local government bodies' approaches to, and performance in, meeting their Best Value and community planning duties. Local government appointed auditors report locally on any such Best Value thematic work prescribed by the Accounts Commission.

Performance audit work

88. The Auditor General has powers under Section 23 of the Public Finance and Accountability (Scotland) Act 2000 to initiate examinations into the economy, efficiency and effectiveness of certain bodies or office-holders. The Accounts Commission has powers under Section 97A of the Local Government (Scotland) Act 1973 to undertake studies into, and publish recommendations made on, improving economy, efficiency and effectiveness in the provision of services by local government bodies and Best Value.

89. The Auditor General and the Accounts Commission consider a range of factors when deciding what performance audit work to undertake including the public interest, the amount of money, resources or the scale of the issues and the risks involved, the timeliness of the work and the potential for findings to have wider applicability. Auditors support the Auditor General and Accounts Commission by providing information on risks and other data from their audits.

90. Performance audit work may focus on a particular audited body, a sector (eg, NHS, local government, colleges), or consider broader cross-cutting arrangements to track spending and performance across the whole system of public service delivery. The work often focuses on how different public bodies are working together to improve outcomes and make best use of public resources. The work is produced either by the Auditor General or the Accounts Commission, or jointly. The approach enables the Auditor General and the Accounts Commission to assess how effectively public policy is implemented. The work can also result in other public outputs as part of the work programme, such as public briefings.

91. The Auditor General and the Accounts Commission use feedback from stakeholder engagement and consultation, which includes the Scottish Parliament, the Scottish Government and local government, to inform the themes and proposed topics for performance audit work. The Auditor General is required to take into account any proposals made by the Scottish Parliament when deciding whether to carry out any performance audit work, and the Accounts Commission is required to consult with stakeholders before undertaking any of its performance audit work.

92. Auditors undertake performance audit work in line with relevant INTOSAI standards and guidelines for performance auditing, with due regard to guidance issued on the application of the Code to performance audit work.

Statutory reports on issues arising from the audit

93. Section 22 of the Public Finance and Accountability (Scotland) Act 2000 gives the Auditor General the power to prepare a report on matters arising from the audit of the accounts of a public body for which the Auditor General appoints the external auditor (including the Scottish Government, NHS bodies, colleges and non-departmental public bodies). A summary of these provisions is at [Appendix 3 \(page 34\)](#).

94. The Controller of Audit has a power or may be required by the Accounts Commission to prepare a report on matters arising from the audit of a local government body under Section 102 of the Local Government (Scotland) Act 1973. A summary of these provisions is at [Appendix 4 \(page 36\)](#).

95. Reports made under these powers are known as statutory reports.

Arrangements for statutory reporting

96. During the annual audit, the auditor draws any significant issues arising to the attention of the audited body concerned and to the Auditor General or the Controller of Audit, as appropriate. The auditor also comments on significant issues in the annual audit report. Working in close consultation with the auditor, the Auditor General or the Controller of Audit decides whether a statutory report should be prepared.

97. The auditor works with the Auditor General or the Controller of Audit in preparing the statutory report. The auditor must comply with any guidance issued on the application of the Code to statutory reporting. For Section 22 reports, the Auditor General sends the audited accounts and the Section 22 report to Scottish ministers who arrange for them to be laid before the Scottish Parliament. For Section 102 reports, the Controller of Audit submits the report to the Accounts Commission for its consideration and application of powers described in [paragraph 12](#).

Reporting to the Scottish Parliament or the Accounts Commission

98. The Auditor General has a key role in supporting parliamentary scrutiny of the financial health and performance of the Scottish Government and other government bodies including the NHS and Further Education colleges. Following publication of a Section 22 or 23 report, the Auditor General briefs the Scottish Parliament's Public Audit Committee on the report's findings. Auditors assist the Auditor General when briefing the Scottish Parliament.

99. The Controller of Audit acts independently of the Accounts Commission when preparing Section 102 reports. The Controller of Audit submits a Section 102 report to the Accounts Commission and briefs the Commission on its contents. Auditors assist the Controller of Audit in briefing the Accounts Commission on the content of statutory reports which they have been involved in preparing.

5. Auditors' additional responsibilities or activities

Correspondence – issues of concern

100. All correspondence relating to [issues of concern](#)  is directed to and managed by Audit Scotland in the first instance. In investigating issues of concern, Audit Scotland will have regard to relevant policies for investigating complaints. Auditors support this process.

101. Individuals or organisations contact Audit Scotland where they have concerns about an issue within a public body that falls under the remit of the Auditor General or the Accounts Commission. An issue of concern may be where someone believes that there is a breakdown in financial management or governance, or that there have been irregular transactions.

102. The key factor in determining whether Audit Scotland examines an issue is the relevance of the issue to the Auditor General or the Accounts Commission's role and functions. Audit Scotland and appointed auditors make this judgement using their professional and technical knowledge. They will also take into consideration the costs of carrying out such work to ensure that they use resources efficiently.

103. If the issue of concern does not fall within Audit Scotland's remit it may be redirected to a more appropriate body.

Information returns

104. Audit Scotland requires appointed auditors to complete information returns during the audit appointment. These returns are used for several purposes including benchmarking, risk assessment, and performance audit work and programme development.

Public rights of inspection and objection

105. Auditors are required to make arrangements for public inspection and objection to the accounts of local government bodies under Section 101 of the Local Government (Scotland) Act 1973 as set out in [Appendix 5 \(page 40\)](#).

Responsibilities to third parties

106. While the results of audits will be made available to the public, the appointed auditors' duty of care in respect of the audit of the bodies covered by the Code formally extends only to:

- for local government bodies: the audited body, the Accounts Commission, the Controller of Audit and Audit Scotland
- for all other bodies: the audited body, the Auditor General, Audit Scotland and the Scottish Parliament (under statute, most audited accounts require to be laid before the Parliament).

107. Auditors will be mindful of audited bodies' responsibilities and wider regulatory requirements. Audited bodies are responsible for ensuring these responsibilities are met and that there is appropriate liaison with the appointed auditor about timing of regulatory announcements. This does not alter the auditor's duty of care or powers to report in public.

108. Although reports may be addressed to members or managers, they are prepared solely for the use of the bodies referred to above. Appointed auditors do not undertake to have responsibilities to members, directors, accountable officers, managers or the Scottish ministers in their individual capacities, or to third parties.

Requests for auditors' views

109. Audited bodies often seek appointed auditors' views on the regularity, accounting treatment or performance management implications of transactions, or proposed courses of action, before embarking upon them. Appointed auditors are as helpful as possible, but bear in mind that:

- their independence must not be compromised by involvement in audited bodies' decision-making
- they must comply with professional standards
- they are not financial or legal advisers to audited bodies
- they do not act in any way that might compromise their ability to report on a matter, or to exercise the powers conferred by statute on them, the Auditor General, the Controller of Audit, the Accounts Commission or Audit Scotland.

110. Audited bodies are responsible for deciding whether to embark on transactions or courses of action. Responses made by auditors should not be taken by audited bodies as suggesting that proposed transactions or courses of action will be exempt from challenge in future, whether by auditors or others entitled to object to them.

Statutory Performance Information

111. The Accounts Commission issue a Statutory Direction to local government bodies which sets out certain performance information that they are required to publish. Local government auditors are required to satisfy themselves that the council has made proper arrangements for preparing and publishing statutory performance information. Auditors report their findings and conclusions from this work in the Annual Audit Report.

Whistleblowing

112. The Auditor General, the Accounts Commission, Audit Scotland and appointed auditors are prescribed persons under the Public Interest Disclosure Act. These prescribed persons consider any relevant concerns from whistleblowers and investigate further where appropriate.

Appendix 1. Summary of audited bodies' responsibilities

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. The features of proper financial stewardship include the following.

Corporate governance

Each body, through its chief executive or accountable officer, is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies should involve those charged with governance (including audit committees or equivalent) in monitoring these arrangements.

Financial statements and related reports

Audited bodies must prepare annual accounts comprising financial statements and other related reports. They have responsibility for:

- preparing financial statements which give a true and fair view of their financial position and their expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation
- maintaining accounting records and working papers that have been prepared to an acceptable professional standard and that support their accounts and related reports disclosures
- ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority
- preparing and publishing, along with their financial statements, related reports such as an annual governance statement, management commentary (or equivalent) and a remuneration report in accordance with prescribed requirements

- ensuring that the management commentary (or equivalent) is fair, balanced and understandable.

It is the responsibility of management of an audited body, with the oversight of those charged with governance, to communicate relevant information to users about the entity and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework. The relevant information should be communicated clearly and concisely.

Audited bodies are responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of their objectives and safeguard and secure value for money from the public funds at their disposal. They are also responsible for establishing effective and appropriate internal audit and risk-management functions.

Standards of conduct for prevention and detection of fraud and error

Audited bodies are responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption and to ensure that their affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.

Maintaining a sound financial position

Audited bodies are responsible for putting in place proper arrangements to ensure that their financial position is soundly based having regard to:

- such financial monitoring and reporting arrangements as may be specified
- compliance with any statutory financial requirements and achievement of financial targets
- balances and reserves, including strategies about levels and their future use
- how they plan to deal with uncertainty in the medium and longer term
- the impact of planned future policies and foreseeable developments on their financial position.

Responsibilities for Best Value, community planning and performance

Local government bodies have a duty to make arrangements to secure Best Value. Best Value is defined as continuous improvement in the performance of the body's functions. In securing Best Value, the local government body is required to maintain an appropriate balance among:

- the quality of its performance of its functions
- the cost to the body of that performance
- the cost to persons of any service provided by it for them on a wholly or partly rechargeable basis.

In maintaining that balance, the local government body shall have regard to:

- efficiency
- effectiveness
- economy
- the need to meet the equal opportunity requirements.

The local government body shall discharge its duties under this section in a way which contributes to the achievement of sustainable development.

In measuring the improvement of the performance of a local government body's functions for the purposes of this section, regard shall be had to the extent to which the outcomes of that performance have improved.

The Scottish Government's Statutory Guidance on Best Value (2020) requires bodies to demonstrate that they are delivering Best Value in respect of seven themes:

1. Vision and leadership
2. Governance and accountability
3. Effective use of resources
4. Partnerships and collaborative working
5. Working with communities
6. Sustainability
7. Fairness and equality.

The Community Empowerment (Scotland) Act 2015 is designed to help empower community bodies through the ownership or control of land and buildings, and by strengthening their voices in decisions about public services.

Specified audited bodies are required to prepare and publish performance information in accordance with Directions issued by the Accounts Commission.

For other sectors, the Scottish Public Finance Manual sets out that accountable officers appointed by the Principal Accountable Officer for the Scottish Administration have a specific responsibility to ensure that arrangements have been made to secure Best Value. Accountable Officers are required to ensure accountability and transparency through effective performance reporting for both internal and external stakeholders.

The Police and Fire Reform (Scotland) Act 2012 also places a statutory duty to make arrangements to secure Best Value in carrying out their functions on the Scottish Police Authority; the Chief Constable of the Police Service of Scotland; and the Scottish Fire and Rescue Service.

Internal audit

Public sector bodies are required to establish an internal audit function as a support to management in maintaining effective systems of control and performance. With the exception of less complex public bodies the internal audit programme of work is expected to comply with the Public Sector Internal Audit Standards and, other than local government, requirements set out in the Scottish Public Finance Manual.

Internal audit and external audit have differing roles and responsibilities. External auditors may seek to rely on the work of internal audit as appropriate.

Appendix 2. Appointed auditors' statutory duties and reporting

For bodies within the Auditor General's remit

Appointed auditors' statutory duties are derived from appointment by the Auditor General under the Public Finance and Accountability (Scotland) Act 2000. Appointed auditors' reports (ie, the independent auditor's report in relation to the accounts) must set out the auditor's findings on:

- whether the expenditure and receipts shown in the accounts were incurred or applied in accordance with:
 - any enactment by virtue of which the expenditure was incurred or the income received
 - the Budget Act(s) for the financial year, or any part of the financial year, to which the accounts relate
 - Sections 4-7 of the 2000 Act, relating to the Scottish Consolidated Fund (the Fund)
- where sums have been paid out of the Fund for the purpose of meeting such expenditure, whether the sums were applied in accordance with Section 65 of the Scotland Act 1998
- whether the expenditure and receipts shown in the accounts were incurred or applied in accordance with any applicable guidance (whether as to propriety or otherwise) issued by the Scottish ministers
- whether the accounts comply with any applicable direction by virtue of any enactment.

Appointed auditors must send the accounts, including the independent auditor's report, to the Auditor General who may prepare a statutory report on the accounts under Section 22 of the 2000 Act. Further details on Section 22 reporting are summarised in [Appendix 3 \(page 34\)](#).

For bodies within the Accounts Commission's remit

Appointed auditors' statutory duties for local government bodies are contained within Part VII of the Local Government (Scotland) Act 1973, as amended. These are to:

- audit the accounts and place a certificate (i.e. an independent auditor's report) on the accounts stating that the audit has been conducted in accordance with Part VII of the Act
- satisfy themselves, by examination of the accounts and otherwise, that:
 - the accounts have been prepared in accordance with all applicable statutory requirements
 - proper accounting practices have been observed in the preparation of the accounts
 - the body has made proper arrangements for securing Best Value and is complying with its community planning duties
 - where relevant the body has made adequate arrangements for collecting, recording and publishing prescribed performance information
- hear any objection to the financial statements lodged by an interested person, summarised in [Appendix 5 \(page 40\)](#).

Appointed auditors should also be familiar with the statutory reporting responsibilities in section 102 of the Local Government (Scotland) Act 1973, summarised in [Appendix 4 \(page 36\)](#) including those relating to the audit of the accounts of a local government body.

Appendix 3. Audit reporting and access under the Public Finance and Accountability (Scotland) Act 2000

Section 22 reports – matters arising from the audit

Under Section 22, the Auditor General can prepare a report on matters arising from the audit of the accounts of a public body for which the Auditor General is responsible for auditing. This type of report is known as a Section 22 report.

Reporting under Section 22 enables the Auditor General to bring to the attention of the Scottish Parliament and the public, matters of public interest arising from the audit of the wide range of public bodies for which the Auditor General has audit responsibility. These matters are generally focused on specific issues or concerns that have been raised by the appointed auditor and highlighted in their annual audit report on an audited body. The Auditor General may also decide to prepare a Section 22 report so that progress with issues raised in a previous Section 22 report can be publicly reported.

The issues highlighted in Section 22 reports can vary and the Auditor General considers a range of factors when deciding whether to prepare a Section 22 report including:

- the auditor's opinion on the financial statements and related report, eg the auditor may have highlighted particular issues by modifying their opinion on the financial statements or adding an 'emphasis of matter' paragraph
- materiality, ie the significance of the issue in terms of its value or its impact

- relevance, eg whether the issue is relevant elsewhere within the audited body or across public bodies, whether the issue is of future relevance in that other public bodies may have similar problems or may pursue a similar course of action
- timing, eg how long it has been since the matter arose or whether the issue is a continuing concern
- reporting, eg whether the issue has been reported in public before
- public interest.

Section 23 reports – economy, efficiency and effectiveness

Under this section of the Act, the Auditor General may initiate examinations into the economy, efficiency and effectiveness with which bodies and office-holders have used their resources in discharging their functions.

The range of bodies where the Auditor General can carry out such examinations includes all those where they have responsibility for the annual audit but can also include bodies or office holders, specified in an order, where in a financial year:

- more than a quarter of the income was received from public funds or
- the amount of the income received from public funds exceeded £500,000.

In determining whether an examination under this section is to be carried out, the Auditor General must consider any proposals made by the Parliament. It is for the Auditor General personally to initiate an examination under this section and to decide who is to carry out the examination.

Access to documents and information

Section 24 of the Act covers an auditor's right of access to documents under Sections 21 and 22, or an examiner's rights under Section 23. The auditor or examiner has the necessary right of access to documents and information which they may reasonably require to enable them to discharge their responsibilities.

Auditors and examiners may also require from any person holding, or accountable for, any such document any assistance, information or explanation which they reasonably think necessary.

Appendix 4. Audit reporting and access under the Local Government (Scotland) Act 1973

Section 102 reports – matters arising from the audit

Section 102(1)

Under Section 102(1) of the Local Government (Scotland) Act 1973 the Controller of Audit may, and if required by the Accounts Commission must, submit reports to the Commission about:

- the accounts of local government bodies
- any matters arising from the accounts or auditing of local government bodies that the Controller of Audit considers should be considered by the body or brought to the attention of the public
- the performance of a local government body of their duties relating to Best Value and community planning.

Section 102(2) requires any report under Section 102(1) to be copied to any local government body named in the report and to any other persons named or referred to in the report. with an opportunity provided to make representations to the Controller of Audit on the proposed report and on any of the matters dealt with in it.

Section 102(3)

Having considered any matter arising out of the auditing of the accounts of a local government body and having made such enquiries as the Controller sees fit, in certain circumstances the Controller of Audit may, under Section 102(3), make a special report to the Accounts Commission. A report may be made where the Controller of Audit is of the opinion that:

- an item of account is contrary to law
- there has been a failure on someone's part to bring into account a sum which ought to have been brought into account
- a loss has been incurred or deficiency caused by the negligence or misconduct of a person, or by the failure of a body to carry out a duty imposed on them by any enactment
- a sum which ought to have been credited or debited to one account of a body has been credited or debited to another account and the body has not taken, or is not taking, steps to remedy the matter.

Immediate notification of a significant matter to the Controller of Audit by the appointed auditor should normally be followed by the submission of a detailed report.

Section 102(3A) requires the special report is copied to the local government body and any persons named or referred to in the report with an opportunity provided to make representations to the Controller of Audit on the proposed report and on any of the matters dealt with in it.

The Accounts Commission considers reports by the Controller of Audit and agrees next steps, in accordance with the actions available to it under the legislation. This may include, for example, the Commission directing the Controller of Audit to carry out further investigations, holding a public hearing or stating its findings.

The issues highlighted in Section 102 reports can vary and a range of factors are considered when deciding whether to prepare a Section 102 report, including:

- the auditor's opinions on the financial statements and related reports, eg the auditor may have highlighted particular issues by modifying their opinion on the financial statements or adding an 'emphasis of matter' paragraph
- the auditor may have formed an adverse conclusion or made significant recommendations in respect of a body's compliance with the duty comply with Best Value and community planning responsibilities

- materiality, ie the significance of the issue in terms of its value or its impact
- relevance, eg whether the issue is relevant elsewhere within the public body or across public bodies, whether the issue is of future relevance in that other public bodies may have similar problems or may pursue a similar course of action
- timing, eg how long it has been since the matter arose or whether the issue is a continuing concern
- reporting, eg whether the issue has been reported in public before
- public interest.

Section 97A – reports on improving economy etc. in services

The Accounts Commission has powers under Section 97A of the Local Government (Scotland) Act 1973 to undertake or promote comparative and other studies designed to enable it to make and publish recommendations for:

- the securing by local government bodies of Best Value
- improving economy, efficiency and effectiveness in the provision of services by local government bodies
- improving the financial or other management of local government bodies.

Section 100 – access to documents and information

Section 100 of the Local Government (Scotland) Act 1973 covers an auditor's right of access to documents in the local government sector. An auditor has a right of access at all reasonable times to all such documents relating to the accounts of a local government body that they judge necessary to examine for the purpose of auditing those accounts. Auditors are entitled to require from any officer of that body or any other person holding or accountable for any such document such information and explanation as they think necessary.

Section 97B of the Local Government (Scotland) Act 1973 covers the requirement of bodies and individuals to provide information and documents to the Accounts Commission, including in relation to the Commission's powers under Section 97A of the Act.

Section 105A – studies of benefits administration requested by the Secretary of State

Under section 105A of the Local Government (Scotland) Act 1973, the Accounts Commission, at the request of the Secretary of State, can conduct studies designed to improve economy, efficiency, effectiveness and quality of performance in the discharge by local authorities of functions relating to the administration of housing benefit. Since 2008, following a request from the Department of Work and Pensions, the Accounts Commission has fulfilled its responsibility for reporting on the performance of housing benefit services in Scotland through a programme of audit work (including risk assessments, focused audits and thematic reporting) conducted by Audit Scotland.

Appendix 5. Public rights of inspection and objection under Section 101 of the Local Government (Scotland) Act 1973

The wider public interest to the audit of public money is explained throughout the Code.

For the audit of the financial statements of local government bodies, appointed auditors are required to have regard to the right of citizens under Section 101 to:

- inspect a local government body's accounts, books and records and take copies or extracts thereof
- lodge with the auditor a written objection to those accounts, together with a statement of the grounds thereof
- appear before, and be heard by, the auditor with respect to that objection.

Written objections require to be lodged directly with the local auditor. Appointed auditors advise the Controller of Audit promptly of any objections or submissions received directly. If requested by the objector, the local government body or any officer of the body who may be concerned, the appointed auditor must give the relevant party an opportunity to appear before, and be heard by, the appointed auditor with respect to the objection.

Appointed auditors have regard to guidance issued by Audit Scotland when dealing with objections to the accounts of a local government body.

Appendix 6. Status of guidance which supplements the Code

Guidance issued by Audit Scotland on behalf of the Auditor General and the Accounts Commission which supplements the Code includes detailed requirements with which the auditor must comply in discharging their responsibilities under the Code, through to material which is intended to inform, rather than direct auditors, to support a shared understanding of the application of the Code.

Guidance issued by Audit Scotland may be updated during the appointment period to reflect new or emerging risks and changes in professional requirements. Appointed auditors and other interested parties are consulted on the content of guidance issued by Audit Scotland where compliance is required in order to achieve a wide understanding of the issues and risks facing audited bodies and the practicalities and costs of implementing the proposed audit response.

Guidance with which auditors are required to comply in performing the responsibilities set out in the Code comprises:

- quality control standards, the Ethical Standard and ISAs (UK) issued by the Financial Reporting Council (or successor body) from the date they become effective (auditors may choose to adopt early where permitted by the FRC)
- guidance from Audit Scotland which supplements the Code and explicitly states that compliance is required. This comprises guidance on planning annual audits and guidance on the Independent Auditors Reports.

Guidance with which auditors are expected to pay due regard, ie an 'apply or explain' basis, comprises:

- applicable practice notes and bulletins issued by the Financial Reporting Council (or successor body)

- guidance from Audit Scotland which assists auditors in performing their responsibilities and explicitly states that auditors should pay due regard to it. This includes guidance to inform audit judgements, and on the application of wider-scope and Best Value audit.

Auditors are also expected to have due regard for and an understanding of the guidance referred to in the Code for which the audited body has responsibility in applying. This includes Statutory Guidance on Best Value issued by the Scottish Government and the Statutory Direction issued by the Accounts Commission on specified performance information.

Glossary

Word or phrase	Definition
Accountable Officer	Accountable Officers have personal responsibility for the propriety and regularity of the finances of the public body for which they are answerable to Parliament, and for ensuring the body's economic, efficient, and effective use of resources. Accountable Officer responsibilities are prescribed in legislation and described in the Scottish Public Finance Manual.
Accountancy firms	The private sector bodies appointed by the Auditor General or the Accounts Commission to deliver audits under the Code. Accountancy firms are required to establish operational separation of their audit practice and accountancy activity by 2024. If subsequent legislation requires full legal separation of audit and accountancy activities the term will apply to audit firms.
Accounts	The suite of financial statements and related reports that must be prepared and published by the relevant body and subjected to audit.
ALEOs	<p>Arm's-length external organisations.</p> <p>Companies, trusts and other bodies that are separate from a local government body but are controlled or influenced by them. The body could do this, for example:</p> <ul style="list-style-type: none"> • by having a representative on the organisation's board and/or • by being the organisation's main funder shareholder. <p>ALEOs can take many forms. They include:</p> <ul style="list-style-type: none"> • companies limited by guarantee or shares • community enterprises, such as industrial and provident societies' trusts • Scottish Charitable Incorporated Organisations. <p>Examples of the services they deliver include leisure, transportation, property development and, more recently, care services. ALEOs are often set up as non-profit-making organisations such as charities to benefit the public in areas such as health, education, recreation, and equal opportunities.</p>

Word or phrase	Definition
Appointed Auditors	External auditors of public bodies appointed by the Accounts Commission under Section 97 of the Local Government (Scotland) Act 1973 or the Auditor General under Section 21 of the Public Finance and Accountability (Scotland) Act 2000. These include appointed auditors in Audit Scotland’s Audit Services Group and appointed private accountancy firms.
Appointment lead	The person responsible for the performance of the audit and for the reports that are issued. The appointment lead on an annual audit is the appointed auditor where it is carried out by Audit Scotland or an individual signing on behalf of an appointed firm. The appointment lead carries the same responsibilities as the engagement partner or engagement lead defined in the ISAs and used in the private sector.
Appointment Period	Audit appointments are usually made for a period of five years, with an option to extend for up to two additional years.
Audit	Work carried out by auditors to meet any of the requirements of the Code.
Audit Quality Framework	The Audit Quality Framework sets out the arrangements for assessing the quality of audit work. The framework is maintained and delivered independently of appointed auditors by Audit Scotland.
Audited body (or body)	A body (or account) for which the Auditor General or the Accounts Commission is responsible for appointing an auditor, comprising the members of the body (eg, elected members of a local government body or executive and non-executive directors of NHS bodies), an accountable officer, management and other officers, as appropriate.
Auditors	Appointed auditors and performance audit and Best Value audit staff collectively.
Best Value Audit	Auditors have responsibility under legislation to provide public assurance on the extent to which local government bodies are meeting their statutory duties. The audit approach is detailed in guidance.
Code (the)	The Code of Audit Practice issued by Audit Scotland and approved by the Auditor General and the Accounts Commission.

Word or phrase	Definition
Controller of Audit	The officer appointed by the Accounts Commission under Section 97(4) of the Local Government (Scotland) Act 1973. The Controller of Audit has statutory reporting functions, in particular those referred to in Appendix 4 (page 36) of the Code.
Ethical Standard	The Ethical Standard issued by the Financial Reporting Council applies to all work performed under the Code.
Financial Reporting Council (FRC)	<p>The body responsible in the UK for issuing auditing and ethical standard and other guidance to auditors. Its objectives are to establish high standards of auditing that meet the developing needs of users of financial information and to ensure public confidence in the auditing process.</p> <p>On 11 March 2019 it was announced that the FRC will be replaced by a new regulator, the Audit, Reporting and Governance Authority (ARGA). References to FRC in the Code should be read to apply to successor bodies as appropriate.</p>
Following the Public Pound Code	In 1996, the Accounts Commission and COSLA published a joint Code of Guidance on Funding External Bodies and Following the Public Pound. Local government auditors are required to review the guidance for auditors when carrying out their work in this area.
Fraud	An intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage.
INTOSAI	International Organisation of Supreme Audit Institutions.
ISAs	International Standards on Auditing (UK) issued by the FRC. ISAs apply to the audit of the accounts and where appropriate to the wider-scope audit.
Local government bodies	Councils, joint boards, committees, pension funds, integration joint boards and other bodies , established under the Local Government (Scotland) Act 1973, as amended.

Word or phrase	Definition
Other (joint) scrutiny bodies	<p>Inspectorates and other public sector organisations that have a role bodies in assessing aspects of organisational performance, compliance with professional standards and the competence of professional staff.</p> <p>In local government, the relevant organisations are listed in Schedule 14 of the Public Services Reform (Scotland) Act 2010 alongside the Accounts Commission. They have a duty to cooperate with each other and, where appropriate, with the Scottish ministers, under the Act.</p>
Regularity (of expenditure and income by virtue of which the expenditure was incurred or the income received)	<p>Whether, subject to the concept of materiality, expenditure and income has been incurred or applied in accordance with (i) any applicable enactment by virtue of which the expenditure was incurred or the income received and guidance issued by the Scottish ministers; (ii) the Budget Act or Acts for the financial year, or any part of the financial year, to which the financial statements relate, and (iii) Sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000. Strictly, the legislation refers to receipts rather than income. Where the accounting framework requires audited bodies to account for income this is the term used in independent auditors' reports.</p>
Shared risk assessment (SRA) Local government auditors only	<p>Shared Risk Assessment is designed to identify where scrutiny will make the most difference in terms of helping councils to improve and providing assurance to the public. It also provides a focus for more coordinated engagement between councils and scrutiny bodies. Scrutiny bodies share intelligence and agree scrutiny risks in each of Scotland's councils using the SRA process.</p>
Whole of Government (WGA)	<p>Whole of Government Accounts (WGA) consolidates the audited accounts of over 8,000 organisations across the public sector to produce a comprehensive, accounts-based picture of the financial position of the UK public sector. WGA is based on International Financial Reporting Standards (IFRS Standards), the system of accounts used internationally by the private sector. The larger public sector bodies in Scotland are required to submit a consolidation pack to the relevant Scottish Government directorate, which is based on, but separate from, their statutory accounts.</p>

Code of Audit Practice

2021

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