

A **meeting** of the **Integration Joint Board Audit & Risk Committee**
will be held on Wednesday 31 August 2022 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 4 March 2022** **For Approval**
4. **Matters Arising/Urgent Business Brought Forward by Chair**
5. **Annual Audit Plan and Audit Appointment** **For Noting**
Ewan Murray, Chief Finance Officer
6. **Governance Checklist & Updated Governance Statement** **For Noting and Approval**
Ewan C. Murray, Chief Finance Officer
7. **Internal Audit Progress Report** **For Noting**
Jocelyn Lyall, Regional Audit Manager
8. **Internal Audit Annual Report 2021-22** **For Noting**
Jocelyn Lyall, Regional Audit Manager
9. **Strategic Risk Register** **For Approval**
Ewan C. Murray, Chief Finance Officer
10. **Relevant National Reports** **For Noting**
 - i. Scotland's Financial Response to Covid-19
 - ii. Integration Joint Boards Financial Analysis 2020-21
 - iii. Local Government in Scotland Overview 2022
 - iv. Local Government in Scotland Financial Overview 2020-21
 - v. The National Fraud Initiative in Scotland 2022
11. **Any Other Competent Business**
12. **Date of Next Meeting**
Wednesday 26 October 2022, 2pm

**Draft Minute of the Clackmannanshire & Stirling IJB
Audit and Risk Committee**
held on **Friday 4 March 2022 at 10.00am**
via Microsoft Teams

Present:

Voting Members

Allan Rennie, Non-Executive Board Member, NHS Forth Valley (Chair)
Gordon Johnston, Non-Executive Board Member, NHS Forth Valley
Councillor Martha Benny, Clackmannanshire Council (Vice Chair)

In Attendance:

Annemargaret Black, Chief Officer, IJB and HSCP
Ewan Murray, Chief Finance Officer, IJB and HSCP
John Cornett, Audit Director, Audit Scotland
Adam Haahr, Audit Manager, Audit Scotland
Tony Gaskin, Chief Internal Auditor
Ross Reid, Audit Scotland
Debbie Laing, Business Support Officer, Minutes

1. WELCOME AND APOLOGIES

The Chair welcomed everyone to the meeting and confirmed the meeting was quorate.

Apologies for absence were noted from:

- Councillor Graham Houston, Stirling Council

2. DECLARATION(S) OF INTEREST

No declarations of interest were noted.

3. MINUTE OF PREVIOUS MEETING HELD 22 NOVEMBER 2021

The draft minute of the previous meeting held on 22 November 2021 was approved as an accurate record.

4. MATTERS ARISING/URGENT BUSINESS BROUGHT FORWARD BY CHAIR

Ms Black provided a verbal update on the Scottish Government Best Value Review for IJBs, for which Clackmannanshire & Stirling HSCP would be one of the pilot partnerships taking part. These meetings had been placed on hold over the winter due to other pressures in the system, however Ms Black was happy to report that the meetings had commenced again. Both Ms Black and Mr Murray had also had the opportunity to comment on the sample reports which had begun to be produced. A further update would be provided to future Audit and Risk Committee meetings.

5. AUDIT SCOTLAND LETTER: ANNUAL AUDIT REPORT & 2021/22 ACCOUNTS AND AUDIT PLANNING

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

Mr Murray shared the attached letter received on 9 February from Scottish Government, which set out a target reporting deadline of 31 October 2022; on that basis, Mr Murray proposed that the planned Audit and Risk Committee meeting for September should be rescheduled to October to accommodate this deadline, with which the Committee was in agreement.

Mr Murray further proposed that the Audit and Risk Committee meeting due on 30 June be pushed back to the second half of August, to take place as soon as possible after the Local Authority summer recess ended, to consider wider governance issues with the 2022/23 draft IJB accounts being presented to the IJB meeting of 29 June 2022 for consideration.

The Audited Annual Accounts and Annual Audit Report (AAR) would therefore be presented to the November IJB for consideration, approval and signing thereafter. Committee members were in agreement that the previously scheduled meeting dates should be rescheduled accordingly.

The Audit and Risk Committee:

- 1) Agreed with the proposed changes with the caveat that a revised schedule of meeting dates for 2022/23 should be issued following today's meeting, to ensure appointments were in members diaries.

6. INTERNAL AUDIT PROGRESS REPORT

The internal audit progress report was presented to the Committee by Tony Gaskin, Chief Internal Auditor.

The plan had been reviewed and continuously considered since the previous meeting in November 2021. The Strategic Commissioning Plan was the centrepiece of the workplan, and Mr Gaskin confirmed that work on this had begun.

Mr Gaskin advised that the Risk Manager for NHS Forth Valley had recently transferred to NHS Greater Glasgow and Clyde, which has resulted in some delays to certain areas within the Internal Audit Plan.

The Committee was content with the progress report and welcomed further updates at future meetings.

The Audit and Risk Committee:

- 1) Noted the progress on the 2021/22 internal audit plan set out at appendix 1;
- 2) Noted the summaries of relevant reports from the partner bodies set out at appendix 2.

7. STRATEGIC RISK REGISTER

Mr Ewan Murray, Chief Finance Officer presented the Strategic Risk Register to the Committee.

The Strategic Risk Register was a standing agenda item on the Committee's agenda for scrutiny as part of regular and established performance management arrangements, high risks were reported by exception to the IJB. Mr Murray advised that this was also regularly reviewed by the HSCP Senior Leadership Team and was now presented to the wider Senior Management and Leadership Team bi-monthly meetings for visibility and linkage to operational risk management.

A specific strategic risk was added regarding Covid in the early part of the pandemic in early 2020; it was proposed that going forward, covid impacts should be threaded through all strategic risks rather than as a standalone item.

The Committee discussed whether this was an appropriate time to undertake a substantive review of the risk register and the strategic risk appetite as a whole, to ensure that all lessons learned during the pandemic were fully integrated into the register. It was agreed that a special session focused on reviewing the risk register and the IJBs risk appetite should take place and that this be aligned to the process of developing the 2023-2033 Strategic Plan; Ms Black and Mr Murray would take this forward.

Finally, the Committee discussed whether the development of the National Care Service should be noted as a separate risk on the risk register; this could be further developed in the special session. Mr Murray agreed to consider whether a specific strategic risk around the changing policy environment would be sufficient for the time being.

The Audit and Risk Committee:

- 1) Reviewed and approved the Strategic Risk Register
- 2) Agreed that rather than a standalone Covid Strategic Risk the impact of this would be threaded through them all

- 3) Agreed the Chief Officer and Chief Finance Officer would arrange for a special session on the review of the Strategic Risk Register and risk appetite.

8. IJB SCHEME OF DELEGATION

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

The existing Scheme of Delegation was approved in November 2016, early in the establishment of IJBs when relationships still forming. Mr Murray noted the format of the Scheme of Delegation would look broadly similar across all IJBs. The format was based on a model for IJBs developed as part of the Integrated Resources and Advisory Group, which developed much of the guidance to support the implementation of the legislation.

While the pandemic had highlighted areas for further improvement with the current Scheme of Delegation, however, due to the emergency footing this had not taken place. The appetite of the IJB had been to move away from the continuous extension of emergency powers, and towards creating a more robust and fit for purpose Scheme of Delegation.

Benchmarking and research activities had taken place across other peer partnerships to gauge their approach and further clarity/governance was necessary regarding strategic and transactional roles within the current version.

There was an option to retain a maximum financial value for approval, however this was not the norm in the other Schemes reviewed during the benchmarking exercise. Therefore, the revised draft presented proposed removing the maximum value, and emphasised that decision making should be within approved budget. Matters reserved to the IJB were still appropriate and the arrangements for the issuing of directions amended to separate the decision making and administrative elements.

The proposed Scheme of Delegation would be reviewed annually going forward and the review date would be added to the final paper to the IJB for inclusion in the forward planner.

One member raised a query regarding the transactional limits reflected in the Scheme of Delegations of constituent authorities, and how this would operate on a practical level.

The Audit and Risk Committee:

- 1) Noted the background to the extant Scheme of Delegation.
- 2) Considered the issues set out in this report pertaining to the Scheme of Delegation
- 3) Subject to these considerations, the Committee recommended the revised Scheme of Delegation to the IJB for approval.

9. RELEVANT NATIONAL REPORTS

In line with the Audit and Risk Committee Terms of Reference, Mr Murray continued to bring to the Audit and Risk Committee's attention the following national level reports which were of relevance and significance to the business of the IJB:

- 9.1 Audit Scotland – Social Care Briefing
- 9.2 Audit Scotland – NHS in Scotland 2021

The reports contained key messages which were useful for dissemination among the wider IJB membership in relation to the planning and delivery of sustainable services into the future, and the Committee agreed that these reports should be circulated as soon as possible to all IJB members.

The Audit and Risk Committee:

- 1) Noted the reports and their relevance to the planning and operating context of the IJB and Health and Social Care Partnership.
- 2) Consider the merits of whether the reports should be presented to the IJB for noting and/or consideration and debate.

10. ANY OTHER COMPETENT BUSINESS

As there was no other competent business the Chair closed the meeting.

11. DATE OF NEXT MEETING

31 August 2022, 2pm.

Integration Joint Board Audit and Risk Committee

31 August 2022

Agenda Item 5

Annual Audit Plan & Audit Appointment

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 Audit Plan to the committee to ensure visibility and awareness and notify the appointment of Deloitte as the IJBs Auditors for 2022/23 to 2026/27
---------------------------	---

Recommendations:	<p>The Audit and Risk Committee is asked to:</p> <ul style="list-style-type: none"> • Note the Annual Audit Plan • Note the appointment of Deloitte as the IJBs Auditors for 2022/23 to 2026/27 financial years
-------------------------	---

1. Considerations

- 1.1 The Annual Audit Plan is normally presented to the Audit and Risk Committee for consideration. However, this was not possible at the previous meeting and as such, the plan was agreed under delegated authority after consultation with Audit and Risk Committee members
- 1.2 To ensure visibility to the revised committee membership and awareness of the content of the plan it is presented today for noting. The plan is also published on Audit Scotland's website.
- 1.3 The 2021/22 Audit is the final year of Audit Scotland's appointment as the IJBs External Auditors. Notification was received on 24 May that the Auditor General and Accounts Commission have approved appointments for audits of financial years 2022/23 to 2026/27 and that the IJBs auditors will be Deloitte.

2. Appendices

Appendix 1 – 2021/22 Annual Audit Plan

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 statutory external 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>

Clackmannanshire and Stirling Integration Joint Board

Annual Audit Plan 2021/22



 AUDIT SCOTLAND

Prepared for Clackmannanshire and Stirling Integration Joint Board

March 2022

Contents

Introduction	3
Financial statements audit planning	5
Audit dimensions and Best Value	8
Reporting arrangements, timetable, and audit fee	11
Other matters	13

Introduction

Summary of planned audit work

1. This document summarises the work plan for our 2021/22 external audit of Clackmannanshire and Stirling Integration Joint Board. The main elements of our work include:

- an audit of the annual accounts, and provision of an Independent Auditor's Report
- an audit opinion on the other statutory information published within the annual report and accounts including the Management Commentary, the Annual Governance Statement and the Remuneration Report
- consideration of arrangements in relation to the audit dimensions: financial management, financial sustainability, governance and transparency and value for money that frame the wider scope of public sector audit
- consideration of Best Value arrangements

Impact of Covid-19

2. The coronavirus disease (Covid-19) pandemic has had a significant impact on public services and public finances, and the effects will be felt well into the future.

3. The Auditor General for Scotland, the Accounts Commission and Audit Scotland continue to assess the risks to public services and finances from Covid-19 across the full range of our audit work, including annual audits and the programme of performance audits. The well-being of audit teams and the delivery of high-quality audits remain paramount. Changes in our approach may be necessary and where this impacts on annual audits, revisions to this Annual Audit Plan may be required.

Adding value

4. We aim to add value to Clackmannanshire and Stirling Integration Joint Board through our external audit work by being constructive and forward looking, by identifying areas for improvement and by recommending and encouraging good practice. In so doing, we will help Clackmannanshire and Stirling Integration Joint Board promote improved standards of governance, better management and decision making and more effective use of resources. Additionally, we attend meetings of the Audit and Risk Committee and actively participate in discussions.

Respective responsibilities of the auditor and Clackmannanshire and Stirling Integration Joint Board

5. The [Code of Audit Practice \(2016\)](#) sets out in detail the respective responsibilities of the auditor and Clackmannanshire and Stirling Integration Joint Board. Key responsibilities are summarised below.

Auditor responsibilities

6. Our responsibilities as independent auditors are established by the Local Government (Scotland) Act 1973 and the [Code of Audit Practice](#) (including [supplementary guidance](#)) and guided by the Financial Reporting Council's Ethical Standard.

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

Clackmannanshire and Stirling Integration Joint Board responsibilities

8. Clackmannanshire and Stirling Integration Joint Board is responsible for maintaining accounting records and preparing financial statements that give a true and fair view.

9. Also, Clackmannanshire and Stirling Integration Joint Board has 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 deliver their objectives.

Managing the transition to 2022/23 audits

10. Audit appointments are usually for five years but were extended to six years due to Covid-19. 2021/22 is the final year of the current appointment and we will work closely with our successors to ensure a well-managed transition.

Financial statements audit planning

Materiality

11. Materiality is an expression of the relative significance of a matter in the context of the financial statements as a whole. We are required to plan our audit to determine with reasonable confidence whether the financial statements are free from material misstatement. The assessment of what is material is a matter of professional judgement over both the amount and the nature of the misstatement.

Materiality levels for the 2021/22 audit

12. We assess materiality at different levels as described in [Exhibit 1](#). The materiality values for Clackmannanshire and Stirling Integration Joint Board are set out in [Exhibit 1](#).

Exhibit 1

2021/22 Materiality levels for Clackmannanshire and Stirling Integration Joint Board

Materiality	Amount
Planning materiality – This is the figure used to assess the overall impact of audit adjustments on the financial statements. It has been set at 1.5% of gross expenditure for the year ended 31 March 2022 based on the latest audited financial statements for 2020/21.	£3.458 million
Performance materiality – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality, this would indicate that further audit procedures should be considered. Using our professional judgement, we have assessed performance materiality at 70% of planning materiality.	£2.421 million
Reporting threshold (i.e. clearly trivial) – We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount.	£0.173 million

Source: Audit Scotland

Significant risks of material misstatement to the financial statements

13. Our risk assessment draws on our cumulative knowledge of Clackmannanshire and Stirling Integration Joint Board, its major transaction streams, key systems of internal control and risk management processes. Also, it is informed by our discussions with management, meetings with internal audit, attendance at committees and a review of supporting information.

14. Based on our risk assessment process, we identified the following significant risks of material misstatement to the financial statements. These are risks which have the greatest impact on our planned audit procedures. [Exhibit 2](#) summarises the nature of the risk, the sources of assurance from management arrangements and the further audit procedures we plan to perform to gain assurance over the risk.

Exhibit 2

2021/22 Significant risks of material misstatement to the financial statements

Significant risk of material misstatement	Management's sources of assurance	Planned audit response
<p>1 Risk of material misstatement due to fraud caused by the management override of controls</p> <p>As stated in International Standard on Auditing (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable in this instance</p>	<ul style="list-style-type: none"> • Agreement of balances and transactions to year end submissions from Clackmannanshire Council, Stirling Council and NHS Forth Valley. • Test journals at the year-end and post-closing entries and focus on significant risk areas. • Evaluate significant transactions outside the normal course of business.

Source: Audit Scotland

15. As set out in International Standard on Auditing (UK) 240: *The auditor's responsibilities relating to fraud in an audit of financial statement*, there is a presumed risk of fraud over the recognition of revenue. There is a risk that revenue may be misstated resulting in a material misstatement in the financial statements. We have rebutted this risk for Clackmannanshire and Stirling Integration Joint Board

as the only source of income for the Integration Joint Board is funding processed by the partner bodies (Clackmannanshire Council, Stirling Council and NHS Forth Valley) and there is limited scope for manipulation.

16. In line with Practice Note 10: *Audit of financial statements and regularity of public sector bodies in the United Kingdom*, as most public-sector bodies are net spending bodies, the risk of material misstatement due to fraud related to expenditure recognition may in some cases be greater than the risk relating to revenue recognition. We have rebutted this risk for Clackmannanshire and Stirling Integration Joint Board as the Integration Joint Board does not directly incur expenditure or employ staff (other than appointing the Chief Officer and Chief Financial Officer). All expenditure for the Integration Joint Board is incurred and processed by its partner bodies. Details of actual expenditure are provided from the partner bodies and there is limited scope for the Integration Joint Board to manipulate this.

17. We have not, therefore, incorporated specific work into our audit plan in these areas over and above our standard audit procedures.

Audit risk assessment process

18. Audit risk assessment is an iterative and dynamic process. Our assessment of risks set out in this plan may change as more information and evidence becomes available during the progress of the audit. Where such changes occur, we will advise management and where relevant, report them to those charged with governance.

Audit dimensions and Best Value

Introduction

19. The [Code of Audit Practice](#) sets out the four dimensions that frame the wider scope of public sector audit. The Code of Audit Practice requires auditors to consider the adequacy of the arrangements in place for the audit dimensions in audited bodies.

Audit dimensions

20. The four dimensions that frame our audit work are shown in [Exhibit 3](#).

Exhibit 3

Audit dimensions



Source: Code of Audit Practice

21. In summary, the four dimensions cover the following:

- **Financial management** – financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.
- **Financial sustainability** – as auditors, we consider the appropriateness of the use of the going concern basis of accounting as part of the annual

audit. We will also comment on financial sustainability in the longer term. We define this as medium term (two to five years) and longer term (longer than five years).

- **Governance and transparency** – governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership, and decision-making and transparent reporting of financial and performance information.
- **Value for money** – value for money refers to using resources effectively and continually improving services.

Audit dimension risks

22. We have identified audit risks in the areas set out in [Exhibit 4](#). This exhibit sets out the risks, sources of assurance from management arrangements and the further audit procedures we plan to perform to gain assurances over the risks.

Exhibit 4 2021/22 Audit dimension risks

Description of risk	Management’s sources of assurance	Planned audit response
<p>1 Financial Sustainability</p> <p>The IJB’s Medium-Term Financial Plan highlights a budget gap of £16 million to £17.5 million over the next 5 years due to projected demand, cost and funding pressures.</p> <p>The IJB develops annual savings plans to mitigate this, however there remains a risk that services aren’t financially sustainable over the longer term.</p>	<p>IJB Financial Reports (including savings and efficiencies tracker), budget updates and approved IJB Revenue Budget.</p>	<p>Review and assess year-end position and the progress and impact in delivering savings.</p> <p>Review and consider the medium-term financial plan and mobilisation plan.</p>
<p>2 Performance</p> <p>The national response to the Covid-19 pandemic has significantly affected Clackmannanshire and Stirling Integration Joint Board’s normal service provision.</p> <p>The continuing pressures of the pandemic, both</p>	<p>IJB Performance reports and Annual Performance Report.</p>	<p>Understanding the impact of Covid-19 on non-financial performance and the actions being taken to manage and report performance.</p> <p>Assess progress on 2020/21 recommendation for the introduction of performance targets.</p>

Description of risk	Management's sources of assurance	Planned audit response
<p>operational and financial, result in a risk that Clackmannanshire and Stirling Integration Joint Board's will not be able to meet the performance expectations of its stakeholders.</p> <p>The impact of the pandemic increases the challenge in monitoring, reporting and managing performance.</p>		

Source: Audit Scotland

Reporting arrangements, timetable, and audit fee

Reporting arrangements

23. Audit reporting is the visible output for the annual audit. All Annual Audit Plans and the outputs, as detailed in [Exhibit 5](#), and any other outputs on matters of public interest will be published on our website: www.audit-scotland.gov.uk.

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

25. We will provide an independent auditor's report to Clackmannanshire and Stirling Integration Joint Board, the Scottish Parliament and Accounts Commission setting out our opinions on the annual report and accounts. We will provide the Clackmannanshire and Stirling Integration Joint Board and the Accounts Commission with an annual report on the audit containing observations and recommendations on significant matters which have arisen during the audit.

26. Covid-19 has had a considerable impact on the conduct and timeliness of the audit. We recognise that it is in the best interests of public accountability to get the reporting of audited accounts back to pre-pandemic timelines. To this end, 2021/22 is a transition year with the reporting deadline brought forward by one month relative to the two prior years. We are identifying ways to work more efficiently to expedite the 2021/22 audits whilst at the same time maintaining high standards of quality.

27. [Exhibit 5](#) outlines the target dates for our audit outputs, and we aim to issue the independent auditor's report by the statutory deadline of 31 October 2022. We acknowledge this will be challenging due to the ongoing pressures and uncertainties caused by Covid-19.

Exhibit 5

2020/21 Audit outputs

Audit Output	Target date	Audit and Risk Committee Date
Annual Audit Plan	31 March 2022	Issued outside of committee cycle
Independent Auditor's Report	31 October 2022	TBC
Annual Audit Report	31 October 2022	TBC

Source: Audit Scotland

Audit fee

28. The agreed audit fee for the 2021/22 audit of Clackmannanshire and Stirling Integration Joint Board is £27,960 (2020/21: £27,330). In determining the audit fee, we have taken account of the risk exposure of the Clackmannanshire and Stirling Integration Joint Board and the planned management assurances in place.

29. Where our audit cannot proceed as planned through, for example, late receipt of unaudited annual report and accounts or the absence of adequate supporting working papers, a supplementary fee may be levied. An additional fee may also be required in relation to any work or other significant exercises out with our planned audit activity.

Other matters

Independence and objectivity

30. Auditors appointed by the Auditor General for Scotland or Accounts Commission must comply with the [Code of Audit Practice](#) and relevant supporting guidance. When auditing the financial statements, auditors must also comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has robust arrangements in place to ensure compliance with these standards including an annual *'fit and proper'* declaration for all members of staff. The arrangements are overseen by the Director of Audit Services, who serves as Audit Scotland's Ethics Partner.

31. The engagement lead (i.e. appointed auditor) for Clackmannanshire and Stirling Integration Joint Board is John Cornett, Audit Director. Auditing and ethical standards require the appointed auditor to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of Clackmannanshire and Stirling Integration Joint Board.

Quality control

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

33. The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards and the [Code of Audit Practice](#) (and supporting guidance) issued by Audit Scotland and approved by the Auditor General for Scotland. To ensure that we achieve the required quality standards, Audit Scotland conducts peer reviews and internal quality reviews. Additionally, the Institute of Chartered Accountants of Scotland (ICAS) have been commissioned to carry out external quality reviews.

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

Clackmannanshire and Stirling Integration Joint Board

Annual Audit Plan 2021/22

Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit:

www.audit-scotland.gov.uk/accessibility

For the latest news follow us on social media or [subscribe to our email alerts.](#)



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

Integration Joint Board Audit and Risk Committee

31 August 2022

Agenda Item 6

Annual Governance Checklist & Updated
Governance Statement

For Noting & 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 the Annual Governance Checklist and Updated Annual Governance Statement to the Audit and Risk Committee
---------------------------	--

Recommendations:	<p>The Audit and Risk Committee is asked to:</p> <ul style="list-style-type: none"> • Note the Annual Governance Checklist • Consider the updated Annual Governance Statement and approve it for inclusion in the final IJB Accounts
-------------------------	--

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. It was submitted to the IJB Chief Internal Auditor on 27 May 2022.
- 1.3 It is brought to the Audit and Risk Committee for full oversight and transparency of the responses provided. This is normally presented to the Audit and Risk Committee in June each year however due to the impact of the Local Government elections on IJB membership this has required to be deferred to this meeting.
- 1.4 As the draft governance statements from Clackmannanshire and Stirling Council, and the governance statement from NHS Forth Valley, are now available along with the Internal Audit Annual Report presented to this meeting of the IJBs Annual Governance Statement has been updated for the draft final accounts.
- 1.5 The Audit and Risk Committee are therefore asked to consider the revised annual governance statement and approve its inclusion in the draft final 2021/22 IJB Accounts.
- 1.6 The committee should also note that the governance statement may require further update as the external audit progresses prior to the final accounts being presented to the Audit and Risk Committee in October and IJB in November. Such further updates will be highlighted to the committee as part of the final accounts.

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 – 2021/22 Governance Checklist

Appendix 2 – Updated IJB Annual Governance Statement

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 statutory external 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>

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 Councils, and, 6 are Board members of NHS Forth Valley (4 Non Executive Directors and 2 Executive Directors). There are also a number of non-voting professional and stakeholder members on the IJB including the Chief Officer, Chief Finance Officer and professional medical, nursing and social work advisors to the IJB. Stakeholder members currently include representatives from the third sector interfaces, carers and service users.

The main features of the governance framework in existence during 2021/22 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
- IJB Committees operating within approved Terms of Reference
- Clinical and Care Governance Framework
- Risk Management Framework and Strategic Risk Register
- Complaints Handling Procedure
- Information Governance Arrangements & Information Security Policy

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 have been reviewed for any significant weaknesses which could be a risk to the IJB. No significant weaknesses have been found as a result of these reviews.

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 Board’s 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 IJB’s 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 provided an annual report to the Audit and Risk Committee in August 2022 which concluded that 'Reliance can be placed on the IJB's governance arrangements and systems of internal control for 2021/22'.

In addition, the Chief Internal Auditor reporting that in addition to his conclusion management have not been advised 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

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 Ongoing Impacts of COVID-19

The IJB's approved governance framework has been in place for the year ended 31 March 2022.

However, from March 2020 and during the 2021/22 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 until they were revoked and replaced with an updated Scheme of Delegation at the March 2022 meeting.

Under the urgent decision making arrangements, authority was 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 required 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 year. However, agendas have been reduced from time to time to focus on essential business and statutory requirements without compromising effectiveness of governance arrangements.

Some elements of planned reviews of governance arrangements during 2021/22 have been further deferred from planned timescales due to management capacity being focused on dealing with the COVID-19 pandemic including the consideration of the requirement to prepare a revised Integration Scheme. Given the recent changes in membership of the IJB as a result of the May 2022 Local Government elections further considerations in relation to the Integration Scheme will be revisited post summer 2022 recess.

Progress was made in updating elements of the IJBs Governance Framework during the past year however, with updated Directions and Reserves Policies and a revised Scheme of Delegation being approved. Despite some other actions having been deferred effective governance was maintained during the year.

Other Governance Issues

Focus on supporting operational pressures, staffing issues and additional reporting requirements for Scottish Government meant that the IJB did not receive regular quarterly performance reports at the November 2021 and March 2022 meetings and the performance report considered at this January 2022 meeting was later than normal. Whilst there is continuing work to improve performance reporting we do not envisage this situation being repeated.

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 routine Performance Reports.

The IJBs risk management framework is 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. As part of this review an HSCP risk management network has been established.

In 2020/21 a specific Covid risk was added to the Strategic Risk Register. However as the pandemic has progressed Covid becomes a factor in mitigating the IJBs other strategic risks rather than in isolation and the Strategic Risk Register has been updated to reflect this.

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 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 partially complete. Reserves Strategy, Directions Strategy & Policy and Scheme of Delegation reviewed, updated and approved.</p> <p>Financial Regulations to be reviewed and updated as required</p> <p>Consideration of requirement to prepared revised Integration Scheme not yet progressed and will be revisited post summer 2022 recess. Note the Integration Scheme is the legal partnership agreement between the constituent authorities.</p>	Chief Officer and Chief Finance Officer	December 2021	<p>October 2022</p> <p>Est. March 2023</p>
Development of Local Code of Corporate Governance	Action Outstanding. Local Code of Corporate Governance will be developed as part of review of governance frameworks post review of Financial Regulations	Chief Officer and Chief Finance Officer	December 2021	October 2022
Implement Revised Approach to Directions	Partially complete. Revised directions policy approved and full implementation linked to agreement of 2023-2033 Strategic Plan	Chief Officer, Head of Service (SP&HI) & Chief Finance Officer	December 2021	March 2023

Areas for Improvement Identified	Action Undertaken in 2020/221	Responsible Party(s)	Previous Planned Date of Completion	Revised Planned Date of Completion
Review Form and Fitness for Purpose of Extant Scheme of Delegation	Action Complete. Revised Scheme of Delegation approved March 2022.	Chief Officer & Chief Finance Officer	December 2021	N/A
Produce Annual Assurance Reports for IJB Committees	Action deferred due to operational pressures during 2021/22	Chief Finance Officer & HSCP Business Manager	November 2021	December 2022
Review of relationship between IJB and Community Planning Partnerships (CPPs)	<p>Action being progressed.</p> <p>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. This includes regular reporting into CPP for both Council areas.</p> <p>The delegation of Health Improvement Service is underway and will be completed end September 2022, including key areas of work aligned to both CPP areas. This work has been delayed due to COVID pressures as a result of staff being seconded into other areas.</p>	Head of Service (Strategic Planning & Health Improvement)	March 2022	October 2022
Further Develop Best Value Arrangements	Action partially complete.	Chief Finance Officer	March 2022	October 2022
Further Develop Strategic Improvement Plan	Action complete. Format of plan reviewed to ensure SMART whilst acknowledging plan will continue to evolve particularly in relation to preparedness for establishment of	Chief Officer, Chief Finance Officer and Head of Service Strategic Planning & Health	December 2021	Ongoing

Areas for Improvement Identified	Action Undertaken in 2020/221	Responsible Party(s)	Previous Planned Date of Completion	Revised Planned Date of Completion
	National Care Service (NCS). Plan also includes ambitious programme of modernisation and transformation of services to meet legislative requirements.	Improvement		
Undertake Review of Strategic Plan / Strategic Commissioning Plan	Action in progress. Plan in place for development of 2023/2033 Strategic Plan. Internal Audit review will provide assurance on process.	Chief Officer & Head of Service, Strategic Planning & Health Improvement	March 2022	March 2023
Ensure Information Governance Assurance Report presented to IJB.	Action complete. Assurance Report presented to September 2021 IJB.	Head of Information Governance, NHS Forth Valley	November 2021	Ongoing on Annual Basis

Additional Actions for 22/23

The 22/23 Action Plan will focus on completion of deferred and incomplete actions already reflected above but focussing on priorities of:

- Development of 2023/33 Strategic Commissioning Plan
- Preparedness for implementation of National Care Service
- Facilitating consideration of requirement to prepare a revised integration scheme

Conclusion and Opinion on Assurance

Whilst recognising that further 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 and scrutinised by IJB and the IJB Audit and Risk Committee.

Alan Rennie

Chair

23 November 2022

Annemargaret Black

Chief Officer

23 November 2022



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 2022 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: E Murray

Date: 06/05/22

	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 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>Governance arrangements were actively discussed during the year and required considerations progressed via the revised Scheme of Delegation.</p>	4	<p>2021/22:</p> <p>Urgent decision making powers put in place with approval of budget 11/05/2021 - as per C&S IJB 24/11/2021 8.1 Financial Report, also extension to 23/03/2022 agreed same meeting</p> <p>C&S IJB A&RC 04/03/2022 item 8 - IJB Scheme of Delegation: Draft.</p> <p>C&S IJB 23 March 2022, item 12.2 – Scheme of Delegation presented for approval.</p> <p>C&S IJB 24/11/2021 – item 12.1 Urgent Decision Making</p>	<p>Discussions around appropriate governance arrangements were ongoing during 21/22. There was alignment to the ongoing emergency status of NHS Scotland and operational and covid risks.</p> <p>Desire to move away from urgent decision powers to a more sustainable and proportionate arrangement was debated by IJB and requirement for revised scheme of delegation</p>



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
				<p>Item 9.1 Remobilisation Plan v5 - next iteration of the re-mobilisation plan covering the period from August 2020 until March 2021 ... reflects the position at September 2021 as well as the context of the broader SIP.</p> <p>C&S IJB 22/09/2021 – item 12.1 Urgent Decision Making</p> <p>2020/21 notes:</p> <p><i>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.</i></p> <p><i>Covid-19 Update report to 17 June 2020 IJB & 25 November 2020 meeting.</i></p> <p><i>C&S IJB meeting 23 September 2020 - item 4.2 Urgent Decision Making and item 15.2 – Covid-19 update report.</i></p> <p><i>24 March 2021 – item 12.1 Urgent Decision Making</i></p>	<p>which was approved in March 22.</p> <p>Note IJBs committees continued to meet (virtually) and function fully during 21/22.</p>



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
				<i>Powers</i> <i>CFO Governance Matters update to 11 March 2021</i> <i>Audit & Risk Committee – verbal update.</i>	
b) Overall-Feeley	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?		4	C&S IJB 24/03/2021 – item 6 Chief Officer Report section 3 C&S IJB 24/06/2021– item 7 Chief Officer Report section 4 Development Session on Readiness to Implement Recommendations of Independent Review of Adult Social Care 13/04/2021 attended by members of the IJB and Strategic Planning Group. Presented to Transforming Care Board on 13/05/2021 and Finance & Performance Committee Meeting on 02/06/2021 – as per minute to C&S IJB 22/09/2021 Referenced in Re-mobilisation Plan March 2021 – April 2022 Update September 2021 (to C&S IJB 24/11/2021 item 9.1)	IJB proactively kept abreast of developing policy arena including the Scottish Governments(SG) intent to establish a National Care Service(NCS). Significant effort was involved in facilitating inclusive debate to form the IJBs response to the SG Consultation.



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
				C&S IJB A&RC 04/03/2022 Item 9 Relevant National Reports: Social Care Briefing and NHS in Scotland 2021 - Social Care Briefing (published 27 January 2022), NHS in Scotland 2021 (published 24 February 2022))	
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>Responses to various action plans are consolidated into the Strategic Improvement Plan which is reported to IJB regularly.</p> <p>Through periodic reporting.</p> <p>It is acknowledged that an updated self assessment against the MSG recommendations and action plan would be useful and this will be conducted during 2022/23.</p>	<p>4</p> <p>4</p> <p>3</p>	<p>Internal audit CS04-22 governance & Assurance to be reported in August 2022. Scope: Ongoing support and advice in relation to governance arrangements. Review and consolidation of outstanding Internal Audit, External Audit, MSG and Strategic Improvement Action Plan recommendations and actions. All actions to be consolidated as part of the consideration of the action plan arising from the 2022 Governance Statement</p> <p>C&S IJB 23/03/2022 item 9.2 HSCP Strategic Improvement Plan – programme of service review</p>	<p>Strategic Improvement Plan will continue to evolve over time particularly with regard to changing policy environment and ensuring actions are 'SMART'.</p>



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
				and redesign	
d) Overall- Update of Integration Scheme	Has the IJB clearly explained to its Board an appropriate process for updating its Integration Scheme?		3	<p>C&S IJB 26 January 2022 – Chief Officers update - The Integration Scheme review with representatives from the constituent bodies was also due and would provide the opportunity to review the support provided by them to increase capacity and pace of transformation.</p> <p>C&S IJB 23/03/2022 – item 9.2 HSCP Strategic Improvement Plan:</p> <p>HSCP Integration Scheme – action planned: Review of Integration Scheme with partners</p> <p>Progress:</p> <ul style="list-style-type: none"> • Timescales refreshed in context of Feeley Report • Engagement paused meantime • Consider requirement for revised Integration Scheme <p>Timescale: Autumn 2021 September 2022</p>	<p>An initial review of the Integration Scheme has been undertaken and statement placed on IJB website.</p> <p>It has been agreed that consideration of requirement for a revised Integration Scheme will be considered post June 2022 when the IJBs revised membership is agreed.</p> <p>Until that point the extant Integration Scheme remains in place.</p>



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
1	Code of Corporate Governance				
1.1	<p>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</p> <p>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.</p>		2	<p>C&S IJB 24/11/2021: Clackmannanshire & Stirling Integration Joint Board – 2020/21 Audited Annual Accounts</p> <p>Update on 2020/21 Action Plan Action: <i>Development of Local Code of Corporate Governance, Whistleblowing Policy and Counter Fraud arrangements to strengthen governance.</i></p> <p>Update: <i>Action Outstanding. Local Code of Corporate Governance will be developed as part of review of governance frameworks. 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.</i></p> <p>Revised timeline: <i>February 2022</i></p>	<p>Key governance documents in place however framing this within Local Code remains outstanding at this point due to continuing focus on operational pressures / priorities till this point. Revised timeframe to be agreed.</p>
1.2	Is there evidence that committees focus on key issues and risks?		4	Strategic Risk Register to C&S IJB Audit & Risk Committee	Committee Terms of Reference are regularly reviewed and updated



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
				<p>C&S IJB meeting agenda under the following headings:</p> <ul style="list-style-type: none"> • Urgent Business Brought Forward by Chairperson/ Emergency Items • Chief Officer Update • Needs Assessment • Budget and Finance • Planning, Commissioning and Directions • Performance • National and Personal Outcomes • Policy and Legislative Requirements <p>Also Action Log and Decision log to each IJB meeting.</p> <p>Finance and Performance Committee papers reflect considerations which result in clear recommendations to IJB. E.g. business case for Rapid Response Service</p> <p>Finance & Performance Committee Terms of Reference Review IJB 24 November 2021.</p>	<p>as required.</p> <p>Committee business is planned, as far as possible, and through use of common reporting formats clearly reflects the legal and regulatory environment of the IJB and alignment to Strategic Priorities.</p> <p>Committees make clear recommendations to the IJB on appropriate matters (eg reserves, directions, business cases for investment decisions).</p>



	Control Environment				Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
Code of Corporate Governance	1	2	3	4	TOTAL			
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>	4	<p>Standing Orders IJB-Standing-Orders-251120.pdf (clacksandstirlinghscp.org) last updated 25 November 2020</p> <p>Code of Conduct Code-of-Conduct-as-approved-by-Board-on-22-June-2016.pdf (clacksandstirlinghscp.org)</p>	<p>Standing orders have been supplemented with protocol on attending virtual meetings given ongoing reliance on conducting business via MS Teams.</p>
2.2	Induction for new members includes standard of behaviour expected				Induction / development session materials	4	Induction Session Code of Conduct	Induction process refreshed for new members including those post May Local Government elections.
2.3	A register of interest and register of gifts &				Register in place.	3	Register published? Previous update was that	Action outstanding due to change of IJB clerk



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
	hospitality is maintained	Further consideration of publication still to be considered.		Returns had been issued by IJB clerk to update Register.	role and capacity constraints. Will be revisited post agreement of IJB membership post May elections. Assurance to be provided to A&R Committee on completion.
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	3	C&S IJB 24/11/2021: Clackmannanshire & Stirling Integration Joint Board – 2020/21 Audited Annual Accounts Update on 2020/21 Action Plan Action: <i>Development of Local Code of Corporate Governance, Whistleblowing Policy and Counter Fraud arrangements to strengthen governance.</i> Update: <i>Action Outstanding. Local Code of Corporate Governance will be developed as part of review of governance frameworks. Consideration has been made to HSCP Whistleblowing and Counter Fraud Policies however it is felt that these would confuse and risk weakening rather</i>	Consideration of more active assurance with regard to whistleblowing and counter fraud to be considered as part of Annual Governance Statement preparation.



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
				<p>than strengthen arrangements as these are anchored in employing authorities.</p> <p>Revised timeline: February 2022</p>	
2.5	Members' and officers' code of conduct refers to a requirement to declare interests	In place.	4	<p>Declarations of Interest is a Standing Agenda item for the IJB.</p> <p>Code of Conduct published on website.</p>	<p>Code-of-Conduct-as-approved-by-Board-on-22-June-2016.pdf (clacksandstirlinghscp.org) code of conduct is published on website.</p>
2.6	<p>IJB remits include:</p> <ul style="list-style-type: none"> ✧ Membership and quoracy, remit, authority, reporting arrangements, minimum frequency of meetings Requirement for a workplan to ensure the remit is fulfilled, <p>Requirement for an annual report (in advance of accounts sign-off)</p> <p>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?</p>		4	<p>Integration Scheme</p> <p>Arrangement covered in Standing Orders</p> <p>Annual Performance Reports</p> <ul style="list-style-type: none"> • Committee Terms of Reference • Schedule of Meeting Dates <p>Note IJB meeting on 24 November 2021:</p> <p>Item 9.2 –Programme of meeting dates</p> <p>Item 9.3 – Chair and Vice Chair proposals 2022/24</p> <p>Item 12.3 – Board member</p>	<p>Clear evidence that governance matters are regularly reviewed including committee terms of reference etc.</p>



	Control Environment				Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
							review	
Standing Orders	1	2	3	4	TOTAL			
Summary of Number of Evaluations								
3	Governance Statement							
3.1	A Governance Statement for 2021/22 has been drafted in accordance with the Delivering Good Governance in Local Government Framework (2016) and annual accounts guidance This is scheduled for presentation to the IJB on 29 June 2022				In preparation as part of annual accounts	3		Draft accounts will be presented to June IJB meeting including draft Governance Statement
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 included under Policy and Legislative Requirements section of agenda Examples include papers to IJB on Climate Change, Response to Mental Welfare Commission, National Care Services Consultation. Audit & Risk Committee 4 March 2022 – Audit Scotland Social Care Briefing and Audit Scotland NHS in	IJB Agenda format incorporates Policy and Legislative Requirements to clearly give appropriate assurance. IJB paper format also specifically references legal implications again assisting processes of assurance.



	Control Environment				Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
							Scotland 2021. Audit & Risk Committee 22 November 2021 - Covid 19 Vaccine Programme – Audit Scotland 12.2. Tracking the impact of Covid-19 on Scotland’s public finances – Audit Scotland.	
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				Committee structures are reviewed periodically.	3	Review of IJB Committee Structures and Terms of Reference Development of Board and committee paper template. Induction and development programme for IJB members.	Further progress on integration has required consideration on impact on, and adequacy of management structures. A specific example relates to requirement for Head of MH/LD post. There is



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
					acknowledgement that structures of assurance require ongoing review and will continue to evolve.
4.2	<p>The responsibilities and the reporting lines of the IJB in respect of all governance arrangements have been clarified and agreed by the IJB and parties.</p> <p>These have been presented to the IJB Board.</p> <p>This understanding is reflected in the CoCG and the structures of assurance</p> <p>Have assurances and reports from Parties continued during COVID-19 and if not, was this approved by the IJB Board?</p> <p>Were emergency delegation levels reasonable in the circumstances, comparable with other boards and compatible with SGHSCD guidance? Were they formally approved by the Board? Were there any exceptions i.e. where decisions had to be taken outwith any formally revised process, identified, recorded and reported?</p>	<p>Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met</p> <p><i>Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement</i></p>	3	<p>Integration Scheme</p> <p>Development of Locality Planning Arrangements</p> <p>Clinical and Care Governance Group minutes</p> <p>Revised Scheme of Delegation (March 2022)</p>	<p>Revised Scheme of Delegation illustrates both the need to move away from urgent decision making arrangements and the deficiencies of the pre pandemic arrangements requiring a revised fit for purpose arrangement being put in place.</p>
4.3	<p>A record of decision-making and supporting materials is maintained and publicly available</p>	<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</p>	3	<p>C&S IJB Website publishes papers/ minutes for IJB and Audit and Risk Committee.</p> <p>Structure of Reporting Templates support.</p> <p>Function of Finance and Performance Committee is</p>	<p>There is acceptable the quality of information for decision making and performance oversight requires to further evolve over time.</p>



	Control Environment				Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
					decision confidential should be provided		scrutiny and decisions / recommendations come forward to IJB for approval.	
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. Record of professional advice in reaching decisions and appropriate use of committees to consider issues and make clear recommendations to IJB. Meeting reports show details of advice given Discussion between members and officers on the information needs of members to support decision making Calendar of dates for submitting, publishing and distributing timely reports is adhered to CSWO and ADP Annual Reports	.
Structures of	1	2	3	4	TOTAL			



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
Assurance					
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 available on Partnership website.	Audit and Risk Committee has continue to function effectively and consider key governance issues (eg directions, reserves etc.) making recommendations as appropriate to the IJB.
5.2	The role of the committee and responsibility for scrutiny has been established and is clear	Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after	4	<ul style="list-style-type: none"> Audit and Risk Committee papers are published on Partnership website. Terms of reference (published in A&RC papers) 	



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
		<p>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>		<ul style="list-style-type: none"> • Training for members • Chair encourages constructive challenge / questioning and reaching of consensus. 	
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> <p>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?</p>		4	<p>Audit & Risk Committee and Finance & Performance Committee papers.</p> <p>Audit & Risk Committee 4 March 2022 – Audit Scotland Social Care Briefing and Audit Scotland NHS in Scotland 2021.</p> <p>Audit & Risk Committee 22 November 2021 - Covid 19 Vaccine Programme – Audit Scotland 12.2. Tracking the impact of Covid-19 on Scotland's public finances – Audit Scotland.</p> <p>C&S IJB 24 March 2021 – item 6 Chief Officer Update – covers various activities</p>	



Control Environment					Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
							<p>reviewed and notes these will impact on adult social care review work. Item 9.2 Strategic Improvement Plan – update.</p> <p>C&S IJB 24/11/2021 – item 9.1 Remobilisation Plan</p> <p>C&S IJB 24/03/2021 – item 9.1 Remobilisation Plan</p>	
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 Internal Audit (e.g. EQA)</p>				<p>Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor</p>	4	<p>C&S IJB Audit & Risk Committee 22/11/2021:</p> <ul style="list-style-type: none"> Item 9 Internal Audit Plan Item 10 Internal Audit Charter 	
6.2	Has a risk based internal audit plan been					4	C&S IJB Audit & Risk	In addition to the IA plan the implantation of



	Control Environment				Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
	approved incorporating all the agreed governance responsibilities of the IJB, (See 4.2 above)						Committee 22/11/2021: <ul style="list-style-type: none"> Item 10 Internal Audit Plan 	the IA information sharing protocol has enhanced visibility of wider issues to the IJB Audit and Risk Committee.
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 2021/22 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 2021/22 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 to ensure assurance can be received without placing an unnecessary burden on officers?</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>Draft Annual Performance Report 2020/2021 to C&S IJB 24/11/2021 – Best Value included in Section 9 Finance, Best Value and Governance</p> <p>Audit & Risk Committee 22 November 2021 – item 7 – 2020/21 Best Value Statement.</p> <p>Strategic Improvement Plan standing agenda item on IJB agenda</p> <p>Periodic performance reports to IJB</p> <p>Periodic financial reports to IJB</p>	<p>Approach to Best Value in 21/22 will be similar to 20/21. There has been strengthening of alignment of reporting to strategic and transformation programme priorities.</p> <p>CS IJB part of reference group for development for BV reviews of IJBs.</p>



Control Environment					Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments	
							Transforming Programme papers/minutes. Care Board		
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; ensures individual risks are reviewed and updated in a regular basis; 				<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</p>		3	<p>Risk Management Strategy (website)</p> <p>Ongoing audit CS06-22 – Assurance Mapping – continued advice and input on the application of Assurance Mapping principles to the update of the Risk Strategy and Risk Register, allowing the IJB to understand the level of assurance it can place on internal control and informing the production of future Internal Audit plans and any future assurance developments for the IJB. Internal Audit provided initial input into a Clackmannanshire & Stirling IJB (C&S IJB) working group</p>	<p>Risk management network established to assist during 22/23 to assist in managing risk and resilience across area/partnership and enhancing connectivity between operational and strategic risk.</p> <p>Review/ refresh of IJB Risk Management Framework slightly delay to allow all risk leads to participate.</p> <p>Risk register reviewed to reflect covid through strategic risks rather than in isolation.</p>



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
	<ul style="list-style-type: none"> 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>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 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>		<p>and shared Committee Assurance Principles developed across our client base, with suggestions on how these might be applied in C&S IJB. Working group progress has been delayed by loss of key partner staff and we will report before year-end on progress to date, highlighting further areas of potential further development.</p>	
8.2	The IJB has identified, assessed and prioritised the significant risks to achieving its strategic	Gaining assurance on risks associated with delivering	3	C&S IJB A&RC 04/03/2022 item 7 - Strategic Risk Register.	See above. Clinical and care governance arrangements have



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
	<p>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>services through third parties and that this is evidenced in the annual governance statement</p>		<p>Extract of paper:</p> <p>Work is ongoing with Risk Leads from constituent authorities to review and align risk management arrangements. Agreement has been made to establish a quarterly risk management network and work in ongoing to update the Risk Management Framework.</p> <p>1.6 A summary of the current 15 Strategic Risks are shown in Table 1 below, with movements in risk ratings from the last meeting. One Strategic Risk has been removed, this being the specific Covid risk. In line with the previous Internal Audit recommendation the other strategic risks have been reviewed to include the ongoing impacts of Covid on them. 1.7 As the IJB develops the 2023 onward Strategic Plan over the coming year there will be a need to perform a substantive review of the Strategic Risk Register and consider the Boards appetite for risk in delivery of the</p>	<p>progressed giving better assurance.</p> <p>Development session with IJB on risk appetite planned into 2023>2033 Strategic Plan Development process.</p>



Control Environment					Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
							<p>Strategic Priorities. It is suggested that a topic specific development session maybe the best way to facilitate these considerations</p> <p>C&S IJB 26/01/2022 item 8.2 Budget Update (incorporating 22/23 IJB Business Case)</p>	
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 to C&S IJB A&RC (March 2022, November 20221, June 2021)</p> <p>IJB Performance Reports to C&S IJB (Q2 to January 2022, Annual 2020/21 to November 2021, Q1 to September 2021, Q4 to June 2021)</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>	IJB has agreed high risks reported on exception basis via periodic performance reporting.
Risk Management	1	2	3	4	TOTAL			



	Control Environment				Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
t								
Summary of Number of 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>Operation of the HSCP under business continuity arrangements updates provided as part of Chief Officer Report to C&S IJB (standing agenda item).</p> <p>Care Home Assurance</p> <p>Adult Support and Protection Inspections.</p>	Plans will be reviewed / refreshed as required through development of service plans during 2022/23.
Business Continuity	1	2	3	4	TOTAL			
Summary of Number of Evaluations								
10	Strategic planning							
10.1	A review of the strategic plan has been undertaken in year					3	Internal audit CS05-22 Strategic Commissioning Plan in ongoing with scope:	Due to Covid impacts IJB agreed to extend life of current Strategic



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
	<p>The relationship with the NHS Board and Local Authority Strategic Plans is clearly understood 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>Review of detailed arrangements for preparation of the revised Strategic Commissioning Plan (SCP). Compliance with the Participation & Engagement Strategy 2020-2023 as it applies to development of the SCP. This phase of the audit will assess preparation and planning for the development of SCP against the '5Ps': principles, parameters, process, product and priorities. The audit will consider key governance and project management principles and provide input at an early stage so that any identified gaps can be incorporated into the process, also bringing in any best practice identified elsewhere. An assignment plan and associated good practice principles have been issued to management so that they can be considered before the production of a report to the May IJB by management on the proposed process for developing the SCP and an audit report to the August</p>	<p>Plan to March 2023.</p>



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
				<p>Audit & Risk Committee assessing the planning process.</p> <p>C&S IJB 23/03/2022: Item 9.2 – SIP update Item 8.2 IJB Revenue Budget 2022/23 – section 9 Transforming Care Programme & Transformation Funding with update (p53)</p> <p>C&S IJB 26/01/2022 item 8.2 Budget Update (incorporating 22/23 IJB Business Case)</p> <p>C&S IJB 22/09/2021</p> <ul style="list-style-type: none"> Item 9.1 Strategic Improvement Plan - SIP combines legacy commitments and new actions into one document whilst reflecting the priorities of the current Strategic Plan 2019 - 2022. The Plan will continue to be refreshed and include other work streams prioritised by the HSCP and IJB as such will be a 	



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
				<p>live and dynamic document. The Plan also includes actions against recommendations made in Healthcare Improvement Scotland Care Inspectorate Joint Inspection (Adults) in 2018 focusing particularly on the integration of community health and social care services and approach to commissioning of local services.</p> <ul style="list-style-type: none"> • Item 9.3 Commissioning Consortium • Item 9.6 Review of Strategic Plan - The Board was widely in support of rolling forward the current plan for one year, however there were concerns raised that the development of a subsequent 10 year plan would be unrealistic or limiting, as there was the likelihood of significant political and social challenges going 	



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
				<p>forward. The paper was verbally altered during the meeting to amend a typographic error in the recommendations section The IJB agreed: 1) Rolling forward the Strategic Plan for a period of one year. 2) Developing a 10-year Strategic Plan for April 23 / March 24 to April 33 / March 34.</p> <p>C&S IJB 16 June 2021, item 10.1 – SIP update – ‘The Senior Leadership Team reviewed and updated the Strategic Improvement Plan and timescales prior to the Strategic Planning Group meeting on 26 May’</p>	
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?		4	<p>Remobilisation Plan reported to 24 November 2021 IJB</p> <p>Government Returns</p> <p>IJB Revenue Budget including business cases.</p> <p>Strategic Improvement Plan</p>	



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
				(standing item)	
10.3	<p>Appropriate consultation is undertaken prior to setting corporate plans including formal consultation with the Health Board and Local Authority)</p> <p>(note: this includes consultation/engagement with other Health Board Area IJBs)</p>		4	<p>Strategic Commissioning Plan</p> <p>Participation and Engagement Strategy</p> <p>Rural Model of Care (June 21)</p> <p>Carers Investment Plan (sept 21)</p> <p>CoG Group</p>	<p>Rural Model of Care and Carers Investment Plan decisions evidence consultation and engagement.</p>
10.4	A Strategic Planning Group is in place		4	Strategic Planning Group in place – minutes to C&S IJB	Now open to public to improve engagement and transparency
10.5	<p>The IJB formally issues directions to the parties in line with best practice set out in https://www.gov.scot/publications/statutory-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>		3	<p>Draft policy on Directions to C&S IJB A&RC on 23/06/2021 (item 5), and to C&S IJB 22/09/2021 (item 9.5).</p> <p>The IJB approved the draft Directions Policy and approved the proposal that the monitoring role in respect of directions issued by the IJB is performed by the Finance and Performance Committee on behalf of the IJB.</p>	<p>Revised approach is still evolving as we develop 2023>2033 Strategic Commissioning Plan</p>



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
10.6	Strategic planning processes are based on: <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 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</p>	3	Strategic Commissioning Plan 2019/22 SPG Papers Strategic Needs Assessment 2019/2022 – Focussed Update (website) IJB Revenue Budget including Business Cases Rural Model of Care Carers Investment Plan	Acknowledged that information to support decision making requires to improve over time. Progress on issues such as Social Care Recording System will aide this.



Control Environment					Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
					outcomes is optimised.			
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>C&S IJB 23/03/2022 item 8.2 Revenue Budget – section 9 Transforming Care Programme & Transformation Funding Appendix 4 – Transformation Funding Investment Plan</p> <p>Financial Reports standing agenda item to C&S IJB</p> <p>C&S IJB 22/09/2021 item 9.1 Strategic Improvement Plan – Update</p> <p>Item 9.4 Transforming Care Board – Update. The Integration Joint Board is</p>	<p>Alignment of operational and strategic planning with Strategic Priorities and Transforming Care Themes as ‘golden threads’ have clearly developed in year.</p>



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
				<p>asked to note the progress to deliver on this ambitious programme of transformation, and note the ongoing leadership support, through the HSCP Transforming Care Board which has been meeting virtually throughout the last few months. The reporting process to the Transforming Care Board has agreed for each of the project, a sponsor and leads across all the priorities described.</p> <p>C&S IJB 16/06/2021 Item 10.2 Strategic Improvement Plan – Update</p> <p>IJB Revenue Budget and Business Cases</p>	
<p>11.2</p>	<p>Arrangements have been made for the IJB to receive corporate services support functions (e.g. Finance, HR etc)</p> <p>SLAs have been agreed to cover these services (compare to arrangements as set out in the Integration Scheme, e.g. Para 4.5)</p>		<p>3</p>	<p>As per Integration Scheme.</p>	<p>There will be a need to require this as part of considerations as to whether a revised integration scheme requires to be prepared post June 2022 to ensure adequacy and fitness for purpose.</p> <p>As part of this more</p>



	Control Environment				Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
								active assurance will be considered.
11.3	Statutory partners ensure that Chief Officers are effectively supported and empowered to act on behalf of the IJB.						MSG Proposals Draft Consolidated Action Plan	
Operational Planning	1	2	3	4	TOTAL			
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</p>	3	<p>IJB Papers – Performance Report ((Q2 to 26 January 2022, Annual 2020/21 to November 2021, Q1 to September 2021, Q4 to June 2021))</p> <p>Annual Performance Report 2020/21 to C&S IJB 24/11/2021</p> <p>F&P Committee papers.</p>	There were some staffing and operational constraints linked to covid impacts which affected performance reporting in year.



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
		<p>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 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>			
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</p>	4	APR IJB performance reports	APR continues to be published in line with statutory timescales.



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
		<p>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 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>Acknowledged APR will continue to develop over time.</p>



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
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 (to C&S IJB 24/11/2021) and Performance Reports C&S IJB (Q1 to September 2021, Q4 to June 2021)</p>	<p>Challenges in availability of performance information and single overview of performance of integration functions remain.</p> <p>Progress on issues such work of Unscheduled Care Programme Board, Discharge without Delay and replacement social care recording system will aide future improvement.</p>
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	<p>APR and Performance Reporting.</p>	<p>Covid impacts (direct and indirect) have been clearly referenced.</p> <p>Continues to be evolutionary process.</p>



	Control Environment				Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
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	Challenges in performance reporting during year are acknowledged.
Performance reporting	1	2	3	4	TOTAL			
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>				Recognising the benefits of partnerships and collaborative working where added value can be achieved	3	IJB via Chief Officer Update on linkages with CPPs?	
13.2	<p>Effective partnership working is in place with the third and independent sectors</p>					4	C&S IJB 24/11/2021 Item 14.4 National Care Services Consultation (p368) - Engagement Events Report	TSIs are involved in IJB and other areas of work. Provider fora in place and working effectively.



	Control Environment				Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
							CS IJB continue to have strong relationship with 3 rd sector including moving to single engagement officer across both TSis 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	Review of Engagement and Participation Strategy included in Internal audit CS05-22 – Strategic Commissioning Plan. C&S IJB 24/11/2021 Item 14.4 National Care Services Consultation - Engagement Events Report C&S IJB 16/06/2021 Item 10.3 Carers (Scotland) Act 2016 Implementation Update - notes Carers' Strategy 2019-2022 to be refreshed)	Clear engagement in various considerations and decisions evident.
Effective Partnership	1	2	3	4	TOTAL			



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
s					
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> <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</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 24 March 2021 – item 14. CG & CSWO Annual reports.</p> <p>Clinical and Care Governance Group minutes.</p> <p>ASP Improvement Plans</p>	<p>Arrangements have evolved over year with Clinical and Care Governance Group working more effectively, Improvement Plans prepared and improved in response to ASP Inspections and ongoing work around Care Home Assurance.</p>



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
	<p>year- end? 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 				
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>		3	Framework and Terms of Reference	
14.3	<p>This is consistent with the Clinical Governance elements of the Integration Scheme</p>		3	Both documents are consistent with the Clinical Governance elements of the Integration Scheme	
14.4	<p>Arrangements have been agreed for Adverse events management and are operating effectively</p>		4	Adverse events arrangement in place in Local Authorities and in NHS Forth Valley.	



	Control Environment				Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
14.5	Relationship with regulatory bodies- A Governance Committee has been delegated with responsibility for consideration of relevant inspection reports						IJB papers	
Clinical & Care Governance	1	2	3	4	TOTAL			
Summary of Number of Evaluations								
15	Financial Governance							
15.1	An Integrated Budget and a Strategic Budget including Large Hospital Set Aside has been agreed timeously for 2021/22 in accordance with all relevant guidance and the provisions of the Integration Scheme The organisation can demonstrate this budget is consistent with its corporate objectives and priorities					3	IJB Papers Indicative revenue budget 2021/22 presented to IJB on 24 March 2021 Extract of minute: Mr Murray highlighted the context and challenges with setting the indicative 2021/11 budget and the degree of fluidity as Clackmannanshire Council and the NHS Board were still to consider and approve their budgets. However, he was working closely with the Chief Finance Officers and	



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
				<p>Director of Finance of the 3 constituent bodies regarding this. The Budget Strategy, considered at the Special IJB meeting in February 2020 was used as the basis for the considerations within the 2021/22 Page 7 of 10 Revenue Budget and Medium Financial Plan, approved in March 2020 on a business as usual basis. The 2020/21 projection now assumed no offset of Transformation Funding was required to balance the Integration Budget in year and the Budget Strategy had been revised accordingly. Further detail was provided including the proposal to accelerate the Transforming Care Programme, ongoing support for covid through the Remobilisation Plan and clarity regarding the Mental Health funding from Scottish Government. The Integration Joint Board noted the complexity involved to ensure the budget took account of the living wage, savings requirements, reserves and risk sharing. Detailed discussion took</p>	



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
				<p>place around the 'must do' commitments which had previously been discussed at the Finance and Performance Committee in February, with the estimated quantum for these now provided within the report. Ms Black stressed the importance of investment such as the Short Break Coordinator to provide the necessary support and advice to unpaid carers and Self Directed Support and the ability to keep the pace of change through service planning. Although this was agreed in principle it was felt that supporting Business Cases should be provided which set out further detail for consideration and approval by the Integration Joint Board. The Integration Joint Board: 1) Agreed that there was a requirement to further consider the budget through means of a Special IJB meeting to be convened as soon as possible before the budget could be approved. 2) Tasked the Chief Officer and Chief Finance Officer</p>	



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
				<p>to bring a revised balanced budget to the Special IJB meeting for consideration including updates on any material matters affecting the funding position of the IJB and business cases for proposed commitments.</p> <p>Special IJB meeting held on 11 May 2022.</p> <p>MTEP refresh planned for June but will be more substantive refresh when Scottish Government review and publish revised Medium Term Financial Framework for Health and Social Care.</p>	
15.2	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.	<p>Covid has continued to impact progress. Agreement in place to revisit progress by Oct 22.</p> <p>Agreement in place to update set aside for medical costs.</p>
15.3	Appropriate Financial Regulations are in place	Publishing a statement that	3	Financial Regulations	Review of Financial Regulations planned



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
	including clearly setting out which Scheme of Delegation applies These have been reviewed and updated as necessary	specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body		Note review of Scheme of Delegation.	for 2022. Next element of review of key governance frameworks after Scheme of Delegation.
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 24 November 2021 IJB – Revised Terms of Reference of Finance & Performance Committee approved (following considered by the F&RC in October 2022). Included updates to reflect changes in the partnership Senior Leadership Team and the current operating context of the Partnership.	Revised Scheme of Delegation (March 22) updates these arrangements. Finance support to CFO strengthened.
15.5	A Governance Statement has been drafted for agreement by the IJB in accordance with applicable guidance and arrangements are in place to receive sufficient assurances (including the IA Annual report and opinion and assurance from the partner bodies)	Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good	3	Assurance process part of year end accounts processes.	In preparation



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
		governance (annual governance statement)			
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 development.
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)		3	CFO Checklist	Statement included in accounts.
15.8	<p>A Financial Strategy has been agreed which prioritises competing demands within limited resources bearing in mind future impacts</p> <p>Budgets are prepared in accordance with organisational objectives, strategies</p> <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> <p>a) the financial plan(short and medium term</p> <p>b) The savings programme</p>	Budget and Medium Term Financial Plan approved by IJB in March 2020.	4	Budget and Medium Term Financial Plan	<p>Financial Strategy regularly reviewed, key elements reinforced and articulated via financial reports and Revenue Budget approval. Ref 2022/23 Revenue Budget (section 3.)</p> <p>Clear financial strategy in place and regularly reviewed and articulated to IJB.</p> <p>Review of MTFP planned post publication of spending review and MTFP for</p>



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
	<p>c) Additional income</p> <p>d) The system of budgetary control</p> <p>e) Financial risks</p>				Health and Social CARE
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> <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>		3	Regular Budget Reports and terms of Integration Scheme	<p>Grip and control monthly meeting assisting clarity and accountability.</p> <p>Ongoing work on accountability frameworks.</p>
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 	IJB receives financial regular financial reports.	3	Financial resilience is a strategic risk reflected in the IJB's Strategic Risk Register (SRR).	Financial reports articulate risk and include risk assessment as matter



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
	<ul style="list-style-type: none"> Identify appropriate corrective actions Show a clear picture of the underlying financial position of the organisation Show the shift in the balance of care 			Regular Budget Monitoring Reports feature a table which sets out the key financial risks facing the partnership along with risk rating on a RAG (Red/Amber/Green reflecting High/Medium/Low assessed risk levels) basis.	of course. Work ongoing to develop more integrated financial reporting.
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	<p>C&S IJB 23/03/2021</p> <ul style="list-style-type: none"> Item 8.1 Finance Report – includes update on projected level of savings delivery item 8.2 Revenue Budget <p>Savings Tracker in use.</p> <p>Medium Term Financial Plan</p> <p>Transformation Programme (update C&S IJB 22/09/2021 item 9.4 Transforming Care Board – Update)</p>	<p>Savings and investments trackers in place and monitored.</p> <p>Risk assessment contained within revenue budget.</p>
15.12	<p>A transparent and prudent reserves policy is in place</p>		4	<p>C&S IJB 22/09/2021</p> <p>Item 8.2 Reserves Strategy – IJB approved the Strategy and agreed that the reserves strategy be further reviewed by March 2022 as part of</p>	<p>Reviewed and in place in line with MSG proposals. Reflects future risk profile also.</p> <p>High short term</p>



	Control Environment				Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
							consideration of the 2022/23 IJB Revenue Budget. Previously approved by Audit & Risk Committee in June 2021. C&S IJB 23/03/2022 Item 8.2 IJB Revenue Budget 2022/2 – section 13 update on reserves strategy and position	reserves and reasons for explained to committee and IJB and supported by SG letter (appended to March IJB papers)
Financial Governance	1	2	3	4	TOTAL			
Summary of Number of Evaluations								
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					N/A	None currently in place but ongoing discussions. JLES paper to IJBs January 22 setting out and gaining approval for future direction of travel.	Issue to be revisited during 22/23 as further progress on delegation of operational management arrangements occurs. E.g Specialist Mental Health Services.
Hosted Services	1	2	3	4	TOTAL			
Summary of								



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
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	C&S IJB 24/03/2022 item 9.2 HSCP Strategic Improvement Plan - section 7. Workforce planning and development	Updated workforce plan in development linked to future strategic commissioning plan. Clear focus on staff wellbeing over past year supported by engagement and resource from Scottish Government.
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 published December 2017, part 3 published April 2018) as well as the Audit Scotland report – see link 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? Has the Board/Committee regularly and overtly considered strategic workforce risks and discussed risks in that context as they arise?	E. Developing the entity's capacity, including the capability of its leadership and the individuals within it Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources	3	As above – completed March 2022 with <i>Engagement underway with new Workforce plan</i> - timescale June 2022 Workforce risk articulated within Strategic Risk Register.	



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
	<p>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>				
17.3	<p>An Organisational Development Plan has been updated and agreed. Reports are received to monitor implementation of this plan by the Parties.</p>		3	As above – timescale June 2022	In development.
17.4	<p>IJB members have received training ‘in order to be fully informed and equipped to undertake their duties’? (quote from IS)</p> <p>Leadership development is focused on collaborative working</p> <p>Does the Board/Committee receive any reports on the <i>effectiveness</i> of training/development</p>		3	Development Programme	IJB Chair has written to new members and refreshed induction programme in place.
17.5	<p>Objectives and appraisal processes have been agreed for the CO/CFO</p> <p>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 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?</p>		3	<p>CO Objectives in place and review prepared in line with NHS FV Exec objectives and appraisal process as CO employed by NHS FV. As part of covid response was agreed these effectively formed HSCP SLT objectives.</p> <p>22/23 SLT objectives including CFO in preparation to be completed by end June</p>	22/23 arrangement will be process going forward and cascaded to next level.



Control Environment					Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
Does the IJB Chair have input into this process?							22. Regular 1-2-1 meetings.	
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	See above. PDPs for members to be revisited as part of programme.
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 mechanisms for service user and carer feedback and for complaints handling in line with the Integration Scheme					3	Management Team and Performance Reports Complaints Reports presented to Clinical & Care Governance Committee.	Requires ongoing review.



	Control Environment				Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
	<i>(Note: IS states that due to different legislative requirements, no immediate change will be made to the way complaints are dealt with)</i>						Reported to IJB in HSCP Exceptions Report. Reported to Joint Staff Forum via locality updates.	
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 - Q2 Report to C&S IJB 26/01/2022 item 10.1. Complaints Handling Procedure	
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	In place and demonstrated as part of Strategic Plan development.	Also clear plan as part of development of 2023-33 Strategic Commissioning Plan
Complaints and Feedback	1	2	3	4	TOTAL			
Summary of Number of Evaluations								
Summary of Number of Evaluations								
19	Information Governance							



	Control Environment	Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
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	C&S IJB 22/09/2021 – item 12.2 Information Governance Assurance Report 2020/2021 <ul style="list-style-type: none"> Element 14 Shared Information – information sharing protocol put in place when partnership first set up, gradually being replaced by specific Information Sharing Agreements 	
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 decision making and performance monitoring</p>	3	C&S IJB 22/09/2021 – item 12.2 Information Governance Assurance Report 2020/2021 <ul style="list-style-type: none"> Element 14 Shared Information – information sharing protocol put in place when partnership first set up, gradually being replaced by specific Information Sharing Agreements 	Requires continuous review and improvement where necessary.
19.3	Records management processes in accordance with applicable guidance including GDPR are in		4	C&S IJB 22/09/2021 – item 12.2 Information Governance Assurance	



	Control Environment				Meets the core principles ¹	Evaluation	Supporting evidence	2021/22 Comments
	place The IJB has received sufficient assurance that the systems and controls operating within the partner bodies with regards to GDPR compliance.						Report 2020/2021 <ul style="list-style-type: none"> • Element 2 Record Manager • Element 4 Business Classification • Element 5 Retention Schedule • Element 6 Destruction Arrangements • Element 7 Archiving and Transfer • Element 10 Business Continuity and Vital Records • Element 11 Audit Trail • Element 12 Competency Framework • Element 13 Assessment and Review 	
Information Governance	1	2	3	4	TOTAL			
Summary of Number of Evaluations								

Clackmannanshire & Stirling Integration Joint Board Audit and Risk Committee

31 August 2022

Agenda Item 7

Internal Audit Progress Report

For Noting

Paper Approved for Submission by:	E Murray
Paper presented by	J Lyall
Author	A Gaskin
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:	The aim of this report is to brief the Audit and Risk Committee on the progress on the 2021/22 IJB internal audit plan and to inform the Audit and Risk Committee of relevant Clackmannanshire Council, Stirling Council and NHS Forth Valley internal audit reports, as agreed with the Chief Officer / Chief Finance Officer as relevant to the IJB Audit Committee.
---------------------------	--

Recommendations:	The Audit and Risk Committee is asked to: 1) Note the progress on the 2021/22 internal audit plan set out at appendix 1; 2) Note the summaries of relevant reports from the partner bodies set out at appendix 2.
-------------------------	---

1. Background

- 1.1. The Clackmannanshire & Stirling IJB Internal Audit Plan 2021/22 was approved by the Audit and Risk Committee at its meeting on 22 November 2021.
- 1.2. Progress with the plan is shown in appendix 1.
- 1.3. Appendix 2 summarises relevant reports from the partner bodies.
- 1.4. 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 on 22 November 2021 and Joint Working and Reporting Protocol on 9 December 2020. We can confirm that FTF complies with Public Sector Internal Audit Standards (PSIAS).
- 1.5. From 2022/23, Clackmannanshire Council will provide the IJB Chief Internal Auditor role, with FTF and Stirling Council continuing to provide audit input over the audit cycle.

2. Progress

- 2.1. Resources to deliver the plan are provided by the NHS Forth Valley and the Clackmannanshire Council and Stirling Council Internal Audit services.

3. Conclusion

- 3.1. The planned programme of internal audit work for 2021/22 is substantially completed. Fieldwork on the Strategic Commissioning Plan audit is well advanced and will be reported to the next Audit and Risk Committee. Audit work was sufficient to allow the Chief Internal Auditor to provide his opinion on the adequacy and effectiveness of internal controls at year-end.

4. Appendices

Appendix 1 – internal audit progress

Appendix 2 – summaries of relevant reports from the partner bodies.

Fit with Strategic Priorities:	
Care Closer to Home	<input type="checkbox"/>
Primary Care Transformation	<input checked="" 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 checked="" type="checkbox"/>
Housing and Adaptations	<input type="checkbox"/>
Infrastructure	<input type="checkbox"/>
Implications	
Finance:	There are no resource implications arising from the recommendations in this report.
Other Resources:	This report, and the provision of an internal audit service in general, helps the Integration Joint Board and the Partnership in their delivery against National Health & Wellbeing Outcome 9: Resources are used effectively and efficiently to deliver Best Value.
Legal:	Internal Audit Strategic and Annual Plans help to ensure that the Integration Joint Board complies with the Local Authority Accounts (Scotland) Regulations 2014. The plans are aligned with the Integration Joint Board's Strategic Risk Register. The delivery of an Internal Audit service in itself helps address risk

	HSC002 in the Strategic Risk Register: Leadership, Decision Making and Scrutiny (including effectiveness of governance arrangements and potential for adverse audits and inspections).
Risk & mitigation:	Adequate and effective governance arrangements, including risk management and internal control, are necessary to deliver the outcomes and priorities of the IJB.
Equality and Human Rights:	The content of this report <u>does not</u> require a EQIA. No equalities issues arise from the recommendations of this report.
Data Protection:	The content of this report <u>does not</u> 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. This area will be considered in audit CS05/22</p> <p>The Guidance for public bodies can be found at: Fairer Scotland Duty: guidance for public bodies - gov.scot (www.gov.scot)</p> <p>Please select the appropriate statement below:</p> <p>This paper <u>does not</u> require a Fairer Duty assessment.</p>

Clackmannanshire & Stirling IJB Audit & Risk Committee
31 August 2022
Internal Audit Progress Report Appendix 1

Ref	Audit	Indicative Scope	Target Audit Committee	Planning commenced	Work in progress	Draft issued	Completed	Grade
CS01-22	Audit Planning and Management	Liaison with management and attendance at Audit and Risk Committee. Preparation of Annual Internal Audit Plan <i>The 2022 plan will be presented alongside the 2021/22 Annual Internal Audit Report, to allow the plan to reflect any key findings in that document.</i>	August 2022					N/A
CS02-22	Audit Follow-up	Follow-up of previous Internal Audit recommendations and agreed governance actions <i>To be incorporated within Annual Internal Audit Report</i>	August 2022					
CS03-22	Annual Internal Audit Report	CIA's annual assurance statement to the IJB and review of governance self-assessment	June 2021					N/A
CS04-22	Governance & Assurance	Ongoing support and advice in relation to governance arrangements. Review and consolidation of outstanding Internal Audit, External Audit, MSG and Strategic Improvement Action Plan recommendations and actions.	Consideration of o/s actions incorporated into Annual Internal Audit Report August 2022					

Clackmannanshire & Stirling IJB Audit & Risk Committee
31 August 2022
Internal Audit Progress Report Appendix 1

		<i>All actions to be consolidated as part of the consideration of the action plan arising from the 2022 Governance Statement</i>						
CS05-22	Strategic Commissioning Plan	<p>Review of detailed arrangements for preparation of the revised Strategic Commissioning Plan (SCP). Compliance with the Participation & Engagement Strategy 2020-2023 as it applies to development of the SCP.</p> <p>This phase of the audit will assess preparation and planning for the development of the SCP against the '5Ps': principles, parameters, process, product and priorities. The audit will consider key governance and project management principles and provide input at an early stage so that any identified gaps can be incorporated into the process, also bringing in any best practice identified elsewhere.</p> <p><i>A Strategic Planning checklist was issued to and completed by management, and has been reviewed by internal audit with further documentation requested.</i></p>	<p>August 2022</p> <p>26 October 2022</p>					

Clackmannanshire & Stirling IJB Audit & Risk Committee
31 August 2022
Internal Audit Progress Report Appendix 1

CS06-22	Assurance mapping	<p>Continued advice and input on the application of Assurance Mapping principles to the update of the Risk Strategy and Risk Register, allowing the IJB to understand the level of assurance it can place on internal control and informing the production of future Internal Audit plans and any future assurance developments for the IJB.</p> <p><i>Internal Audit provided initial input into a Clackmannanshire & Stirling IJB (C&S IJB) working group and shared Committee Assurance Principles developed across our client base, with suggestions on how these might be applied in C&S IJB.</i></p> <p><i>Working group progress has been delayed by loss of key partner staff and we have issued a draft report, highlighting areas of potential further development in governance, assurance and Risk Management.</i></p>	August 2022			22 August 2022		
----------------	-------------------	--	-------------	--	--	----------------	--	--

2022/23

Ref	Audit	Indicative Scope	Target Audit Committee	Planning commenced	Work in progress	Draft issued	Completed	Grade
-----	-------	------------------	------------------------	--------------------	------------------	--------------	-----------	-------

Clackmannanshire & Stirling IJB Audit & Risk Committee
31 August 2022
Internal Audit Progress Report Appendix 1

CS03-22	Annual Internal Audit Report	CIA's annual assurance statement to the IJB and review of governance self-assessment	August 2022			12 July 2022	22 August 2022	N/A
----------------	------------------------------	--	-------------	--	--	--------------	----------------	-----

Clackmannanshire & Stirling IJB Audit & Risk Committee
31 August 2022
Internal Audit Progress Report Appendix 2

NHS Forth Valley Report detail

Report No.	Report Description	Opinion	Key findings
NHS Forth Valley			
A06 & A07/23	Governance Statement & Annual Internal Audit Report	N/A	<p>The 2021/22 Internal Audit plan was delivered in line with Public Sector Internal Audit Standards and the Chief Internal Auditor's opinion was that:</p> <ul style="list-style-type: none"> • The Board has adequate and effective internal controls in place • The Accountable Officer has implemented a governance framework in line with required guidance sufficient to discharge the responsibilities of this role. <p>Internal Audit highlighted the following key themes:</p> <ul style="list-style-type: none"> • The NHS in Scotland remained on an emergency footing throughout 2021/22. The Board continues to respond positively to the governance challenges posed by Covid19. The Board's approach to governance was revised to ensure NHS Forth Valley could effectively respond to Covid19 and discharge its governance responsibilities, maximising time available for staff to deal with Covid19. • The Board recognises that all strategies will need to be updated, and work to fully refresh the Healthcare Strategy is ongoing, with a revised Strategy scheduled for consultation during summer 2022, prior to Board approval in November 2022.

Clackmannanshire & Stirling IJB Audit & Risk Committee
31 August 2022
Internal Audit Progress Report Appendix 2

			<ul style="list-style-type: none"> • Our ICE report noted that further work was needed to ensure that at both strategic and operational level the impact of Covid19 on the risk profile of the organisation is clearly articulated and all relevant controls are identified together with clear assurance lines. Work has continued throughout the year to reflect the impact of the Covid19 on the Strategic Risk Register. The threat remains from a resurgence of Covid19 and these considerations are now part of business as usual planning. It is recognised that Covid19 is an exacerbating factor impacting on a number of strategic risks and should therefore be a key consideration when reviewing the existing strategic risks, with additional controls added where necessary. There is no longer a standalone risk relating to Covid19. • Our ICE noted good practice in that a deep dive had been undertaken for the Finance Breakeven risk, however, progress was not maintained due to the departure of the Corporate Risk Manager, and no other risks have been the subject of a similar exercise. In an environment in which risks are likely to remain both volatile and high, a programme of deep dives will be key to maintaining effective oversight. • Operational performance in the face of the challenges posed by Covid19 has been difficult during the year, in performance against Waiting Times targets, and it is likely that the challenge will continue in the medium term until strategic solutions can be found, working in partnership with both Integration Joint Boards.
A15a/22	Recovery, Redesign and Renewal	Reasonable Assurance	<p>Our review evidenced good practice in that:</p> <ul style="list-style-type: none"> • On a daily basis, Gold Command held in-depth discussion of options to address on-going daily pressures and critical and challenging decision making, supported by consistent data. • Decision making was agile in response to rapidly changing circumstances and pressures, and there was effective delegation of actions and provision of direction to Silver Command (Tactical) through the tiered structure.

Clackmannanshire & Stirling IJB Audit & Risk Committee
31 August 2022
Internal Audit Progress Report Appendix 2

			<ul style="list-style-type: none"> • Gold Command made challenging operational decisions to deliver critical services and also demonstrated a continued focus on maintaining vision on the longer term, and on improvement/sustainability measures to deliver ongoing improvement. • We evidenced robust partnership working through Gold Command and internal and external partnership/collaborative working was a positive theme across remobilisation efforts. • Quarterly progress reports on the key deliverables of Remobilisation Plan version 4 are provided to Scottish Government and the return was appended to the most recent Performance and Recovery Scorecard presented to the Performance & Resources Committee. • Overall, all key priorities identified in the current wave of the pandemic are progressing well and delayed discharges and delays in transfer to community NHS and social care community beds remain an ongoing concern. <p>Management have agreed action to:</p> <ul style="list-style-type: none"> • Ensure that lessons learned during remobilisation will inform the structured update of Health Board, NHS Regional and IJB strategic plans which will allow implicit and explicit assumptions within the current strategic plans to be reassessed in the light of Covid. • Refresh the Executive Leadership Team Terms of Reference and how these align to other groups is ongoing. • Complete a review to ensure all elements of the Covid19 risk are incorporated holistically across the strategic risk profile, as previously recommended in our 2020-21 Internal Control Evaluation report. • Complete a high level assurance mapping exercise, following on from the recent review and update of Committee Terms of Reference.
A24/22	Financial Process Compliance	Equivalent to Substantial assurance	The scope of this review was to provide assurance that, for the Accounts Receivable and Accounts Payable systems, processes and procedures are established and meet the requirements of the Financial Operating

Clackmannanshire & Stirling IJB Audit & Risk Committee
31 August 2022
Internal Audit Progress Report Appendix 2

			<p>Procedures (FOPs) and the relevant parts of the Standing Financial Instructions.</p> <p>We specifically considered whether the operation of key controls had changed as a result of revised working arrangements due to Covid-19 and assessed the design, implementation and operational effectiveness of revised internal controls.</p> <p>Due to the nature of the review undertaken, we did not provide a full audit opinion but our high level testing gave no indication that either system will fail to meet business objectives, and no required actions were identified.</p>
Stirling Council			
	Review of Public Protection Governance	Substantial Assurance	<p>This review focussed on the arrangements for public protection governance and included strategy, policy and procedures and arrangements for overseeing their practical application.</p> <p>Arrangements for partnership working (for example through information sharing protocols and shared risk registers) and for the provision of meaningful management information and reports were reviewed.</p> <p>Roles, responsibilities and accountabilities for overseeing public protection arrangements are clearly set out for the Public Protection Committee (PPC) and the subgroups reporting to it through individual terms of reference. However, clarification is required regarding the job description of the Lead Officer Child Protection which does not reflect current arrangements.</p> <p>There are clear Strategic Plans in place for child and adult protection, with relevant guidance to support the achievement of strategic outcomes. The Public Protection Learning and Practice Development subgroup is responsible for ascertaining local learning and practice development needs and ensuring that appropriate training is provided. A variety of learning tools are available, aimed at officers with different levels of involvement in relation to public protection across the multi-agency partners.</p> <p>Risk registers for child and adult protection are in place and these are regularly reviewed and reported to the Chief Officers Group</p>

Clackmannanshire & Stirling IJB Audit & Risk Committee
31 August 2022
Internal Audit Progress Report Appendix 2

		(COG). Management information and reports on various aspects of performance are presented to the PPC and also to the Chief Officers' Group. Data sharing protocols are in place, with work ongoing on new information sharing projects to enable officers to access partner data using electronic methods across different platforms.
Client Contributions	Substantial Assurance	<p>The scope of work was to conduct a review of arrangements for determining, recording, processing, reviewing and collecting from service users the assessed financial contributions to their non- residential care, under the Council's 'Charging Policy'.</p> <p>An action plan was agreed to address two high level risks and findings relating to the absence of process to verify the quality, accuracy and completeness of data for inclusion in 'Supplier Returns' and data returned by care suppliers, and to improve arrangements to actively and periodically confirm with service users that information held about them is accurate and up to date.</p> <p>Actions to address six medium and six low risks and findings and one advisory recommendation have also been agreed.</p>
Clackmannanshire Council		
Savings Tracking	Substantial Assurance	<p>The scope of this review was to ensure that the processes established for reporting on 2021/22 savings to the Strategic Leadership Group and elected Members, is robust and evidence based.</p> <p>We found that roles and responsibilities were clear, and we were content they were well understood and being consistently applied. We were also content with the arrangements for monitoring and reporting Savings Tracking progress. These were in line with the timescales that are defined in the Council's Budgetary Control Framework.</p> <p>We reviewed a sample of savings projects, relating to £1.519m (71%) of the total savings, including all projects within year savings targets more than £100k. These covered all Directorates. We were content that the RAG (Red / Amber / Green) status and forecast savings reported to Committee up to the October 2021 outturn reporting cycle could be reconciled to the</p>

Clackmannanshire & Stirling IJB Audit & Risk Committee
31 August 2022
Internal Audit Progress Report Appendix 2

		financial ledger and to the supporting documentation that the Directorate Accountants and Project Owners provided to us.
Other Audits	Substantial Assurance	Use and Control of Social Media Legionella Management arrangements
	Substantial / Limited Assurance	Fleet Management and Monitoring

FTF Internal Audit Service

Clackmannanshire & Stirling IJB Internal Audit Service Annual Internal Audit Report 2021/22

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

G O'Connor, Chief Internal Auditor, Stirling Council
I Wright, Chief Internal Auditor, Falkirk Council & Clackmannanshire
Council

Clackmannanshire & Stirling Integration Joint Board
Clackmannanshire & Stirling Audit & Risk Committee
External Audit

Contents

Section		Page
Section 1	Introduction and Opinion	2
Section 2	Issues and Actions	18
Section 3	Definition of Assurance	29
Appendix 1	Committee Assurance Principles with Risk Guidance	30

Draft Report Issued	12 July 2022
Management Responses Received	12 August 2022
Target Audit and Risk Committee Date	31 August 2022
Final Report Issued	22 August 2022

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:
 - i) *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.*
 - ii) *Conduct a review at least once in each financial year of the effectiveness 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 2021/2022 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*
6. The results from this work reported within this 2021/22 Annual Internal Audit Report should inform the IJB's judgment on the Governance Statement.
7. Many of our previous Annual Reports have highlighted a number of long standing issues which feature in the action plan within the IJB's 2021/22 Governance Statement.
8. Similar themes were echoed in reports issued by Audit Scotland as well as in the 2019 Ministerial Steering Group (MSG) in their report on 'Review of Progress with Integration of Health and Social Care'. While MSG actions are included in the IJB's Strategic Improvement Plan (SIP), it is not clear that the momentum which the MSG report was intended to generate to resolve issues across partner bodies has been maintained and there is no agreed date for further self assessment to measure improvement. MSG improvement actions are reliant on all partner bodies to agree and action and

engagement by all partners will be crucial in enabling identified weaknesses to be resolved.

9. The risk management framework remains under review. The next stage will be to ensure that there are comprehensive assurance processes over the strategic risks, including that controls and actions operated and implemented by partner bodies are in place. We would recommend consideration of relevant aspects of the FTF Committee Assurance principles as part of this process.
10. Our follow up work showed that of the six recommendations from our 2020/21 Annual Report, one action, to review the strategic risk register, has been fully addressed. The update of the Strategic Plan is in progress, with a revised timeline for completion of March 2023. The action to develop an IJB assurance plan has been pushed back to December 2022 and the remaining three actions are in progress.
11. The action to put in place a plan to update the Strategic Plan is ongoing. Our internal audit of strategic planning, to be reported in 2022/23 by the new Chief Internal Auditor, will assess the effectiveness of action to address this recommendation. The revision of the Integration Scheme is scheduled for completion by September 2022. While progress has been made in developing an Integrated Workforce Plan, an update on progress to the June 2022 Board acknowledged that gathering the complex set of information for each organisation would be challenging to ensure submission to Scottish Government by 31 July 2022.
12. 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 regularly presented to the IJB for review and monitoring, with the most recent report presented on 29 June 2022.
13. As noted above, agreed recommendations from the 2019/20 and 2021/21 Annual Internal Audit Reports are incomplete and therefore still feature in the SIP, and are also identified in the 2021/22 Governance Statement as areas for improvement.
14. There is no merit in this report reiterating those actions in detail but they remain important enablers for the delivery of key organisational objectives, the mitigation of risk and effective assurance. As integration develops further, the IJB has various competing priorities and management should work with both internal and external audit to prioritise the most urgent and important actions.
15. The Clackmannanshire & Stirling IJB is in an interdependent relationship with both partner bodies in which the controls in place in one body inevitably affect those in the other. The draft NHS Forth Valley Governance Statement concludes that *'During the previous financial year, no significant control weaknesses or issues have arisen, and no significant failures have arisen in the expected standards for good governance, risk management and control. Attention is, however, drawn to the key risks reported to Forth Valley NHS Board during 2021/22 and in particular to the Treatment Time Guarantee underpinned by statute'*.
16. Stirling Council has drafted a Governance Statement for 2021/22 which concludes that *'... we have been advised on the implications of the review of the effectiveness of the governance framework and that the Council's arrangements continue to be regarded as fit for purpose in accordance with the governance framework. It is our opinion that reasonable assurance can be placed on the adequacy and effectiveness of the systems of governance operated by the Council and its Group. The annual review of effectiveness identifies sufficient evidence that the Council's Local 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 governance arrangements. We are satisfied that these steps will address the need for improvements that have been identified in the review of effectiveness and will monitor their implementation and operation as part of the next annual review’.

17. Clackmannanshire Council has drafted a Governance Statement which concludes that *‘We are satisfied that Clackmannanshire Council’s Governance arrangements remain fit for purpose. Areas for improvement set out above will be addressed to further improve the effectiveness of our Governance arrangements and will include an update on progress in our 2023 AGS’.*
18. Whilst these statements contain some issues which are of interest to the IJB, neither contain any elements requiring specific reference within the IJB’s Governance Statement. Plans are in place to share information on partner assurances at the August 2022 Audit & Risk Committee (A&RC) meeting, before the audited accounts are signed off.
19. The IJB has produced a draft Governance Statement for 2021/22 which reflects the IJB’s own assessment for areas for development, setting out several actions to further strengthen governance arrangements. Many of these areas have been outstanding for at least a year.

INTERNAL AUDIT ARRANGEMENTS AND OPINION

20. 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 2021/22.

21. Based on the work undertaken, I have concluded that:

- **Reliance can be placed on the IJB’s governance arrangements and systems of internal controls for 2021/22.**

22. 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.**

23. 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 A&RC approved an updated Internal Audit Charter on 22 November 2021 and Joint Working and Reporting Protocol on 9 December 2020. We can confirm that FTF complies with Public Sector Internal Audit Standards (PSIAS).

24. From 2022/23, Clackmannanshire Council will provide the IJB Chief Internal Auditor role, with FTF and Stirling Council continuing to provide audit input.

25. 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 PSIAS.’* FTF has updated its self assessment and this will be reported to the NHS Forth Valley A&RC on 21 October 2022. 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 an external assessment is planned for November 2022. The last EQA of the Clackmannanshire Council internal audit function in 2018 confirmed compliance with PSIAS and their latest self assessment, carried out in February 2022, confirmed this opinion.

26. The 2021/22 internal audit plan was approved by the IJB A&RC on 22 November 2021. Provision of support and advice in relation to governance arrangements is ongoing and will be reported in August 2022. We have continued to provide advice and input on the application of Assurance Mapping Principles and to the update of the Risk Management Strategy and Strategic Risk Register, allowing the IJB to understand the level of assurance it can place on internal control and informing the production of future Internal Audit plans and any future assurance developments for the IJB. Internal Audit provided initial input into the IJB and partners risk management working group and shared Committee Assurance Principles developed across our client base, with suggestions on how these might be applied in the IJB. Assurance mapping work will be completed upon resumption of the working group to update the IJB's Risk management strategy and processes. A review of Clinical and Care Governance work deferred from last year has been finalised and made a number of suggestions for enhanced assurance.
27. Fieldwork on the audit of the Strategic Commissioning Plan is underway and will be reported next year by the new Chief Internal Auditor.
28. Audit work has been undertaken sufficient to allow the Chief Internal Auditor to provide his opinion on the adequacy and effectiveness of internal controls.
29. 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. As was the case last year, this year's 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.
30. Internal Audit validated the assessments reached through discussion with management and detailed scrutiny 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, whilst noting a number of areas, acknowledged by management, where further development is required.
31. The draft Clackmannanshire & Stirling IJB Governance Statement reflects that some elements of planned reviews of governance arrangements during 2021/22 have not been taken forward within the originally planned timescales due to management capacity being focused on dealing with the Covid19 pandemic and ongoing and significant pressures on the Health and Social Care system being experienced locally and nationally, including the consideration of the requirement to prepare a revised Integration Scheme.
32. The Integration Scheme will be reviewed after IJB revised membership is agreed following the summer recess, with a target completion date of March 2023. Following this, a review of the IJB governance framework, including development of a Code of Corporate Governance, is due to be completed by October 2022. The draft Governance Statement states that production of annual assurance reports for committees is planned for December 2022. We would expect that Committee annual assurance reports for the full financial year would be available to inform the 2022/23 Governance Statement.

33. 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.
34. The key areas for development and improvement are:
- Planned review of the Integration Scheme which is the legal partnership agreement between the constituent authorities;
 - Development of the 2023-2033 Strategic Commissioning Plan;
 - Development of the role of the Transforming Care Board to ensure sustainable transformation of services in line with strategic priorities, and delivery of the Transformation action plan;
 - Meaningful assessment of the effectiveness of actions taken within the SIP and how they contribute to the progression of strategic priorities and transformational change;
 - Progression of known required improvements in performance reporting, including effectiveness of recording and reporting systems and processes;
 - A greater emphasis on Staff Governance and workforce planning, with effective reporting processes and appropriate assurances provided by the partner organisations;
 - As set out in the IJB revenue budget 2022/23, the significant risk in delivery of the savings and efficiency programmes to support delivery of a balanced core revenue budget will need to be managed. The IJB should ensure that financial sustainability is given appropriate priority in all decisions;
 - Development of the approach to best value, with performance reporting better focused on demonstrating continual improvement in outcomes;
 - Ongoing development of risk management arrangements, including review and update of the Risk Management Strategy;
 - Embedding of the Directions Policy approved in September 2021;
 - Preparedness for establishment of the National Care Service.
35. In September 2021 the IJB agreed to extend the current Strategic Commissioning Plan to March 2023, due to the impact of Covid19. A 10 year Strategic Commissioning Plan will be developed and the June 2022 Board was provided with an update on the project plan and timetable for this.
36. As previously reported, the Strategic Commissioning 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.
37. The Risk Management Strategy was issued in March 2016 and the refresh remains 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.

ACTION

38. The IJB is asked to note this report in evaluating the internal control environment for 2021/22 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****Strategy**

The June 2022 Board was provided with an overview of the approach to develop the 10 year Strategic Commissioning Plan, following approval by the Strategic Planning Group on 11 May 2022. The plan shows the key areas of work including responsible officers. A full draft Strategic Commissioning Plan is scheduled for consultation later in 2022 before presentation for approval to the Board in March 2023.

Given the scale of changes to demand, operations and availability of resources, work to develop the new Strategic Commissioning Plan will be fundamental to the future sustainability of services, and should be an area of focus for the IJB, notwithstanding the many operational pressures that may arise. The IJB will need to balance the very serious risks posed by the current operational pressures, with the potentially existential risks to services created by the predicted demographic and workforce pressures which were already threatening sustainability, even before Covid19 both exacerbated those pressures and created a range of new difficulties.

The SGHSCD issued the 'NHS Recovery plan' on 25 August 2021. The recent Audit Scotland report 'NHS in Scotland 2021' stated that *'The ambitions in the plan will be stretching and difficult to deliver against the competing demands of the pandemic and an increasing number of other policy initiatives. The recovery plan will involve new ways of delivering services and these will take a lot of work. There is not enough detail in the plan to determine whether ambitions can be achieved in the timescales set out.'*

Whilst the IJB will need to be cognisant of Scottish Government (SG) ambitions, its priority must be the production of a realistic, achievable strategy which addresses the needs of the local population post-Covid within the parameters of available resources, most particularly financial, digital and workforce. This will almost inevitably involve extremely difficult decisions, which may not fully align with public or SG expectations.

Fieldwork on internal audit CS05-22 Strategic Commissioning Plan is well underway and will conclude on the adequacy of the arrangements for preparation of the revised Strategy, and follow up action to address Action point 1 from the 2020/21 IJB Annual Internal Audit Report. Compliance with the Participation & Engagement Strategy 2020-2023 is also being reviewed by internal audit.

Strategic Improvement Plan (SIP)

Due to the pressures on management capacity, the SIP was not monitored between September 2021 and March 2022; either operationally through the Strategic Planning Group or at governance level through the IJB; but was on the agenda for both the March and June 2022 IJB meetings. The SIP shows slippage on several actions and revised target dates have now been incorporated in the SIP, although it is not always clear that a date

has been revised. Although only the establishment of the leadership structure for operational delegation and review of pathways for palliative and end of life care were classed as Red in the June 2022 update, many actions have been ongoing for a considerable time.

IRAG financial guidance states that *'The IJB should identify the asset requirements to support the Strategic Plan. This will enable the Chief Officer to identify capital investment projects, or business cases to submit to the Health Board and Local Authority for consideration as part of the capital planning processes, recognising that partnership discussion would be required at an early stage if a project was jointly funded'*. The SIP includes an action *'to establish, with partners, property assets for services and staff across the HSCP, and develop a Property and Asset Management Strategy'*. We welcome this development and note that, whilst IJBs do not have responsibility for property or capital assets, it is vital that the partner bodies' Property Strategies are congruent with the IJB strategy.

The development of a Property & Asset Management Strategy will require appropriate leadership to progress, particularly in scoping out Partnership needs in terms of property. An integrated solution will be required and the IJB should consider how it will achieve proactive engagement from its partners to ensure delivery of the Property & Asset Management Strategy. Development of clear linkages and communication channels will be a key success factor.

Management have acknowledged that the SIP will continue to evolve, including ensuring all actions are SMART and internal audit CS04-22 Governance & Assurance provided ongoing support and advice in relation to governance arrangements.

We recommend that governance arrangements for monitoring of the SIP are reviewed to ensure adequate scrutiny of progress, and the updated self-assessment against outstanding MSG actions planned for 2022/23 should be clearly referenced in the SIP. As previously recommended by Internal Audit, Category 1 responder and Whistleblowing duties should feature in the SIP.

Remobilisation and Transformation

The Remobilisation Plan March 2021 - April 2022, presented to the November 2021 Board, reflected the position at September 2021. The Remobilisation Plan set out the continued response to Covid19, including the HSCP services that had continued and those which had ceased and the Winter Plan 2021/22 was included. Key actions to remobilise against each strategic priority were documented, however timelines were not included. While regular updates on remobilisation are provided to Scottish Government, there has been no further reporting to Board or other committee on remobilisation key actions, nor have the Board been informed how the remobilisation action plan will be monitored.

The Remobilisation Plan was accompanied by a detailed financial plan showing the use of additional monies made available by the Scottish Government to support the delivery of essential services through the course of the pandemic. During the pandemic there was a necessary shift of focus towards operational priorities, which reflected the extreme risks in those areas as well as this influx of Covid related funding which lessened the immediate financial risk. In future, the risks related to financial sustainability are likely to rise sharply and rapidly. Consideration of the changes in culture required to adapt to this change should start now.

A key operational priority within the Remobilisation Plan March 2021 - April 2022 was support for the continued delegation of services from NHS Forth Valley, including the

specialist mental health service. The Head of Mental Health post went live on 3 March 2021 but an appointment was not made. At the time of writing, discussions are ongoing in relation to possible alternative options. The SIP has a completion date of July 2022 for recruitment and states that alternative options will be explored if recruitment is unsuccessful. This key post will enable whole systems co-ordination of mental health, learning disabilities and addiction services.

In September 2019 the Board approved the Transformation Programme and establishment of the Transforming Care Board, to support strategic delivery. Whilst Covid19 has had a significant impact on the progress of the Transforming Care Programme, the Transforming Care Board met virtually throughout 2021/22 and as reported to the Board in September 2021 significant work has been progressed in relation to local review of Frontline Social Care and the Medicines Optimisation Programme. The Transforming Care Board has oversight of the Plan with representation from Chief Executives across the three constituent bodies as well as third sector.

Version 10 of the Health & Social Care Partnership (HSCP) Transformation Plan, dated 5 August 2021, was presented to the September 2021 Board. However, since September 2021, progress has not been reported to the Board of other Committee, either through the quarterly performance reports or elsewhere. From internal audit review of the August 2021 Transformation Plan we would suggest that target dates need to be revisited and updated, with progress regularly reported to the Board or an appropriate Committee.

Elements of transformation feature within the SIP and it may well be that transformation activity will need to be woven into the new Strategic Commissioning Plan rather than being considered separately in order to ensure that the Strategic Commissioning Plan is genuinely transformative, and that transformation is used as the vehicle for resolving the challenges and opportunities arising from the pandemic.

Locality Planning

The first Locality Planning Group meetings took place in May 2022, with a remit to discuss locality strengths, areas of development and opportunities, propose draft terms of reference and elect a chair for each group. Each of the groups is scheduled to next meet in July 2022 with the aim of creating a 5-year action plan. We would expect to see clear linkages between the Locality Planning Groups and the Strategic Planning Group and note that each Strategic Planning Group meeting has an update on Locality Planning as a standing agenda item and the IJB Chair chairs the Strategic Planning Group, to create connectivity across agendas.

Review of Integration Scheme

An initial review of the Integration Scheme has been undertaken but finalisation was delayed due to Covid19 and the 2016 Integration Scheme (dated 2016) remains in place. The requirement to prepare a revised scheme will be revisited with the constituent authorities by September 2022, after the appointment of new IJB members in June.

Independent Review of Adult Social Care (the Feeley report)

A development session on Readiness to Implement the Independent Review of Adult Social Care (the Feeley Report) was held on 13 April 2021 with outputs presented to the Transforming Care Board in May and to the Finance & Performance Committee in June 2021. The self assessment identified a number of areas for improvement and a number of risks.

On 18 August 2021 the Finance and Performance Committee was provided with a

presentation on the Implementation of Independent Review of Adult Social Care and Establishment of a National Care Service. The IJB response was submitted to Scottish Government on 2 November 2021.

Following issue of the Feeley report, Scottish Government agreed the intent to establish a National Care Service (NCS). The Governance Statement action plan includes further development of the SIP to include preparedness for establishment of the NCS.

Governance arrangements

During the year all committees continued to meet virtually. While some agendas were shortened to focus on key business, governance arrangements were not impacted by Covid19. The Chief Officer Updates to the Board covered Covid19 and included updates on the national position and guidance, Care Homes and operational pressures.

Urgent decision making powers put in place in March 2020 were revoked at the 23 March 2022 Board meeting and replaced by the revised Scheme of Delegation, approved by the Board on 23 March 2022 as recommended by the A&RC. Section 4.2.2 of the Scheme of Delegation was updated to reflect the role of the IJB in taking decisions which require a direction.

The planned comprehensive review of the IJB Governance Framework remains ongoing with progress delayed pending full review of the Integration Scheme, and by necessary focus on managing the impact of the pandemic. Development of a Local Code of Governance again features in the 2021/22 Governance Statement action plan with a revised target date of October 2022 (previously December 2021). Many of the elements of a Local Code are already in place, albeit they will need to be updated to reflect any relevant revisions to the Integration Scheme. We have recommended that the A&RC should monitor progress with governance elements of the SIP, and an action for review of the Governance Framework should be included in this monitoring role.

Development of annual assurance reporting, including necessary assurances from partner organisations and from IJB committees has been delayed and is now scheduled for completion by December 2022. 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.

From April 2022 the Chair of the IJB rotated to NHS Forth Valley. Following the local elections in May 2022, nominations for the Chairs and Vice Chairs of the A&RC and the Finance & Performance Committee were proposed to the 29 June 2022 Board meeting.

The Register of Interests is out of date and is not available on the Clackmannanshire & Stirling HSCP website. Declaration of Interests is however a Board standing agenda item and we have been informed that the Register of Interests will be updated following appointment of new IJB members in June 2022.

Minutes of the A&RC, Finance and Performance Committee, the Clinical and Care Governance Group, the Strategic Planning Group and the Joint Staff Forum were regularly presented to the Board.

The A&RC met on three occasions during 2021/22, with the next meeting scheduled for 31 August 2022. The A&RC has not received updates at each of its meetings on progress with audit recommendations and governance actions, and the previously agreed action to explore the A&RC role in monitoring of actions has not been progressed.

Whistleblowing policies for the HSCP's partner organisations apply to staff working within the HSCP. Internal Audit previously recommended that the IJB should receive

more active assurance in this area through the partners' 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 has not been implemented and is not included in the SIP.

In 2020, the Scottish Government amended the Civil Contingencies Act 2004 to add IJBs to the list of Category 1 responders. Resilience and business continuity planning arrangements have not yet been incorporated into the IJB's formal reporting and governance structures. Accordingly, annual assurance is not being provided to the IJB on the adequacy of resilience and business continuity planning. Arrangements should be put in place for assurance to be provided by all service partners, including NHS Forth Valley and Clackmannanshire and Stirling Councils, that services run by partners for the HSCP have appropriate resilience arrangements in place, including business continuity plans. Details on the assurance provided by partners should be included within the Clinical and Care Governance Group (C&CGG) annual assurance statement to the IJB. Management have informed us that business continuity plans will be reviewed / refreshed as required through development of service plans during 2022/23.

Directions

The IJB approved the Directions Policy in September 2021, following approval by the A&RC. The monitoring role in respect of directions will be performed by the Finance and Performance Committee through review of the Directions Log, although no review has yet taken place. All committee papers include a heading on Directions. As reflected in the Governance self-assessment checklist, the approach to Directions will continue to evolve as the new Strategy is developed.

Risk Management

Risk	Current score (February 2022)	Previous score (March 2021)	Target score	
Financial Resilience	16	16	9	→
Leadership, Decision Making and Scrutiny	12	12	8	→
Sustainability of partnership	12	16	3	↓
Performance Framework	12	12	4	→
Culture/HR/Workforce planning	9	9	3	→
Experience of service users/patients/unpaid carers	9	9	6	→
Information Management and Governance	12	16	9	↓
Information Sharing Process and practice	16	16	12	→
Effective links with other partnership	6	6	6	→
Harm to Vulnerable People, Public Protection and Clinical & Care Governance	12	12	4	→
Sustainability and safety of adult placement in external care home and care at home sectors	16	20	4	↓
Health and Social Care workforce demographic / resilience of service	16	16	6	→

Potential Impact of the UK Decision to Leave the EU	9	12	9	↓
Ability to Deliver Primary Care Improvement Plan	16	16	9	→
GP Sustainability	16	16	9	→
Covid19 - Removed	N/A	12		

The Risk Management Strategy and Framework remains under review with support from the two Local Authority Risk Managers and the NHS Forth Valley Corporate Risk Manager. These officers are members of the HSCP risk management network and Internal Audit continues to provide input where required, including sharing best practice from elsewhere, as well as relevant assurance principles and attendance at the group. The network aims to assist in managing risk and resilience across area/partnership and enhancing connectivity between operational and strategic risk.

The A&RC provides a scrutiny role for the IJB by reviewing, scrutinising and approving the Strategic Risk Register as a standing agenda item at each meeting, with the risk register last reviewed at the most recent A&RC meeting on 4 March 2022. The highest scored risks are reported to the IJB and Finance & Performance Committee through regular Performance Reports.

The Covid19 pandemic risk was added to the Strategic Risk Register (SRR) in March 2020 and was archived during 2021/22, when the impact of Covid19 had been incorporated in to the full risk profile.

The revision of the Strategic Plan will result in a substantive review of the Strategic Risk Register, and risk appetite will be discussed, defined and agreed via a topic specific development session. Consideration should be given to how the risk appetite will affect Strategy, decision-making prioritisation, budget setting and organisational focus, the 'so what' question, which will be fundamental to making risk appetite real.

Performance Management

The Performance Framework risk is scored at 12 (medium) with a target score of 4 (low). The risk reflects planned action to link performance reporting to Strategic Plan Priorities and the Outcomes Framework and the requirement to benchmark performance against other HSCPs. Actions to develop performance measures at locality level and indicators for Covid recovery and use of additional Scottish Government investment are also included. This risk was previously increased from a score of 8 in December 2020 to 12 in March 2021, to reflect ongoing challenges regarding capturing data and information locally and nationally, and the absence of peer reporting. Development of integrated performance reporting with partners was identified as an action for completion at December 2021 and has not yet been completed, representing significant slippage.

The IJB approved the draft Annual Performance Report (APR) for 2020/21 on 24 November 2021 and the 2021/22 APR is scheduled for the November 2022 Board.

The Finance & Performance Committee has responsibility for reviewing quarterly performance information on behalf of the IJB. However due to operational pressures, staffing issues, requirement for manual collation of data and additional reporting requirements for Scottish Government, quarterly performance reports were not reported to the November 2021 and March 2022 meetings, and the performance report in January 2022 was later than normal. The most recent quarterly performance report for 2021/22 quarter 3 was presented to the 29 June 2022 Board.

Reporting is based around the Strategic Plan 2019 – 2022 priorities and key areas, and

reports continue to develop based on areas of focus and feedback from members of the IJB and wider stakeholders. Some key performance indicators relating to NHS delegated functions are now included in the Operational Scorecards reporting of high risk or red RAG exceptions.

While the quarterly performance reports include a significant amount of data and report performance over time graphically with explanations for variances, reporting of performance linked to the NHS Scotland Improving Unscheduled Care; Six Essential Actions, as previously requested by the Board, is not yet reported and work in this area remains ongoing.

Our analysis showed that although some improvement is evident in Quarter 3, delays to discharge continue to be challenging due to the pressures on the community health and social care system, including delays to both care home placement and home care packages. However, the format of the main body of the report, whilst providing an informative picture of the work of the HSCP, does not show measures or indicators against targets. The Balanced scorecard is based on the national outcomes but does not show performance against the suite of core national indicators to provide a picture of the overall performance of the IJB, especially in comparison to its peers.

Management have informed us that challenges in availability of performance information and single overview of performance of integration functions remain. The Performance Framework risk highlights creation of an integrated reporting framework and agreement and monitoring of targets / trajectories is recorded as a risk reduction action.

Best Value

The 22 November 2021 A&RC approved the 2020/21 Best Value Statement, with delivery described based around the 10 key Audit Scotland Best Value prompts.

Section 9 of the draft APR for 2021/22 detailed sources of evidence of best value reporting, including performance and financial reports, reporting on the Transforming Care Programme and on the SIP, as well as the Best Value Statement.

Section B

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

Clinical and Care Governance

The Chief Internal Auditor has been working with the Head of Community Health and Care during 2021/22 to develop arrangements for how the Clinical and Care Governance Group (C&CGG) is aligned to and shares assurance across the three partner organisations, and how this links to the review of risk management processes including risk escalation. This audit work was re-phased so as to take account of an ongoing Stirling Council audit of Public Protection Governance, and will be reported to the 31 August 2022 A&RC.

During the year the C&CGG considered Clinical and Care Governance reports from Locality and Service Managers, including reports on the Integrated Mental Health Strategy, Mental Health and Learning Disabilities, Adult Social Care, Hospital and

Reablement Services and district nursing, Community Services and Care Homes, and noted assurances provided to mitigate risks. The Care Homes annual report 2020/21 was presented to the May 2022 C&CGC and set out a number of priorities for the coming year to support outcomes for residents and staff.

The C&CGG monitors an Improvement Tracker which details performance, resource / staff management, finance management, assurance, quality, leadership, involvement and collaboration, risks and hazards, and in month priorities. The March 2022 C&CGG agreed that a review of the tracker would take place to ensure it is fit for purpose.

Terms of Reference for the C&CGG were last approved by the IJB in September 2020 and reviewed by the May 2022 C&CGC. The HSCP is represented on the NHS Forth Valley Clinical and Care Governance Working Group.

A C&CGG annual assurance report for 2021/22 has not been reported to the Board or A&RC. This will be covered in more detail within the internal Audit of Clinical and Care Governance.

Financial Governance

The Financial Resilience strategic risk, which relates to financial and operational stability, and commissioning and includes sustainable capacity across all sectors is currently rated as 16 (high) with a target score of 9 (medium).

Financial reports are presented to each Board and Finance and Performance Committee meeting and set out the risk rating (Red/Amber/Green) of key financial risks reflecting High/Medium/Low assessed risk levels. Savings and investments trackers are also monitored as part of the financial reports.

Current red financial risks reported to the June 2022 Board include non delivery of recurring savings, the need for additional recurrent financial resources to maintain safe and effective services, recruitment and retention of workforce and minimising hospital delays and achieving safe whole system flow, potentially requiring commissioning of services from more expensive providers.

The indicative 2021/22 budget was presented to the Board on 24 March 2021 prior to Board approval of a revised balanced budget at the Special Board meeting on 11 May 2021.

Finance reports advise that they should be read alongside Performance reports to give a wider overview of both financial and non-financial performance. Further work to develop and improve integrated financial reporting is continuing and will be presented initially to the Finance and Performance Committee.

Given the financial pressures facing the IJB, and the complexity of the financial risk, it would be good practice to consult members annually on their preferred style of financial reporting to maximise utility and comprehension, especially as new members were appointed in June 2022. The application of FTF Assurance Mapping Principles might be particularly helpful in relation to the Finance risk so that the Finance report provides direct assurance on the overall Finance risk prove useful in providing assurances based around the strategic risk.

The overall financial context, especially the long term impact of Covid19, remains complex and uncertain, with a number of pressures impacting on future financial sustainability, because of these complexities, the year-end financial closure was later than timetabled; a debrief process to learn from this is ongoing.

The draft financial position for financial year ended March 2022 (subject to statutory

audit) was presented to the IJB on 29 June 2022. This shows a breakeven position on the Integrated Budget and overspend of £0.467mm on the set aside budget for large hospital services (met in full by NHS Forth Valley), with the accounts showing a declared surplus for the year of £14.245m, carried forward in reserves which now total £28.457m. This is higher than projected or planned for in the IJB's Reserve Strategy, due to allocations received in the latter part of the year. This is consistent with other IJBs across Scotland.

A full review of earmarked reserves will be conducted over the summer and issues requiring Board consideration and an initial projected reserves position at 31 March 2023 will be incorporated into reports to the August 2022 Finance & Performance Committee and September 2022 Board meeting.

Work to revisit and review set aside arrangements was paused during the pandemic and with a due date of October 2022. Further updates are expected to the Board on progress against this key strategic priority. This work should focus on strategic, holistic solutions which allow the transfer of resources to facilitate improvements in services and shifting the balance of care rather than the technical aspects of Large Hospital Set Aside (LHSA).

The 2021/22 financial plan was predicated on a savings requirement of £4.289m and included associated, risk assessed delivery plans. The budget also contained business cases for investments to accelerate the Transforming Care Programme and modernise service delivery totalling £0.957m. Recurring savings achieved during the year are estimated at £3.348m.

To strengthen financial and operational management arrangements the IJB has developed an evolving Operational Grip and Control Framework, including meetings co-chaired by the Chief Finance Officer and Head of Service for Community Health and Care.

The IJB will need to balance the very serious risks posed by the current operational pressures, with the potentially existential risks to services created by the demographic and workforce pressures which were already threatening sustainability, even before Covid both exacerbated those pressures and created a range of new difficulties. This should be an area of focus for the IJB Board.

The 24 November 2021 Board agreed revised Terms of Reference of the Finance & Performance Committee to reflect changes in the partnership Senior Leadership Team and the current operating context of the Partnership.

While the IJB is not currently the lead agency for services, following a best value assessment of options to provide the Joint Loan Equipment Store presented to the January 2022 IJB, it was agreed that a unified Forth Valley Community Equipment Service be progressed. Management have informed us that the lead agency arrangements for services will be revisited during 22/23 as delegation of operational management arrangements is progressed.

Staff Governance

The Culture/HR/Workforce planning strategic risk is currently scored at 9 (medium) with a target score of 3 (low). Actions to mitigate this risk include review of the workforce strategy and plan. The strategic risk for Health and Social Care workforce demographic / resilience of service relates to the sustainability of workforce due to challenges of demographics and recruitment/retention and is scored as 16 (high) with a target score of 6 (low). Our assessment would be that workforce is likely to be the biggest threat to the achievement of the IJB's Strategic and operational objectives and we recommend

that these risk scores are revisited.

The National Workforce Strategy for Health and Social Care in Scotland was published in March 2022. The risk profile of the national strategy is not available, but our assessment would be that a number of assumptions within the document are very high risk.

Section 7 of the SIP covers workforce planning and development. The review of the Workforce Plan was scheduled for completion by end of March 2022, and for engagement to be underway by June 2022.

The 29 June 2022 Board received a report on the HSCP's approach to developing the integrated strategic workforce plan 2022 -2025, to be submitted to Scottish Government by 31 July 2022 and for presentation to the Board in August 2022. The report acknowledged that gathering the complex set of information for each of the three partner organisations is a challenging position for all parties given the short timescales for initial submission of the workforce plan.

The Workforce Planning Group is developing the workforce plan to include short and medium term workforce requirements and staff numbers by Job Families and Professional Roles. There will be an analysis of the current workforce profile including the considered the impact of age profiles and retiral projections across the whole workforce, as well as leavers and turnover projections. The plan will also include actions supporting the physical and mental wellbeing of staff, particularly relating to the impact of Covid19 relating to quality of staff experience, and projected impact of these on staff retention.

As in previous years, the partners have not provided the Board with overt assurances on workforce during 2021/22.

Objective setting

The Chief Officer's objectives have been agreed and appraisal arrangements are managed through NHS Forth Valley. As part of the Covid19 response the Senior Leadership Team (SLT) agreed that these objectives effectively form the HSCP SLT objectives. Updated SLT objectives, including those of the Chief Finance Officer are scheduled to be completed by the end of August 2022 and the intention is for these to be cascaded through the organisation.

Induction

Management have informed us that the IJB Chair has written to new members and a refreshed induction programme is now in place.

Wellbeing

Staff wellbeing has been a focus during the year as reported in the Chief Officer's update reports. Examples include: the Local National Health and Wellbeing from 28 March – 1 April 2022, with a range of workshops and activities for staff; a Wellbeing and Culture presentation to the C&CGG; Meet the Chair and Chief Officer sessions; staff encouraged to access the Scottish Government Wellbeing Hub.

Information Governance

The Strategic Risk Register includes risks for Information Management and Governance, currently scored as 12 (medium) with a target score of 9 (medium), and Information Sharing Process and practice, currently scored as 16 (high) with a target score of 12 (medium).

An Information Governance (IG) Assurance Report 2020/2021 was presented to the IJB in September 2021. It provided assurance on arrangements for IG applicable to the IJB and on IG arrangements in place within the partners that deliver services on behalf of the IJB. The Annual Report concluded that there are appropriate arrangements in place to ensure the Board's compliance with its IG responsibilities, and noted that the partners need to ensure that information sharing agreements are in place for any operational data sharing relating to integrated services and that the partners improve on their arrangements in line with their respective records management plan.

An information sharing protocol was put in place when the Partnership first set up and is progressively being replaced by specific Information Sharing Agreements.

The IJB submitted its first Records Management Plan to the Keeper of the Records of Scotland in June 2019. The Keeper identified required improvements and the September 2021 IJB approved a Progress Update Review of these improvements for submission.

We previously reported that 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 has not yet been done but is now even more important given 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 Improvement Plan (SIP)

Finding:

The SIP was not formally monitored by Board between September 2021 and March 2022; but was considered at the March and June 2022 Board meetings. However, at the June 2022 Board meeting the SIP was allocated only five minutes for discussion and the cover paper did not clearly link to the strategic risk register, nor identify risks associated with non-delivery. Target dates for several actions have been revised, but where a date has been revised it is not always clearly annotated, and many actions have been ongoing for a considerable time.

The SIP contains a wide variety of governance, strategic and operational actions for improvement.

Audit Recommendation:

To ensure meaningful and adequate scrutiny of the SIP, and to aid assessment of the effectiveness of actions in developing governance arrangements and progressing strategic priorities and transformational change, we recommend:

1) Splitting the SIP:

The SIP should be reviewed and governance actions should be separated from strategic and performance / operational actions. This would provide an opportunity to explore delegation of governance actions to the A&RC for monitoring, and reporting with the strategic and operational actions remaining with the Board should be explored.

2) Completeness of the SIP:

In particular, progress on review of the Integration Scheme and the planned full review of the IJBs Governance Framework should be closely monitored by the A&RC, with assurances on progress provided.

The updated self-assessment against outstanding MSG actions planned for 2022/23 should be clearly referenced in the SIP and, as previously recommended by Internal Audit, Category 1 responder and Whistleblowing duties should also feature.

3) Reporting & Monitoring:

SIP updates should clearly identify risks of non-delivery of actions and these should be summarised in the risk assessment section of the cover paper, which should link to relevant strategic risks. Committee Lead Officers should ensure sufficient time is allocated to the SIP updates to allow appropriate assurances to be provided and to enable robust scrutiny and challenge. Where target dates are revised, these should be clearly annotated and an explanation provided.

Ongoing assurance mapping work will provide further support on this area.

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:	
<p>Work was completed to collate all outstanding actions linked to inspection, performance and strategic planning into one Strategic Improvement Plan for the Partnership as the pandemic arrived. Many of the outstanding actions were legacy actions and have been progressed and completed.</p> <p>As part of the development of the new Strategic Commissioning Plan, a new commissioning plan implementation programme will be developed which will reflect the Transforming Care Implementation Plan, Locality Planning and any outstanding actions from the current Strategic Improvement Plan. A separate risk register will be created as part of this refresh of the implementation and reporting systems.</p> <p>An IJB workshop is planned to review the MSG actions for Autumn 2022 and will include Category 1 responder and Whistleblowing duties.</p> <p>Additional planning capacity has been brought into the Partnership as part of a programme of investment by the IJB which is supporting the development of the requirements of planning, strategy and policy development across all delegated services as well as in partnership with third and independent sector.</p> <p>However noting that there are fundamental actions required for example the full delegation of all service area and the review of the Integration Scheme, it seems prudent to record and report those separately as part of IJB committee action logs to provide governance oversight.</p> <p>In summary the proposed management actions are:</p> <ol style="list-style-type: none"> 1) Consider the format and completeness of the SIP including the recommendation to split the strategic and operational actions in conjunction with development of the 2023-2033 Strategic Commissioning Plan 2) As detailed above a risk register for the Strategic Commission Plan will be created and this will inform more clear assessment of risk in ongoing SIP progress reports to the IJB and/or committees. 	
Action by:	Date of expected completion:
Head of Health Improvement and Strategic Planning	March 2023

Action Point Reference 2 – Remobilisation and Transformation

Finding:

Following presentation of the latest Remobilisation Plan to Board in September 2021, there have been no further updates to Board or other committee on progress with remobilisation key actions, nor have the Board been informed how the remobilisation action plan will be monitored, either through the quarterly performance reports or elsewhere.

Version 10 of the HSCP Transformation Plan, dated 5 August 2021, was presented to the September 2021 Board but progress against this action plan has not been reported to the Board of other Committee.

Audit Recommendation:

The Board or appropriate committee should receive formal reports to provide assurance on the delivery of the remobilisation and transformation action plans. These reports should include progress against each action, with clear target dates and responsible officers identified.

To improve existing review and monitoring arrangements, consideration should be given to either including transformation or remobilisation as separate appendices within the quarterly performance reports, or as a separate overarching report.

From internal audit review of the August 2021 Transformation Plan we would recommend that target dates are revisited and updated. Reporting on the Transformation action plan, as the delivery mechanism for the Strategic Commissioning Plan should include a RAG status on progress for each project within each programme. The action plan could also be enhanced by inclusion of the desired outcomes for each project and estimated savings where applicable. Where there are risks or barriers to achievement, these should be clearly reported.

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:

The ongoing reporting from the Re-Mobilisation Plan is now incorporated within the financial reporting for Covid expenditure in the format required by Scottish Government.

The actions as laid out within the Re-mobilisation Plan are reflected within the activity of the Transforming Care Plan as key actions with Senior Responsible Officer, risk and financial benefits aligned, this approach is to avoid duplication of reporting and supports alignment of all activity for the Partnership through one Plan. This could be made more explicit within the reporting into the Transforming Care Board.

It is noted above that there could be clearer reporting directly into IJB and Committee structure for transparency, which can be actioned with agreement from all parties and a revision to the terms of reference for the Transforming Care Board.

We will review the terms of reference for the Transforming Care Board to explicitly incorporate assurance reporting to IJB and/or committee. This will give a clearer 'line of sight' of the implementation progress and risks in progressing the HSCP Transformation Plan.

Action by:	Date of expected completion:
Head of Health Improvement and Strategic Planning	December 2022

Action Point Reference 3 – Financial Grip & Control

Finding:

The development of an achievable IJB Strategic Plan within available resources is vital. During the Covid pandemic, there was a necessary shift of focus towards operational priorities, which reflected the extreme risks in those areas as well as an influx of Covid related funding which lessened the immediate financial risk. In future, the risks related to financial sustainability are likely to rise sharply and rapidly, with the acute sector in particular facing very significant financial challenges.

However, whilst the longer term financial risks have increased, the culture and conditions which provided financial stability may well have dissipated in the face of overwhelming operational pressures, the prioritisation of operational activity and ease of access to funding.

Maintaining the culture and processes which allows strong financial grip and control and strategic prioritisation of financial balance will require constant vigilance and refocusing of the IJB's intent and will.

Audit Recommendation:

The IJB should ensure that financial sustainability is given appropriate priority in all decisions, recognising that money spent now will not be available for future needs. The Strategic planning process must give suitable priority to financial (and indeed workforce) sustainability.

There may be benefit in a future IJB Development sessions giving overt consideration as to how such a culture can be reinforced in all future decisions.

Given the financial pressures facing the IJB, and the complexity of the financial risk, it would be good practice to consult members annually on their preferred style of financial monitoring reports to maximise utility and comprehension, especially as new members were appointed in June 2022.

The application of FTF assurance principles might be particularly helpful in relation to the Finance risk so that the Finance report provides direct assurance on the overall Finance risk.

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:

Some work has already been undertaken to emphasise the increasing financial risk profile of the IJB & HSCP including revision of the Reserves Policy as part of the 22/23 Revenue Budget and articulation of key elements from Scottish Government Resource Spending Review in reports to the June 2022 IJB meeting.

Work is ongoing to review and refresh the IJB's Medium Term Financial Plan over the coming period to inform, as far as possible, the resource envelope which the 2023-2033

Strategic Commissioning Plan will require to be delivered within.

The recommendation to consult the IJB members on preferred style of financial reporting is agreed and given the recent changes in IJB membership it would appear an opportune time to do this.

The proposed management actions are therefore split into two elements

1. Consult with IJB members on preferred style of financial reporting.
2. Complete review and refresh of Medium Term Financial Plan to inform resource envelope to deliver 2023-33 Strategic Commissioning Plan. This review will explicitly highlight financial sustainability risks.
3. On the basis of 2. Review and update the Financial Resilience section of the Strategic Risk Register.

Action by:	Date of expected completion:
Chief Finance Officer	<ol style="list-style-type: none"> 1. September 2022 2. November 2022 3. December 2022

Action Point Reference 4 – Performance reporting

Finding:

The Performance Framework risk is scored at 12 (medium) with a target score of 4 (low). The risk reflects that a substantial amount of work is required to link performance reporting to Strategic Plan Priorities and the Outcomes Framework, and to ensure clear reporting against trajectories and benchmarking against other HSCPs. This risk was previously increased from a score of 8 in December 2020 to 12 in March 2021, reflecting these issues and known ongoing challenges regarding capturing data and information locally.

Management have informed us that challenges in availability of performance information and single overview of performance of integration functions remain. The Performance Framework risk highlights creation of an integrated reporting framework and agreement and monitoring of targets / trajectories is recorded as a risk reduction action.

The format of the main body of the report, whilst providing an informative picture of the work of the HSCP, does not show measures or indicators against targets. The Balanced scorecard is based on the national outcomes but does not show performance against the suite of core national indicators to provide a picture of the overall performance of the IJB, especially in comparison to its peers.

Audit Recommendation:

While performance reporting will be further considered in our ongoing assurance mapping work, the quarterly performance reports should have a clear focus on risk and provide a conclusion on whether controls are operating effectively to mitigate risks as intended. The Committee Assurance Principles may be helpful in this regard.

The ongoing work to develop performance reports should aim to ensure that: key analytical messages are highlighted in the cover paper; a summary of performance against targets and trajectories, including key national indicators performance against the baseline is included.

Members should be consulted to ensure quarterly performance reports provide the information they require to provide them with assurance on performance against strategic objectives.

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:

The integrated performance reports have continued to be developed through the last year and additional capacity has been brought into the Partnership's Performance Team to ensure robust and integrated reporting across all three organisations reporting systems.

There is an ongoing commitment for the modernisation of recording systems to ensure effective and accurate reporting across all delegated service area however this is ongoing work and presently much of the data is being manually collated and presented.

As work progresses with the Strategic Commissioning Plan, a refreshed integrated performance framework is also being developed to take account of new actions and priorities in line with the delivery and reporting requirements.

Action by:

Date of expected completion:

Head of Strategic Planning and Health Improvement

March 2023

Action Point Reference 5 – Directions Policy	
Finding:	
<p>All committee papers include a heading on Directions. The IJB approved the Directions Policy in September 2021, following approval by the A&RC.</p> <p>The Finance & Performance Committee monitoring role in respect of directions is to be performed by review of a Directions Log, although no review has yet taken place and no further update has been provided. As reflected in the Governance self-assessment checklist, the approach to Directions will continue to evolve as the new Strategy is developed.</p>	
Audit Recommendation:	
<p>The system for issuing and monitoring Directions should now be embedded and the Finance and Performance Committee should be provided with an update on progress with implementation of the Directions Policy.</p> <p>Consideration should also be given as to how clinical and care governance arrangements will feed into the formation of IJB directions.</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>A Directions Log will be established and an approach proposed to fully embed the Directions Policy in conjunction with the 2023-33 Strategic Commissioning Plan</p>	
Action by:	Date of expected completion:
Chief Officer & Chief Finance Officer	March 2023

Action Point Reference 6 – Workforce risks**Finding:**

The IJB currently has a Culture/HR/Workforce planning strategic risk scored at 9 (medium) with a target score of 3 (low). This risk relates broadly to the work of Human Resource management across all partners. It includes developing culture, behaviours and values, as well as sustainable change skills and capabilities, and action to mitigate this risk includes review of the workforce strategy and plan.

There is also a strategic risk for Health and Social Care workforce demographic / resilience of service, which relates to the sustainability of workforce due to challenges of demographics and recruitment/retention and is scored as 16 (high) with a target score of 6 (low).

Assurances

As previously reported, there are no overt workforce updates to the IJB from partners and the controls in place to manage workforce risk in partner bodies will be essential if the risk is to be mitigated effectively.

Workforce Plan

The 29 June 2022 Board received a report on the HSCP's approach to developing the integrated strategic workforce plan 2022 -2025, to be submitted to Scottish Government by 31 July 2022 and for presentation to the Board in August 2022.

Audit Recommendation:**Risk assessment**

In our view, workforce is likely to be the biggest threat to the achievement of the IJB's strategic and operational objectives. We therefore recommend that the Culture/HR/Workforce planning and Health and Social Care workforce demographic / resilience of service risks are revisited to ensure the scoring is appropriate, that controls to mitigate risk are adequately described, and appropriate assurances are provided. Appendix A of the Committee Assurance Principles documents (shared by internal audit) provides suggested questions for risk owners and questions for committees which may be useful in shaping discussion.

Assurances

Workforce assurances from partners should be sought as a priority. Learning should be routinely shared across the partnership, for example, in relation to successful recruitment and retention of staff. The Board should be provided with an assurance report on workforce risks, which will be key to ensuring service delivery and the achievement of the Strategic Plan.

Workforce Plan

The Workforce Plan paper to the September 2022 Board should include an action plan detailing individual actions and key implementation dates to enable the required sustainable workforce to be achieved. Reporting should focus on key risks and enablers. Updates should be provided on the steps to be taken in conjunction with the Scottish Government and other bodies involved in providing health and social care training and education to enable future workforce needs to be met.

All actions should be SMART and implementation should be scrutinised and monitored by an

appropriate committee on a regular basis and reporting should overtly link to the strategic workforce risks.

The Workforce Plan should provide further data on both strategic risks as well as hopefully identifying actions to mitigate them in future. These should be used to update both risks and critically evaluate the current scores, especially given the current environment for staff recruitment and retention.

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:

We concur that workforce risks are the greatest threat to delivery of the IJB's strategic and operational objectives. Importantly this relates to both the directly employed and commissioned workforce.

The Senior Management Leadership Team (SMLT) now receives regular reports on workforce though it is acknowledged these require to further evolve over time.

Therefore we will:

- 1. Revisit the Culture/HR/Workforce Planning and Health and Social Care risk to ensure, informed by the Strategic Workforce Plan, that risk scoring is appropriate and controls to mitigate risk are adequately described.**
- 2. Consider how an assurance report on workforce can be developed and presented to the IJB.**
- 3. The draft workforce plan being presented to the September Board meeting includes an action plan. This may further develop for the final version of the Integrated Workforce Plan taking due account of the Boards considerations and feedback from Scottish Government.**

Action by:

- 1. Chief Finance Officer**
- 2. Lead to be agreed.**
- 3. Health and Strategic Planning**

Date of expected completion:

- 1. October 2022**
- 2. June 2023 (alongside draft Annual Governance Statement)**
- 3. September 2022**

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.	Two
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.	Four
Merits attention		There are generally areas of good practice. Action may be advised to enhance control or improve operational efficiency.	None

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, 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

Clackmannanshire & Stirling Integration Joint Board Audit and Risk Committee

31 August 2022

Agenda Item 9

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.
---------------------------	---

Recommendations:	<p>The Audit and Risk Committee is asked to:</p> <p>1) Review and approve the Strategic Risk Register.</p>
-------------------------	--

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 24 August 2022.
- 1.5 As a result of this review the score in relation to Strategic Risk 3 has been increased reverting back to the high risk level reflected prior to March 2022. This scoring reflects the impact on the assessed risk of some issues not having progressed in recent months as planned although there is an Integration Action Plan in place.
- 1.6 Work is ongoing with Risk Leads from constituent authorities to review and align risk management arrangements. Agreement has been made to establish a quarterly risk management network and work in ongoing to update the Risk Management Framework allowing the opportunity for involvement of NHS Forth Valley's new Corporate Risk Manager.
- 1.7 Risks 14 and 15 have been aligned with NHS Forth Valleys Strategic Risk Register as the programme is being delivered on a pan Forth Valley basis.
- 1.8 A summary of the current 15 Strategic Risks is shown in Table 1 below, with movements in risk ratings from the last meeting.
- 1.9 As the IJB develops the 2023-2033 Strategic Commissioning Plan over the coming months there will be a need to perform a substantive review of the Strategic Risk Register and consider the Boards appetite for risk in the

delivery of the Strategic Priorities. It is a topic-specific development session is the planned way to facilitate these considerations.

Table 1

Strategic Risk	Risk Direction	Previous Score March 2022	Current Score August 2022	Target Score
1. Financial Resilience	↔	16	16	9
2. Leadership, Decision Making and Scrutiny	↔	12	12	8
3. Sustainability of partnership	↑	12	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	↔	12	12	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	↔	16	16	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	↔	9	9	9
14. Ability to Deliver Primary Care Improvement Plan	↔	12	12	9
15. Primary Care Sustainability	↔	16	16	9

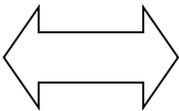
2. Appendices

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:	Per the body of report and appended Strategic Risk Register
Equality and Human Rights:	The content of this report <u>does not</u> require a EQIA.
Data Protection:	The content of this report <u>does not</u> 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 <u>does not</u> require Fairer Duty Scotland Assessment</p>

CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 24 August 2022

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	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. (Reviewed at Sept 21 (Ref IJB Finance Report –with substantive review underway post Scottish Spending Review May 22) 4. Development of further financially sustainable service options aligned to Strategic Priorities and Transformation Themes consideration by IJB. (March 23 as part of the Revenue Budget and Strategic Commissioning Plan process) 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 with legislative changes including the Carers Act and Free Personal Care for	Chief Officer / Chief Finance Officer	Will continue to material impacts of Covid on financial resilience over near and medium term. Review of MTFP underway aligned to recent Scottish Government Resource Spending Review (RSR)	

CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 24 August 2022

Ref	Risk	Strategic Fit	Likelihood	Impact	Risk Score	Risk Reduction Action (Timescale)	Risk Owner(s)	Notes / Progress	Risk Direction
						<p><65s (Annually as part of revenue budget)</p> <p>7. Develop planning and shared accountability arrangements for Unscheduled Care and the 'set aside' budget for large hospital services. (Delayed due to Covid – Revised timescale agreed with NHS DoF and Falkirk IJB CFO October 22)</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 strategy and revised Scheme of Delegation complete – review of Financial Regulations planned Oct 22)</p> <p>9. Development of alignment of investment to Strategic Commissioning Plan priorities and consideration of future disinvestment options (Ongoing)</p> <p>10. Horizon Scanning arrangements internally and externally including use of economic outlook information (Ongoing & updates via Finance Reports)</p> <p>11. Financial Reporting to Integration Joint Board, Strategic Planning Group and Partnership Senior Leadership Management Team, development of Financial</p>			

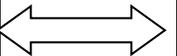
CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 24 August 2022

Ref	Risk	Strategic Fit	Likelihood	Impact	Risk Score	Risk Reduction Action (Timescale)	Risk Owner(s)	Notes / Progress	Risk Direction
						<p>Reporting Improvement Plan (Reporting Ongoing – linked to 20/21 AAR recommendation)</p> <p>12. 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 – scenarios built to 22/23 IJB Business Case – Jan 22)</p> <p>13. Review of Terms of Reference of Finance and Performance Committee (complete)</p> <p>14. Preparation and submission to Scottish Government of regular LMP/RMP (Local (re)Mobilisation Plan) COVID19 costs returns. (Q1 Complete – monthly updates thereafter)</p> <p>15. Use of Benchmarking including Investment Levels from Constituent Authorities and Early Intervention and Prevention where and when possible. (Ongoing)</p> <p>16. Operational Grip and Control Meetings and Enhanced Accountability Framework for Senior Managers (in place subject to ongoing development)</p>			

CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 24 August 2022

Ref	Risk	Strategic Fit	Likelihood	Impact	Risk Score	Risk Reduction Action (Timescale)	Risk Owner(s)	Notes / Progress	Risk Direction
						17. Implement Pan FV Budget Monitoring & Oversight Arrangements (In place) 18. Prepare estimate of Covid related expenditure for 22/23 for government returns and take due cognisance in 22/23 Revenue Budget (complete)			

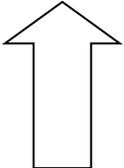
CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 24 August 2022

<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 and wider partners. (In place and further developing) 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 2022) 4. Integration Joint Board member induction and development programme (annually) 5. Development of Transforming Care Programme as delivery plan to support the pursuance of Strategic priorities underpinned by Strategic Improvement Plan (in place) 6. Partnership Management Team Development Programme. (Ongoing) 7. Strategic Improvement Plan including RAG status assessment and monitoring (in place). 8. Ensure preparedness for additional inspections highlighting improvement requirements. (Ongoing – ASP inspections complete and</p>	<p>Chief Officer</p>	<p>Annual Internal and External Audit Reports considered including agreed management responses to recommendations.</p>	
-----------------------	---	---	--	--	--	--	----------------------	--	---

CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 24 August 2022

						improvement plan completed) 10. Develop confidence to invest in evidence based models of care through continuous improvement of business cases, clearer strategic alignment and benefits realisation including improved outcomes for citizens.(Ongoing)			
--	--	--	--	--	--	---	--	--	--

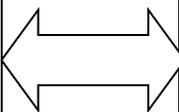
CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 24 August 2022

<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(s)) 2. Regular Meetings of Chief Officer and Chief Executives.(ongoing) 3. Pre Agenda and use of briefings / seminars where appropriate (e.g. budget, NCS Consultation, unscheduled care) (ongoing) 4. Review of Governance and committee arrangements including reviews of committee structure (annually – Finance and Performance Review to IJB Nov 21 – Audit and Risk Planned 2022 post change of committee membership after Local Government elections) 5. Board Development Programme. (annually) 6. Ongoing Staff Engagement Programme (Ongoing) 7. Review of Integration Scheme (requirement for revised Integration Scheme to be reviewed) 8. Review and development of management and professional structures. (in place subject to ongoing development) 9. Investment in Enhanced Management and Professional Leadership Structures including Heads of Service posts. (in place and ongoing) 10. Development of Assurance</p>	<p>Chief Officer/ Chief Finance Officer & Chief Executives of Partner Bodies</p>		
-----------------------	--	---	--	--	--	--	--	--	---

CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 24 August 2022

						<p>Frameworks (ongoing informed by Internal Audit review)</p> <p>11. Frontline Social Care Review and implementation (ongoing)</p> <p>12. Continue to seek to have positive influence of competing organisational demands and resource priorities of constituent bodies. (ongoing linked to standing committees and panels and budget setting processes)</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 (Sept 22)</p> <p>15. Align HSCP transformation plan with partners corporate plans (initial mapping complete)</p> <p>16. Continue to work with NHS Forth Valley to complete transfer of operational services and ensure compliance with Public Bodies Act. (ongoing – further consideration of options for Specialist MH/LD operational management arrangements under discussion and Set Aside work being progressed)</p>		
--	--	--	--	--	--	---	--	--

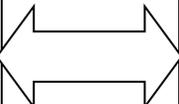
CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 24 August 2022

<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. (linked to AAR Recommendation March 2022) 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. (requires review and updating after changes of membership post Local Government elections) 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 and ensure appropriate planning</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>	
-----------------------	--	--	-----------------------------------	-----------------------------------	---	--	--	--	---

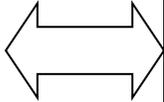
CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 24 August 2022

						around unscheduled care (ongoing linked to set aside work)			
--	--	--	--	--	--	--	--	--	--

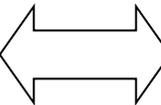
CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 24 August 2022

<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. (July 22) 4. Refreshed staff engagement including linkage to Frontline Social Care Review (in place) 5. OD Advisor now appointed and 22/23 OD workplan in developed. (May 22) 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 (in place for SMLT subject to ongoing development) 10. Review and gain IJB approval for refreshed workforce plans (Sept 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. Refreshed workforce plan developed.</p>	
-----------------------	---	--	-----------------------------------	-----------------------------------	--	--	--------------------------------------	---	---

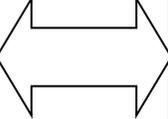
CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 24 August 2022

HSC 006	<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 including development of Carers Recovery Plan (ongoing – recovery plans September 22) 3. Collegiate working across Forth Valley in relation to Ministerial Steering Group (MSG) indicators. (Dec 21) 4. Strategic Commissioning Plan including 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 (complete)</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.</p> <p>Local Government Benchmarking Framework data used when available to inform</p>	

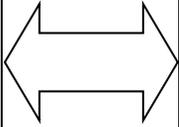
CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 24 August 2022

<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 (3) Target (3)</p>	<p>Current (4) Target (3)</p>	<p>Current (12) Medium Target (9) Medium</p>	<p>1. Ensure and participate in refresh of data sharing governance arrangements including annual assurance report to IJB (Annually) 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. (ongoing) 6. Take cognisance of systems issues from Frontline Social Care Review (ongoing) 7. Raise awareness of higher cyber-security threat level in relation to current global tensions and conflicts.(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>	
-----------------------	--	---	--	--	---	--	---	--	---

CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 24 August 2022

<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 (complete) 2. Appropriate Information Sharing Agreements are in place and reviewed timeously (Annually) 3. Develop use of information systems to inform planning and benchmarking. (ongoing) 4. Memorandum of Understanding being progressed through constituent authorities which will allow LIST team easier access to appropriate information systems (in place) 5. Analytical Workplan (in place subject to regular review) 6. 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. Risk re-assessed and considered higher than previously scored.</p>	
-----------------------	---	---	--	--	--	--	--	--	---

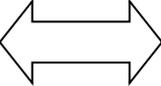
CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 24 August 2022

<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>	
-----------------------	---	--	--	--	--	--	---	--	---

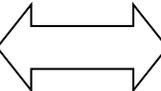
CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 24 August 2022

						Benchmarking Framework to identify and learn from high performing partnerships. (Annually)			
--	--	--	--	--	--	--	--	--	--

CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 24 August 2022

<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 (3) 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 (Annually) 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. Establishment of Quarterly Clinical and Care Governance Meetings (in place) 5. Further develop linkage with Performance Frameworks (in development) 6. Annual Clinical and Care Governance Assurance Report to IJB (Annually) 7. Self Evaluation of Adult Support and Protection Arrangements and improvement action plan in response to ASP inspection(May 21) 8. Care Home Assurance Team in place (complete)</p>	<p>Chief Social Work Officers / NHS Forth Valley Medical Director / Chair of Clinical and Care Governance Group</p>		
-----------------------	---	---	--	--	--	---	---	--	---

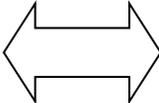
CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 24 August 2022

<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 (4) Target (2)</p>	<p>Current (16) High 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. (Per considerations within 22/23 Revenue Budget) 7. Business continuity planning arrangements. (In place – subject to ongoing review) 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 (in place – requires monitoring) 11. COVID19 Provider Support arrangements. (in place) 12. Strengthening of</p>	<p>Heads of Services / Strategic Commissioning Manager / Chief Finance Officer /Adult Support and Protection Co-ord,</p>	<p>Short term arrangements to take cognisance of fuel cost issues.</p>	
-----------------------	---	--	--	--	--	--	--	--	---

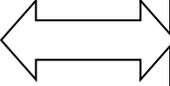
CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 24 August 2022

						management structures. (subject to ongoing review) 13. CHART Team input and Daily Care Home Assurance Tool. 14. Watching brief on inflation issues and impacts linked to national networks and National Care Home Contract (NCHC) (Ongoing)			
--	--	--	--	--	--	--	--	--	--

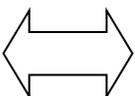
CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 24 August 2022

<p>HSC 012</p>	<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 	<p>Current (4)</p> <p>Target (2)</p>	<p>Current (4)</p> <p>Target (3)</p>	<p>(16) High</p> <p>Target (6) Low</p>	<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 – wellbeing week is practical example) 7. Work with partners to promote Clackmannanshire and Stirling as a positive area to work and live. (ongoing) 8. Strategic Workforce plan including action plan (Sept 22) 	<p>Head of Services, CH&C and Professional Leads</p>		
-----------------------	--	---	--------------------------------------	--------------------------------------	--	---	--	--	---

CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 24 August 2022

<p>HSC 013</p>	<p>Ongoing 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 (3) Target (3)</p>	<p>Current (3) Target (3)</p>	<p>9 (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>	
---------------------------	---	---	--	--	---	---	---	--	---

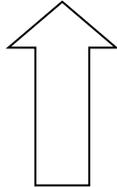
CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 24 August 2022

<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 / Non-Delivery of Scottish GMS (General Medical Services) Contract</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. Primary Care Improvement Plan (iteration 3) agreed and endorsed by partners which is delivering on significant proportion of requirement. (complete) 2. Tripartite statements outlines constraints / risks / challenges re full delivery of plan (complete) 3. Governance structure for delivery (in place) 4. Targeted recruitment to build GP and MDT capacity and capability – promoting Clacks and Stirling as positive place to work and live and NHS FV as employer of choice for Primary Care roles.(ongoing) 5. Ensure Strong working relationships between partners, PCIP team etc.(ongoing) 6. Accelerated implementation of element of the plan that can be resourced sustainably in line with FV tripartite MOU priorities.(in place) 7. Slippage funding in place to fund 22/23 plan utilising IJB reserves (in place) 8. Strong and regular engagement with SG, BMA and national networks (NHS CeX, IJB Chief Officers & CFOs) regarding national MOU funding requirements (ongoing) 9. Focus on increased training 	<p>Chief Officer / Chief Finance Officer / Programme Manager (PCIP)</p>	<p>Risk re-articulated alongside NHS FV SRR including alignment of scoring.</p>	
---	---	---	--	--	--	--	---	---	---

CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 24 August 2022

						(ongoing) 10. Innovate advertising methods for recruitment and use of social media / Youtube (ongoing)			
--	--	--	--	--	--	--	--	--	--

CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 24 August 2022

<p>HSC 015 (added 21 Feb 2020)</p>	<p>Primary Care Sustainability: Risk that critical quality and sustainability issues will be experienced in the delivery of Primary Care Services including General Medical Services and across other parts of the the Health and Social Care system.</p>	<p>9 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>	<ol style="list-style-type: none"> 1. Primary Care Programme Board re-established (Nov 21) 2. Premises improvement funding in place including sustainability improvement loans.(in place – NHS FV has responsibility for capital and assets) 3. PCIP being delivered so far as resources permit. +18-posts recruited (in place) 4. Expansion of community pharmacy services (ongoing) 5. Investment in quality clusters and cluster leads to ensure GPs and MDTs are informed and involved in primary/community care developments, quality improvement resources to support PCIP and patient safety implementation.(complete) 6. Targeted recruitment to build GP and MDT capacity and capability (ongoing) 7. Strong and regular engagement with SG, BMA and national networks (ongoing) 8. Capital investment programme in Primary Care initial agreement completed and outline business cases will be commenced over coming year. (ongoing) 9. Roll out of ICT improvements including remote server solutions 	<p>Associate Medical Director Primary Care / GP Clinical Leads / IJB Chief Officer/ NHS Chief Exec</p>	<p>Risk re-articulated alongside NHS FV SRR including alignment of scoring.</p>	
---	---	---	--	--	--	---	--	---	---

CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 24 August 2022

						(remote server complete – ICT improvements ongoing) 10. Work with NHS Board to identify and implement options where there are specific recruitment and retention issues (eg Rural practices) (Ongoing)			
--	--	--	--	--	--	---	--	--	--

CLACKMANNANSHIRE & STIRLING HEALTH & SOCIAL CARE PARTNERSHIP: STRATEGIC RISK REGISTER AT 24 August 2022

HSC16 Covid19 Risk deleted Feb 22 and Covid impacts reflected through other Strategic Risks per Audit Recommendation.

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.

Clackmannanshire & Stirling Integration Joint Board Audit and Risk Committee

31 August 2022

Agenda Item 10

Relevant National Reports:

Scotland's Financial Response to Covid-19, Integration Joint Boards – Financial Analysis 2020/21, Local Government in Scotland Overview 2022, Local Government in Scotland Financial Overview 2020/21, National Fraud Initiative in Scotland 2022

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 relevant national reports to the attention of the Audit & Risk Committee for noting.
---------------------------	---

Recommendations:	<p>The Audit and Risk Committee is asked to:</p> <p>1) Note the reports and their relevance to the planning, financial and operating context of the IJB and Health and Social Care Partnership.</p>
-------------------------	---

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 5 relevant national reports have been published by Audit Scotland
- Scotland's Financial Response to Covid-19
 - Integration Joint Boards – Financial Analysis 2020/21
 - Local Government in Scotland Overview 2022
 - Local Government in Scotland Financial Overview 2020/21
 - National Fraud Initiative in Scotland 2022

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. Whilst these reports are relevant to the IJBs accountabilities and strategic context the Integration Joint Boards (IJBs) Financial Analysis, Scotland's Financial Response to Covid 19 and Local Government in Scotland Financial Overview 2020/21 reports are most relevant. Hence the key messages from these reports have been extracted below.
- 2.2. Key messages from the IJBs financial analysis relate to:
- IJB Finances 2020/21- increase in funding as a result of Covid consequential funding and resultant increase in reserves from unspent Covid funding

- Medium to longer-term outlook for IJB Finances – decrease in short-term budget gaps in 21/22 but requirement for identification of recurrent savings being key to medium to longer-term financial sustainability and significant financial sustainability risks exacerbated by the uncertainty of future funding, rising demand, and the potential impact of a national care service.

2.3. Key messages from the report on Scotland's financial response to Covid 19 are

- The Scottish Government worked collaboratively and at pace with local and UK government to direct significant public spending in difficult circumstances. It is critical that lessons are learned about what worked well, and what did not to improve the public sector's response to any future crises.
- The Scottish Government streamlined governance arrangements to direct funds quickly, but it is hard to see how some decisions were reached.
- The Scottish Government directed a large proportion of funding to councils and other public bodies who had existing systems and local knowledge to enable them to spend quickly.
- The Scottish Government has managed its overall budget effectively but some Covid-19 funding remains unspent.
- It is vital for transparency and financial planning that the Scottish Government and other public bodies are clear about how one-off Covid-19 funding has been spent, including where spending commitments may last for several years.
- More work is needed by the Scottish Government to show how the wide range of Covid-19 spending measures have worked together to address the harms caused by the pandemic.

2.4. Key messages from Local Government Financial Overview 2020/21 are

In relation to local government finances in 2020/21

- The Covid-19 pandemic persisted throughout 2020/21, with the Scottish Government increasing funding to councils by £1.5 billion to support them in dealing with the impacts of the pandemic.
- When Covid-19 funding is excluded, there has been a real term underlying reduction of 4.2 per cent in local government funding since 2013/14.
- The underlying increase in Scottish Government funding of £358 million in 2020/21 was 1.1 per cent in real terms. But, over half of this increase is due to specific grants. Ring-fenced funding helps support delivery of key Scottish Government policies but constrains a proportion of the total funding and resources and removes any local discretion over how councils can use these funds.
- Councils' income from customers and clients was affected by Covid-19 restrictions and fell by £0.5 billion.
- In 2020/21, all councils reported surpluses and increased their usable reserves. The total increase in reserves was £1.2 billion (46 per cent).

This increase was mainly due to late Covid-19 funding, which was unspent at 31 March 2021.

- Councils administered a further £1.4 billion of Covid-19 grants on behalf of the Scottish Government in 2020/21, putting additional pressure on finance staff across councils.
- Capital expenditure reduced by more than 20 per cent in 2020/21 because of Covid-19.
- Covid-19 pressures contributed to greater and more frequent errors in councils' unaudited accounts.

In relation to Medium and longer-term outlook for local government finances

- Scottish Government capital funding to councils is expected to fall again in 2021/22.
- Uncertainty over the amount of funding available for Covid-19 recovery at the end of 2020/21 led to difficulties in setting budgets, and many councils established updated Covid-19 budgets in autumn 2021.
- Covid-19 resulted in revised medium-term financial plans, but longer-term planning will need to be updated as Covid-19 uncertainty diminishes.

3. Conclusions

- 3.1. Whilst some of the key messages from the reports are clearly aimed at Scottish Government the IJB requires to reflect on these in planning and delivery of sustainable services into the future.
- 3.2. Audit and Risk members are invited to read and discuss the reports appended.

4. Appendices

Appendix i – Scotland' Financial Response to Covid 19
Appendix ii – Integration Joint Boards – Financial Analysis 2020/21
Appendix iii – Local Government in Scotland Overview
Appendix iv – Local Government in Scotland Financial Overview 2020/21
Appendix v - National Fraud Initiative in Scotland 2022

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>

Scotland's financial response to Covid-19



ACCOUNTS COMMISSION 

AUDITOR GENERAL 

Prepared by Audit Scotland
June 2022



Contents

Key facts	3
Key messages	4
Recommendations	6
Introduction	8
1. Deciding the public financial response	10
2. Managing overall financial implications	21
3. Managing Covid-19 public spending programmes	26
Endnotes	40
Appendix	41

Audit team

The core audit team consisted of:
Richard Robinson,
Ashleigh Madjitey,
Becki Lancaster,
Garry Quigley and
Thomas Charman
under the direction of
Mark Taylor.

Key facts

	The amount of Covid-19 Barnett consequentials provided to the Scottish Government by the UK Government since March 2020	£14.4 billion
	The amount the Scottish Government has allocated to its Covid-19 response in 2020/21 and 2021/22	£15.5 billion¹
	The estimated amount spent by the Scottish Government on its response to Covid-19, between March 2020 and December 2021	£11.8 billion
	The number of Covid-19 spending announcements made by the Scottish Government, between March 2020 and March 2022	300+
	Total Covid-19 funding allocated to health and social care in 2020/21 and 2021/22	£5.7 billion
	Total Covid-19 funding allocated to business support in 2020/21 and 2021/22	£5.2 billion
	Total Covid-19 funding allocated to councils by the Scottish Government in 2020/21 and 2021/22	£1.8 billion

Covid-19: Barnett formula and Barnett consequentials



Notes:

1. £1.1 billion funded through reprioritisations and the Scotland Reserve.
2. At UK Government spending reviews, the Barnett formula also takes into account the percentage of departmental budgets that relate to devolved spending.

Key messages

1 The Scottish Government worked collaboratively and at pace with local and UK government to direct significant public spending in difficult circumstances. It is critical that lessons are learned about what worked well, and what did not to improve the public sector response to any future crises.

The Scottish Government worked with councils, NHS boards and other public bodies to take financial decisions and distribute funding. They had not prepared for the unprecedented scale and speed of the financial response required. Existing financial processes were stretched, and some processes needed to be set aside or significantly modified so that money could quickly get to where the Scottish Government considered it was most needed.

2 The Scottish Government streamlined governance arrangements to direct funds quickly, but it is hard to see how some financial decisions were reached.

Records of decision-making are not collated centrally, and we could not always see how data and other intelligence was used to inform funding allocations. It is also unclear how spending announcements link to budgets and subsequent spending. Once announced, funds were designed using the available data but the extent and quality of data varied.

3 The Scottish Government directed a large proportion of funding to councils and other public bodies who had existing systems and local knowledge to enable them to spend quickly.

Although councils and other public bodies were involved in designing individual funds, the extent to which they shaped the overall financial response was limited. Delivering Covid-19 funding placed a considerable resource burden on councils and public bodies.

4 The Scottish Government has managed its overall budget effectively but some Covid-19 funding remains unspent.

The Scottish Government maintained a balanced budget and has, to date, broadly allocated additional UK funding to Covid-19 measures in Scotland. Up to December 2021, the Scottish Government spent an estimated £11.8 billion on its Covid-19 response. At the end of 2020/21 over £2 billion was added to reserves by the Scottish Government, councils and health and social care integration authorities. Using reserves to manage spending between years is good financial management, but there is a risk it will not be clear how Covid-19 funding held in reserves is spent over time.

5 It is vital for transparency and financial planning that the Scottish Government and other public bodies are clear about how one-off Covid-19 funding has been spent, including where spending commitments may last for several years.

Public services faced financial pressures before the pandemic. Covid-19 funding was used to ensure the financial sustainability of councils and other public bodies. But now Covid-19 specific funding from the UK Government has ended, pre-existing pressures must be balanced alongside continuing spending demands related to the Covid-19 response and recovery.

6 More work is needed by the Scottish Government to show how the wide range of Covid-19 spending measures have worked together to address the harms caused by the pandemic.

To date, there has been limited evaluation of the financial response. Such an evaluation will be challenging due to information not always being available or centrally collated. Information on how quickly money reached those it was intended to help and the difference it has made is limited. It is critical the Scottish Government collect relevant data to understand the difference its interventions have made, and to plan for a recovery that meets its wider national priorities.

Recommendations

The Scottish Government should:

- Improve the transparency of public finances to support scrutiny of Covid-19 funding and spending measures by:
 - publishing comprehensive Covid-19 financial reporting information which clearly links budgets, funding announcements and spending levels
 - continuing to identify and fill gaps in spending and performance data in areas such as business support.
- Review financial decision-making processes during the pandemic to:
 - identify elements of good practice from streamlined decision-making procedures to be maintained and integrated into existing processes
 - learn lessons and consider how financial management and budget processes can be reformed to improve in-year financial reporting
 - determine how it can better use data when making financial decisions quickly.
- Review and collate the completed finance accountability framework forms ([paragraphs 38–43](#)) to understand the extent to which they were completed, how spending decisions relate to each other and their collective impact alongside UK measures, and to inform any future assessment of the impact of the financial response.

The Scottish Government, councils, NHS boards and integration authorities should:

- Improve the transparency of public finances to support scrutiny of Covid-19 funding and spending measures by:
 - collecting, drawing together and analysing Covid-19 funds data to establish how much money was spent, where, and how quickly it was issued and received
 - reporting through their accounts and management information how Covid-19 funding held in reserves has been spent, and the extent to which Covid-19 funded spending commitments will exist in future years

- reviewing their medium-term and longer-term financial plans to reflect the ongoing impact and financial consequences of the pandemic. This should include the longer-term impact on resources and potential costs of continuing to support citizens and restore lost income.
- Continue to monitor and report on fraud and error arising from Covid-19 business support payments to ensure that processes are working in practice, funds are allocated correctly, and steps are taken to recover funds paid in error.
- Work together to learn lessons from the financial response to the pandemic by:
 - collecting and sharing findings from their response, including financial information to demonstrate the impact the spending has had and to allow others to benefit from good practice
 - considering what systems should be in place to enable consistent spending information to be collected while minimising the administrative burden
 - collectively understanding the ongoing challenges and longer-lasting impacts of the pandemic which will allow them to work together to recover
 - developing robust processes which will improve the public sector response to future crises or other cross-cutting issues, such as climate change and child poverty
 - evaluating whether Covid-19 spending delivered the desired outcomes.

Introduction

Background

1. Covid-19 is the biggest fiscal and policy challenge faced by the Scottish Government, councils, and other public bodies since devolution. The effect on Scottish society has been wide-reaching and unequal, and the impact on public finances unprecedented. Staff across the Scottish public sector have worked hard for over two years to respond to, and minimise the impact of, the pandemic. While the emergency phase has now passed, the Scottish Government, councils and other public bodies continue to direct public spending in response to the pandemic at the same time as developing and implementing plans for funding recovery. The impact on public finances will continue for many years.

2. All Auditor General and Accounts Commission work relating to Covid-19 and public finances more generally can be found on our [Covid-19 e-hub](#).

About this report

3. This report outlines the fiscal context in which the Scottish Government, councils and public bodies have been operating since March 2020 and provides a high-level analysis of their financial response to the Covid-19 pandemic. It draws on evidence gathered from across the public sector as well as previous Accounts Commission and Auditor General reports to make judgements about the overall financial response. These reports were published at different points throughout the pandemic and we are aware that the response is continuing.

This report considers:

- how decisions were made about where Covid-19 funding should be spent
- the challenges of fast-paced and high-volume decision-making about public spending, in a context of financial uncertainty and existing policy commitments
- the effectiveness of the governance and management of the financial response
- how money flowed through the system from the UK and Scottish governments to people, public services and organisations, and how the impact of spending has been evaluated.

4. We gathered our evidence from across the Scottish public sector, including the Scottish Government, the Convention of Scottish Local Authorities (COSLA) and a sample of ten public bodies.¹ Because of the large number of Covid-19 spending programmes, we also selected a sample of ten Covid-19 funds to allow a more in-depth look at some areas of Scottish Government spending and to track funding as it flowed through the system to recipients. Further details about the sampling methodology are given in the [Appendix](#).

5. Throughout the report we talk about three aspects of public spending, namely:

- **Announcements** – made by the Scottish Government about how it plans to spend public money in response to the pandemic.
- **Allocated** – the amount set out by the Scottish Government in budget documents or revisions. These are formal authorisations of how the Scottish Government intends to spend its budget.
- **Actual spending** – the money ultimately spent on Covid-19 programmes. The Scottish Government records payment to other public organisations as actual spending. These bodies then direct the funds towards Covid-19 measures. This may mean that these funds have not yet necessarily been paid to the people or organisations they are intended to support. We have reported actual spending to December 2021. The actual spending data we use for 2021/22 is estimated spending for the first nine months of the year.² The Scottish Government will publish provisional actual spending data for the full 2021/22 financial year in June 2022.

1. Deciding the public financial response

The Scottish Government responded quickly to a very difficult situation

The pandemic has required an unparalleled financial response from all levels of government

6. The public health crisis caused by Covid-19 has had a profound effect on every aspect of Scottish society. Throughout the pandemic, the Scottish Government, councils and other public bodies have had to make decisions quickly and manage public finances in a fast-moving and unpredictable environment.

7. The Scottish Government has allocated £15.5 billion to its Covid-19 response in 2020/21 and 2021/22. So far, it has reported estimated actual spending of £11.8 billion up to December 2021 on measures related to the pandemic.³ This was funded mainly through additional **Barnett consequentials** arising from UK Government spending on Covid-19, alongside reallocations within its underlying budget. Total spending for all of 2021/22 will be reported by the Scottish Government later this year.

8. Since March 2020, the Scottish Government has announced over 300 separate spending measures relating to Covid-19, many of which directly affected the finances of councils and other public bodies.

[Exhibit 1 \(page 11\)](#) shows that more funding was announced immediately ahead of the country entering periods of restriction.



Barnett consequentials

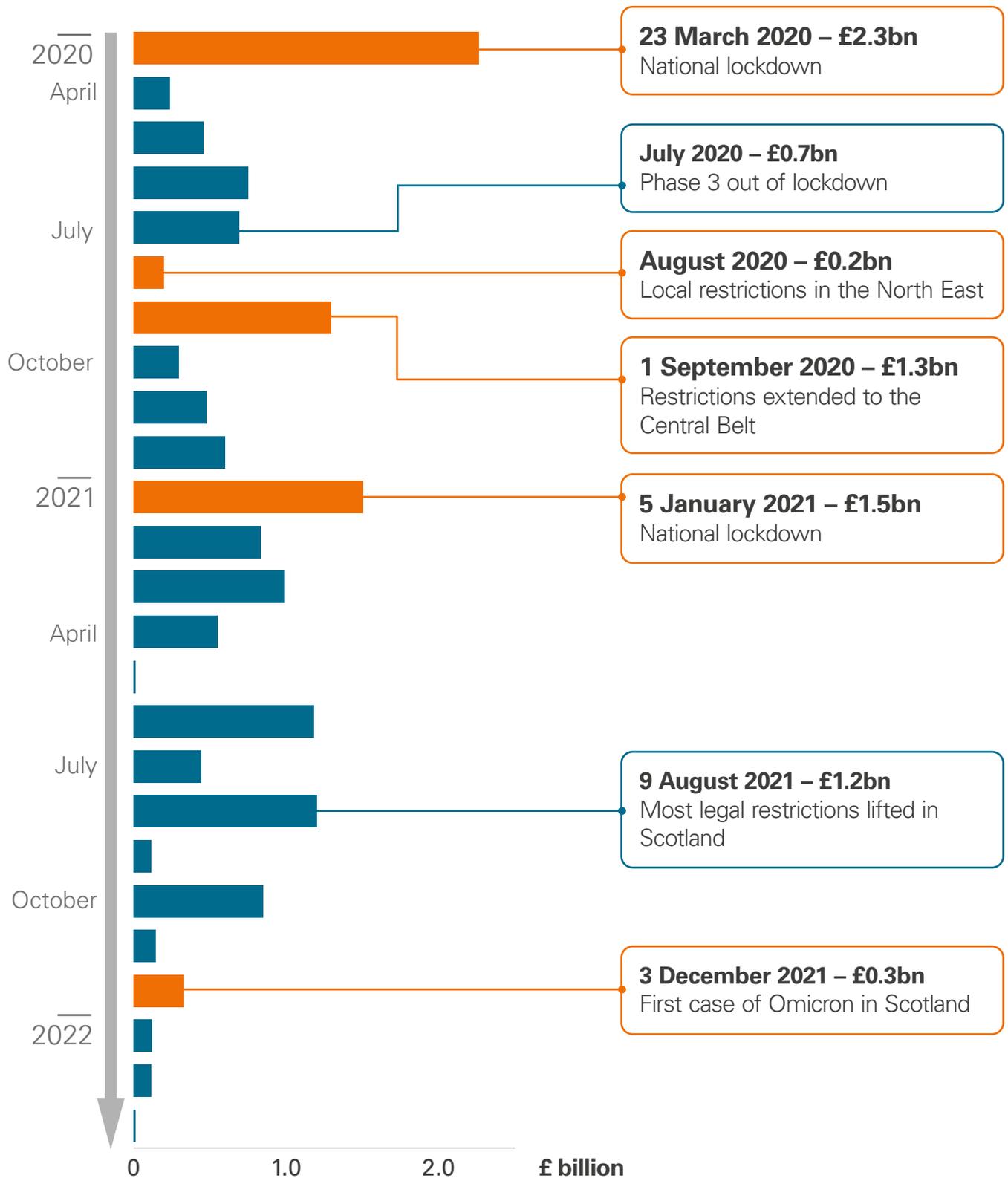
Additional funding comes to Scotland when the UK Government spends money in England in a devolved policy area. The Scottish Government receives this funding in the form of Barnett consequentials and has flexibility in deciding how to allocate this funding.

Our [briefing on the operation of the fiscal framework](#) gives more information on how the Scottish Government is funded.

Exhibit 1.

Scottish Government spending announcements

The Scottish Government announced increased levels of Covid-19 spending when the country was entering new restrictions.



Source: Scottish Government announcements, Audit Scotland analysis

The Scottish Government's decision-making framework focused its pandemic response on four harms

9. In April 2020, the Scottish Government published its [Coronavirus \(Covid-19\): framework for decision-making](#) in which it defined four interrelated harms of the pandemic ([Exhibit 2](#)). This four harms framework set the intention for the Scottish Government's decisions about how to respond to the pandemic, including those with financial implications.

Exhibit 2.

The four harms of the pandemic

The Scottish Government defined four harms of the pandemic which informed its decisions, including those with financial implications.

 The Four Harms	Examples of funding	Actual spending 2020/21, £m
Direct health Covid-19 has caused direct and tragic harm to people's health, reflected in hospital and intensive care admissions and the number of deaths.	Personal Protective Equipment Test and Protect NHS Louisa Jordan	448 130 57
Indirect health The virus has had a wider impact on health and social care services and how people are using those services in both the short and longer term.	Social care Primary care Mental health services	196 62 7
Societal Restrictions introduced to reduce the direct harms of the virus have caused broader societal harms (eg, the disruption to education and increased levels of mental ill-health).	Communities' hardship fund Free School Meals and Community Food Digital inclusion for learning	50 56 24
Economic All aspects of the economy from the provision of goods and services to taxes to fund public services, employment and income levels have been affected.	Covid-19 business support (including non-domestic rates relief) Support for rail	3,418 421

Source: Scottish Government, Audit Scotland analysis

10. The Scottish Government set out its intentions and priorities for Covid-19 spending through regular briefings to the public and Parliament. These initially focused on health and business priorities. As the pandemic progressed, these briefings increasingly focused on the economy and wider societal harms.

The UK Government's schemes influenced the Scottish Government's financial response to the pandemic

The Scottish Government worked closely with the other governments in the UK when developing their response

11. When making decisions about the restrictions to impose on their populations, the countries of the UK worked closely together through a four-nations framework. This approach supported some consistency across the UK while allowing each government's response to reflect its judgement on the challenges faced at each point.

12. The Scottish Government worked closely with **HM Treasury** to understand the funding available. It sought more certainty on Barnett consequential and discussed additional **fiscal flexibilities** that it considered necessary. At key stages of the pandemic the Scottish Government was having daily calls with HM Treasury.

UK Government spending programmes were a key component of the pandemic response

13. The UK Government has supported Scottish citizens and businesses through UK-wide spending programmes. These have been an important element of the pandemic response and include:

- the Coronavirus Job Retention Scheme (furlough) which ran between March 2020 and September 2021 and supported 911,900 Scottish jobs, affecting 26 in 100 working age people in Scotland
- the Self-Employment Income Support Scheme which provided 175,000 self-employed people in Scotland with grants totalling £1.7 billion
- the Coronavirus Business Interruption Loan Scheme and the Bounce Back Loan Scheme which provided £4.1 billion of loans to 99,792 businesses in Scotland. The Future Fund also provided 23 loans valued at £8.3 million to businesses in Scotland
- the Eat Out to Help Out scheme which helped support 4,775 hospitality businesses in Scotland throughout August 2020, with the value of discount claimed totalling £42.9 million.

HM Treasury

UK Government department responsible for delivering public finance policy, including distributing funding to the Scottish Government.

Fiscal flexibilities

Financial powers that the Scottish Government and councils have to help them address specific local circumstances.

The Scottish Government had to consider UK Government support as it decided how to respond financially to the pandemic

14. We found that consideration of the schemes operating elsewhere in the UK was an important component of the Scottish Government's decision-making. The Scottish Government clearly understood that some restrictions (for example a full lockdown) would be very difficult to implement without related UK Government financial support being in place.

15. The needs of the pandemic were similar across the UK and so a similar response was often required. In our [Tracking the impact of Covid-19 on Scotland's public finances](#) report, we describe how the Scottish Government allocated the 2020/21 Covid-19 Barnett consequential broadly in line with the UK spending from which they arose.

16. The Scottish Government amended some schemes in ways it considered best suited Scotland's needs. For example:

- The £50 million hardship fund was for councils to use flexibly to support their resilience and hardship funds, whereas in England the funding was intended to support council tax relief.
- The UK Government launched a scheme to compensate councils for the loss of income experienced due to Covid-19. This scheme was delivered slightly differently in Scotland, and COSLA helped to determine how the £200 million fund operated, including how funding was distributed among councils.

17. The Scottish Government also developed specific schemes for Scotland to help fill gaps it saw in how existing Covid-19 financial support met local needs. For example:

- **Pivotal Enterprise Resilience Fund** – enterprise agencies delivered this fund to businesses vital to local economies. The enterprise agencies developed the fund to fill gaps in pre-existing UK Government business support funds.
- **Moray and Glasgow Localised Restrictions Funds** – the Scottish Government provided additional support to businesses in Moray and Glasgow while they remained under restrictions for longer than other parts of Scotland.

Scottish ministers' overarching commitments to spending Covid-19 funding made budget management more complex

18. The Scottish Government committed to spending all Covid-19 Barnett consequential on its pandemic response and announced:

- in March 2020, that all business support Covid-19 Barnett consequential would be applied to Scottish business support measures

- in March 2020, that all health and social care Covid-19 Barnett consequential allocations would be applied to health and social care in Scotland
- in November 2020, that all funding derived from Covid-19 Barnett consequential allocations would be applied to Covid-19 spending.

19. Implementing these commitments meant that the Scottish Government needed to understand the details of the Barnett consequential allocations. The speed of change of the pandemic and the timing of announcements meant that the Scottish Government had to make some decisions based on figures that were provisional or lacked the full details. This made managing budgets and commitments more difficult.

The Scottish Government and councils streamlined their governance arrangements to help them respond more quickly to the crisis

20. In the [Auditor General's report on the audit of the 2020/21 Scottish Government Consolidated Accounts](#), he concluded that the Scottish Government had strengthened aspects of its governance arrangements to allow faster decision-making in response to the Covid-19 crisis.

21. Internal audit activity within the Scottish Government was redirected towards the Covid-19 response and some audit and assurance staff were redeployed into key areas (such as health finance and Covid-19 business support). This was to enable internal auditors to advise on new practices and frameworks, support assurance activity and help maintain a clear audit trail of decisions. This redeployment of internal auditors limited the level of internal audit scrutiny of how key spending decisions were made within the Scottish Government, as it prioritised other activities during the emergency phase of the pandemic. Although this is reasonable, given the need to redeploy staff in a pandemic, internal audit should consider how it will retrospectively consider Covid-19 spending in its future plans. Internal auditors in Scottish Enterprise and South of Scotland Enterprise carried out reviews as grants were developed as part of their control arrangements.

22. The [Accounts Commission's Local Government in Scotland Overview 2021](#) found that councils made swift changes to governance arrangements at the start of the pandemic. This involved some councils suspending meetings and others creating specific Covid-19 committees. Since then, councils have continued to adapt and now offer online and hybrid meetings.

Internal audit

carry out a range of tasks in order to provide an independent and objective evaluation of an organisation's financial and business activities.

The urgency of the pandemic required changes to normal financial decision-making processes

23. The necessary speed of the response to the pandemic meant that some standard decision-making processes were not possible, such as the use of governance boards and options appraisals. These processes enable more considered and robust decision-making but take longer. In some cases, the Scottish Government would announce a response to a problem within hours or days of it arising.

24. Often **Cabinet** made the high-level decisions about where funding should be directed, drawing on advice from the Scottish Government **executive team**. Government officials then developed the spending proposals in consultation with the relevant Cabinet Secretary. The relevant **accountable officers** (the permanent secretary, directors-general and public body chief executives) were then responsible for delivering the proposal.

It took too long for the Scottish Government to establish some governance arrangements

25. There was no overall Covid-19 expenditure governance board to collate and review the collective impact of financial decisions. Financial decisions were considered through existing governance structures such as management teams, assurance committees and the Scottish Government audit and assurance committee. But it is not always possible to follow how decisions were monitored and scrutinised.

26. Some **directorates**, such as health finance, quickly altered existing structures to manage the financial response, while others, such as business support, developed new structures. New structures evolved throughout the pandemic, although some key structures were only formalised almost a year after the pandemic started, including:

- a Covid-19 Business Resilience and Support Directorate in March 2021, to oversee a collective response to Covid-19 and the resulting economic shock
- a Business Support Governance Group and a steering group in early 2021, to assess levels of assurance and improve delivery of business support grants respectively
- an Information Governance Board in summer 2021, to oversee the collection and retention of information on the Covid-19 response.

The way that public bodies engaged with their stakeholders had to change

27. The situation meant that the Scottish Government and public bodies had to change how they engaged with their stakeholders. They needed to build on existing relationships and develop new ones, and the success of this engagement varied. Some bodies and groups felt that their needs

Cabinet

The Cabinet is the main ministerial decision-making body of the Scottish Government. Cabinet Secretaries are responsible for different areas of government business.

Executive team

The executive team is the senior civil servant group within the Scottish Government. It is responsible for implementing the policies of the Scottish Cabinet.

Accountable officers

Officials within the Scottish Government and public bodies who are responsible for the finances and performance of their portfolio.

Directorates

The Scottish Government is organised into a number of directorates, each of which has responsibility for a different policy area.

were not addressed and highlighted a need for better engagement with stakeholders when designing future support. The Scottish Government and public bodies should capture what worked well and what didn't to inform future engagement.

- For business support funds the Scottish Government established two groups in March and April 2020. Membership included COSLA, the Improvement Service, SOLACE (Society of Local Authority Chief Executives) and local authority directors of finance. These groups helped shape the guidance and eligibility criteria of early business support. They were formalised from March 2021 through the Business Support Steering Group, which was established to manage and review existing funds and help develop new funds. This group included representatives from COSLA, chief executives of the public bodies delivering the grants, council economic development officers and Scottish Government economists. The Scottish Government told us it also had regular engagement with the business sector.
- The Scottish Council for Voluntary Organisations (SCVO) worked closely with officers and ministers to deliver the Wellbeing Fund. This was developed in partnership with Scotland's 32 **third sector interfaces**.
- In November 2020, the Scottish Parliament's Economy, Energy and Fair Work Committee published a report [Covid-19: Impact on businesses, workers and the economy and pre-budget scrutiny](#). It included feedback from some bodies who felt consultation with businesses by enterprise agencies could have been better. This included Women's Enterprise Scotland, who said they were not asked to contribute to the development of support or the appropriateness of mechanisms in place, and the Highland Food and Drink Club, who felt the consultation process had been poor in comparison to the tourism sector.
- The Scottish Government did not involve relevant stakeholders before allocating funding for parts of the £350 million Supporting Communities Fund.

28. The Auditor General and Accounts Commission's [Community empowerment: Covid-19 update](#) reported that community planning partnerships and the voluntary sector were vital in supporting and empowering people and communities to support the most vulnerable in society during the pandemic. In areas where existing relationships were stronger, some communities were able to provide a faster and more targeted response. This enabled rapid allocation of funding to well-established organisations supporting those most affected by Covid-19.

Third sector interfaces

provide a single point of access for support and advice for voluntary organisations in each local authority area.

It is difficult to establish a clear and transparent decision-making trail for some funds

29. The scale, breadth and pace of funding announcements created challenges for the Scottish Government in maintaining a clear audit trail of decisions. From the start of the pandemic, it told staff that they were bound by existing financial guidance and that all decisions had to be evidence-based, transparent, accountable and legal.

30. Despite this, for many of our sample funds we found it difficult to see how some financial decisions were reached because information is held across different parts of the organisation and was not always recorded consistently. The extensive temporary redeployment of staff during the pandemic has also made it difficult to follow past decisions.

The data available to support quick financial decisions varied

31. Some Scottish Government directorates and partners have well-established processes for understanding the costs they will face, and they used data well to help assess the funding needed through the pandemic. For example, health finance drew on its financial monitoring of NHS boards. However, for some of our sample funds it was difficult to see how data was used to determine the overall amount of funding initially directed towards an issue. For example, it is not clear how or if the Scottish Government used data to determine the overall funding allocation for the £350 million Supporting Communities funding package.

32. Once the Scottish Government allocated funding to a specific area of support, it then used available data to inform and design funds. At times it was limited by the information available. Looking at a sample of Covid-19 funds we found that:

- the **Settlement Distribution Group** met frequently and used available data to determine individual council funding allocations, for example Department for Work and Pensions (DWP) data to determine individual council funding allocations for managing the Food Fund
- Skills Development Scotland used actual and forecast data on modern apprenticeships, showing a 73 per cent reduction in placements by September 2020, to inform the creation of the Apprenticeship Employment Grant
- the Scottish Government and councils used non-domestic rates (NDR) data to identify over 27,000 businesses that operate in high-risk settings and would be eligible for capital support for ventilation improvements. This helped manage potential over-spending and informed analysis when considering an expansion of the fund
- an evaluation by the Scottish Government of early business support found that a lack of data on smaller businesses fuelled gaps in support and a reliance on the rates system.

The Settlement Distribution Group

is an existing joint group attended by Scottish Government, COSLA and local authority officials. The SDG considers any new local government funding and distribution, while providing a forum for officials to discuss future issues. Decisions taken at the SDG are then passed to COSLA leaders and Scottish Ministers for approval.

33. Effective use of good-quality data is key as the Scottish Government, councils and public bodies plan for a recovery that meets their wider priorities. Good data allows more accurate financial forecasts and makes budget management easier. It can also alert decision-makers to the challenges facing their constituents, the extent of future funds needed and the effectiveness of interventions. The Scottish Government should review its pandemic financial decision-making processes to determine how it can better use data when making financial decisions quickly.

34. The Accounts Commission's [Local Government in Scotland: Overview 2022](#) highlights the need for better data to support decision-making and target resources.

The Scottish Government considered equalities at a high level when deciding how to respond to the pandemic, but did not always clearly document the expected impact of spending decisions on equalities outcomes

35. The Scottish Government expressed a clear overarching intention for Covid-19 spending to be aligned with **National Performance Framework** outcomes. Our analysis of sample funds found that while the intended outcomes of individual funds were clear, there is little mention of specific links to the National Performance Framework, the four harms or equalities priorities.

36. The Scottish Government carried out equality impact assessments (EQIAs) for its overall response to the pandemic, for example for the route map out of lockdown in July 2020 and when it moved to local restriction levels in October 2020. These were to assess the impact of restrictions on particular groups rather than the impact of the subsequent spending decisions.

37. In March 2022, the Auditor General and Accounts Commission's briefing on [Scotland's economy: Supporting businesses through the Covid-19 pandemic](#) highlighted that the Scottish Government used the overarching EQIA, completed in October 2020, when developing business support grants. In late 2021, the Scottish Government completed a series of EQIAs on individual business support funds. These showed that general business funding supported specific demographic groups – such as younger people working in hospitality, leisure and retail that were over-represented in certain areas of the labour market.

The Scottish Government introduced a useful process to inform financial decision-making, but it was not used consistently nor was the information collated

38. The Scottish Government had to manage a volatile budget and ensure that it had the funding to meet the commitments it was making throughout the pandemic. To help with this, it quickly introduced a new expenditure assessment and approval process, the Finance Accountability Framework (FAF), in mid-March 2020.

National Performance Framework

Launched by the Scottish Government and COSLA in 2018. The NPF sets out 11 long-term outcomes for Scotland, underpinned by 81 indicators against which progress can be measured.

39. The FAF applied to the Scottish Government and public bodies but not councils, as these have their own governance arrangements. Central to the FAF is a form that must be completed to record the approval by accountable officers and the Scottish Government's chief financial officer for all spending over £1 million that is not already in the budget. It must then be signed off at a ministerial level by the relevant Cabinet Secretary, the Cabinet Secretary for Finance and the Deputy First Minister.

40. We reviewed assessments and approvals for a sample of funds. We found the FAF provided detailed information that supported good financial decision-making and budget management, for example on:

- how spending would be funded and what could be reprioritised to fund it
- the impact if spending did not go ahead
- similar schemes in the UK
- longer-term financial implications.

The FAF does not include a prompt on how the proposal would address the four harms or contribute to National Outcomes that would demonstrate a clearer link between spending and priorities.

41. Completed FAFs are retained by the directorate responsible for the spending and are not collated centrally. The forms hold a wealth of information about the intention and expected impact of spending programmes. This could have been better used, for example to inform reviews of the overall impact of Covid-19 spending on particular groups and to allow the Scottish Government to learn lessons for future spending.

42. The Scottish Government cannot confirm that all spending over £1 million outside the budget has an associated completed and approved form. An internal audit report, in the summer of 2020, found cases in which FAFs were not completed as required and recommended that the Scottish Government raise awareness of the process. Internal audit also recommended that the Government should monitor FAF completion rates, to provide assurance that the correct processes have been followed. This monitoring has not happened yet.

43. The Scottish Government should review and collate the completed FAFs to understand the extent to which they were completed, how budget decisions relate to each other, their collective impact alongside UK measures, and to inform any future assessment of the impact of the financial response.

2. Managing overall financial implications

The Scottish Government managed its overall budget well, but struggled to maintain transparency, which limited scrutiny

44. The Scottish Government had to manage an uncertain and quickly changing budget, making sure it could meet the financial commitments made throughout the pandemic. The initial response required large amounts of additional public spending without a clear understanding of how this would be funded. As the pandemic progressed, the Scottish Government monitored expected funding and spending closely, allocating available funding while keeping within overall budget limits.

45. In total, over the two years of the pandemic the Scottish Government has allocated £15.5 billion in its budgets to its Covid-19 response. This was funded largely from £14.4 billion of Barnett consequentials arising from spending on Covid-19 in **devolved areas** in England. The remaining £1.1 billion has been funded by redirecting existing budgets and from the **Scotland Reserve**.

46. As the Scottish Government moves into the recovery phase of the pandemic, it is becoming increasingly hard to define what is, and is not, Covid-19 spending. Recovery from the pandemic is closely linked to other wider government goals, such as economic development. The UK and Scottish budgets for 2022/23 do not include any specific Covid-19 funding. Nonetheless, transparency over spending and budget management processes will remain vital.

Episodic budget management and scrutiny processes are not designed for high levels of change

47. During the pandemic, the Scottish Government had to adapt its budget to respond to the needs of the pandemic and the additional funding it received from the UK Government. This was challenging for a **budget management** process that operates through episodic updates.

48. Since March 2020, the Scottish Government has made over 300 spending announcements on its Covid-19 response. These announcements were not envisaged when the budget was developed in February 2020, so they were subsequently included in formal budget revisions during the year. The Scottish Government published an additional Summer Budget Revision in May 2020, in response to the scale of changes to the budget in early 2020/21.⁴

Devolved areas

Areas of spend that the Scottish Government has responsibility over. This includes areas like education, health, and transport.

Scotland Reserve

The process whereby any underspend in the Scottish Budget can be carried forward to be used in future years. It is capped at £700 million.

Budget management

The Scottish Government publishes its proposed budget in the winter prior to the new financial year. It is then scrutinised by Scottish Parliament through a multi-stage budget process.

The episodic budget revision process allows the Scottish Government to make changes to its spending plans (as set out in the Scottish Budget) during the year. Usually these are produced twice a year, in the autumn and spring.

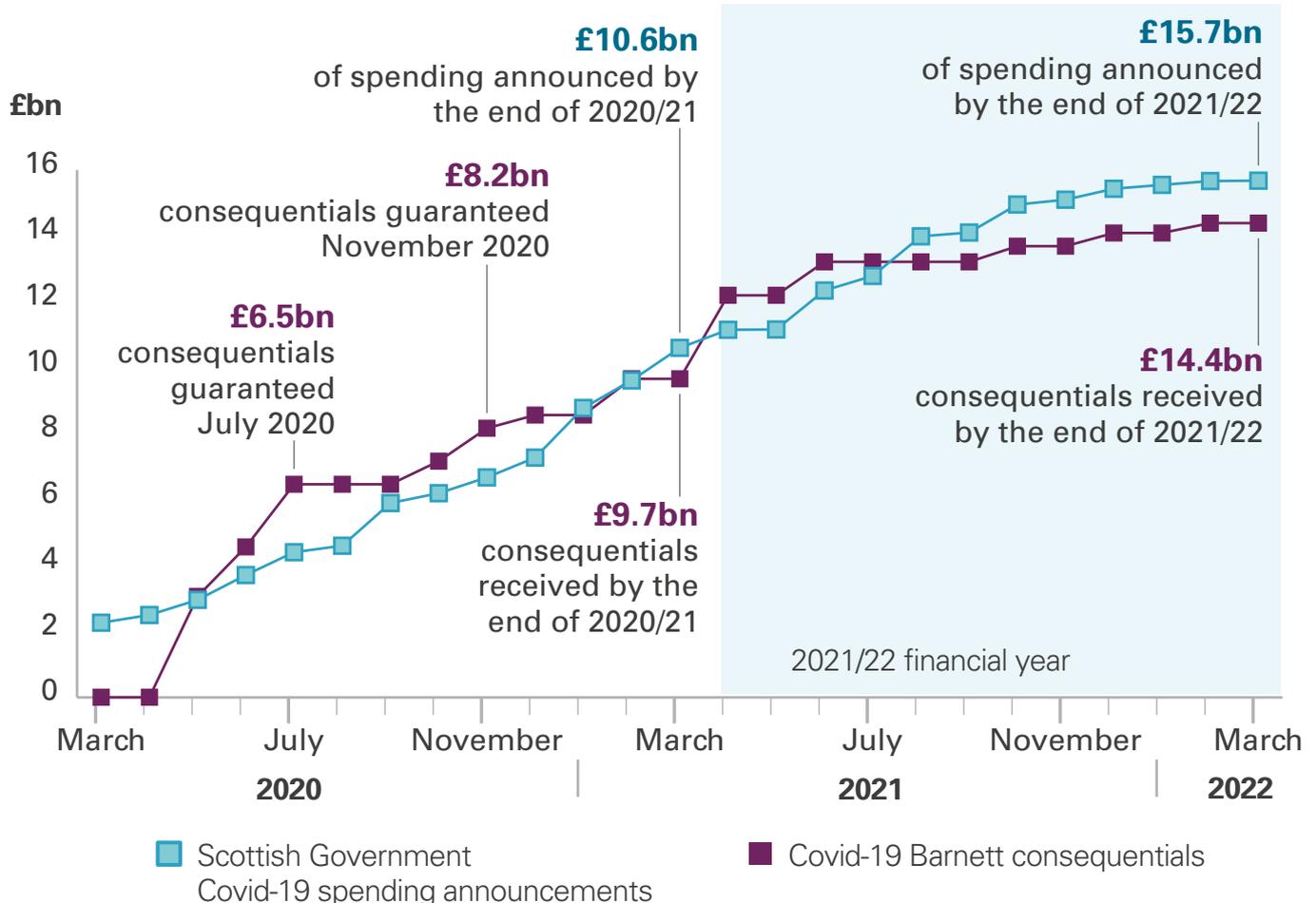
The Scottish Government has announced more spending than it has received in funding

49. In the initial weeks of pandemic, the Scottish Government announced more Covid-19 spending than was covered through Covid-19 Barnett consequentials. Over the summer of 2020, following additional funding from the UK Government, the Scottish Government's spending announcements amounted to less than the confirmed Barnett consequentials received. From January 2021 announcements tracked available funding more closely. The Scottish Government has announced more spending than it has received in additional funding since July 2021, with the difference funded through redirecting some existing budgets and the Scotland Reserve ([Exhibit 3](#)).

Exhibit 3.

Scottish Government spending announcements and Covid-19 Barnett consequentials received since March 2020

The Scottish Government received £14.4 billion in Covid-19 Barnett consequentials during the pandemic and has announced £15.7 billion of spending.¹



Note 1. The Scottish Government announced slightly more spending than it allocated in its budgets (£15.5bn), this is because some details changed as funds were developed and costs were confirmed.

Source: UK Government Block Grant Transparency, Scottish Government announcements and Audit Scotland analysis

50. From July 2020, the UK Government temporarily changed the way it provided funding to Scotland through the Barnett consequential. Instead of Covid-19 Barnett consequential being generated from spending decisions in England, the UK Government guaranteed the amount it would give before confirming the change in UK spending. This gave the Scottish Government more certainty about the funding it would have to respond to the pandemic. Funding was only guaranteed for 2020/21 and was provided through a series of announcements during the year.

The Scottish Government, councils and other bodies worked well together to respond to the pandemic

The Scottish Government allocated significant additional funding to public bodies to enable key front-line services to keep operating

51. During the pandemic many services, such as routine medical appointments and economic development work, could not continue, especially during periods of extreme restrictions. Where activity was paused, resources were diverted to the front-line response. The Scottish Government protected existing budgets throughout the pandemic which meant that public bodies retained most of their capacity as restrictions eased. It allocated additional funding to bodies to allow them to keep offering their normal services or do more of what they usually do. For example:

- Significant amounts of funding were directed to the NHS to manage the increase in patients. This was managed through existing systems in the Scottish Government and NHS boards. The Scottish Government provided clear guidance on how spending should be monitored and reported. Detailed reporting and forecasting from NHS boards allowed the Scottish Government to provide funding as required.
- The Scottish Government gave funding to councils and other bodies to allow them to keep operating despite losing income because of the pandemic, for example from leisure centres or parking. Councils could then direct this funding towards their operating costs.

The Scottish Government directed a large proportion of funding to partners who had the existing systems and local knowledge to deliver funds

52. Much of the Covid-19 budget was allocated to financial support schemes intended to quickly tackle the four harms. These new funds needed to be developed and distributed at speed. The Scottish Government relied on partners, such as the NHS, public bodies, councils and charities, it considered best placed to manage delivery ([Exhibit 4, page 25](#)). For example:

- NHS National Services Scotland (NHS NSS) had an existing responsibility to source personal protective equipment (PPE) for the NHS; this was expanded to include social care throughout the

pandemic. It also had the expertise to build the NHS Louisa Jordan and operate the vaccination booking system. We have published briefing papers on [PPE](#) and the [vaccination programme](#). The Auditor General's report on the [2020/21 audit of NHS NSS](#) found that the organisation was integral to Scotland's response to the pandemic.

- Business support funding was managed through local government (£3.9 billion) and enterprise agencies (£563 million) that already had details of businesses through the non-domestic rates databases and staff experienced in providing grant funding. We published a [briefing paper on business support funding](#) in March 2022.
- Charities were responsible for distributing more than £115 million of the Scottish Government's £350 million Supporting Communities Fund through their existing networks. The Accounts Commission and Auditor General's [Community empowerment Covid-19 update](#) reported that the voluntary sector was vital in supporting people through the pandemic and existing strong relationships allowed for a faster response.

53. Once decisions were made by the Scottish Government to provide additional funding, such spending was managed by councils and other public bodies through existing processes alongside other elements of their budgets.

The Scottish Government relied on established systems within councils and public bodies to detect and prevent fraud within its business support schemes

54. The Scottish Government accepted a higher-than-normal fraud risk for its business support grants because of the speed at which they were set up and the need to make payments quickly. It relied on its delivery partners' existing arrangements to manage the increased risk and tasked partners with checking that applicants were eligible for grants. Over the course of the year the Scottish Government worked closely with partners and took action to minimise the fraud risk.

55. The Scottish Government estimated that in 2020/21 fraud and error in the business support schemes accounted for approximately £16 million to £32 million, representing no more than one to two per cent of payments. The Auditor General's report on the [2020/21 audit of the Scottish Government Consolidated Accounts](#) concluded that the Scottish Government's estimate of fraud and error was reasonable. It recommended that the Scottish Government:

- regularly assess and improve its estimates of fraud and error in Covid-19 grant schemes
- assure themselves that controls to detect and prevent fraud and error are working in practice
- ensure regular public reporting to satisfy high levels of public interest in this area.

Councils played an important role in delivering grants on behalf of the Scottish Government, putting a significant strain on their resources

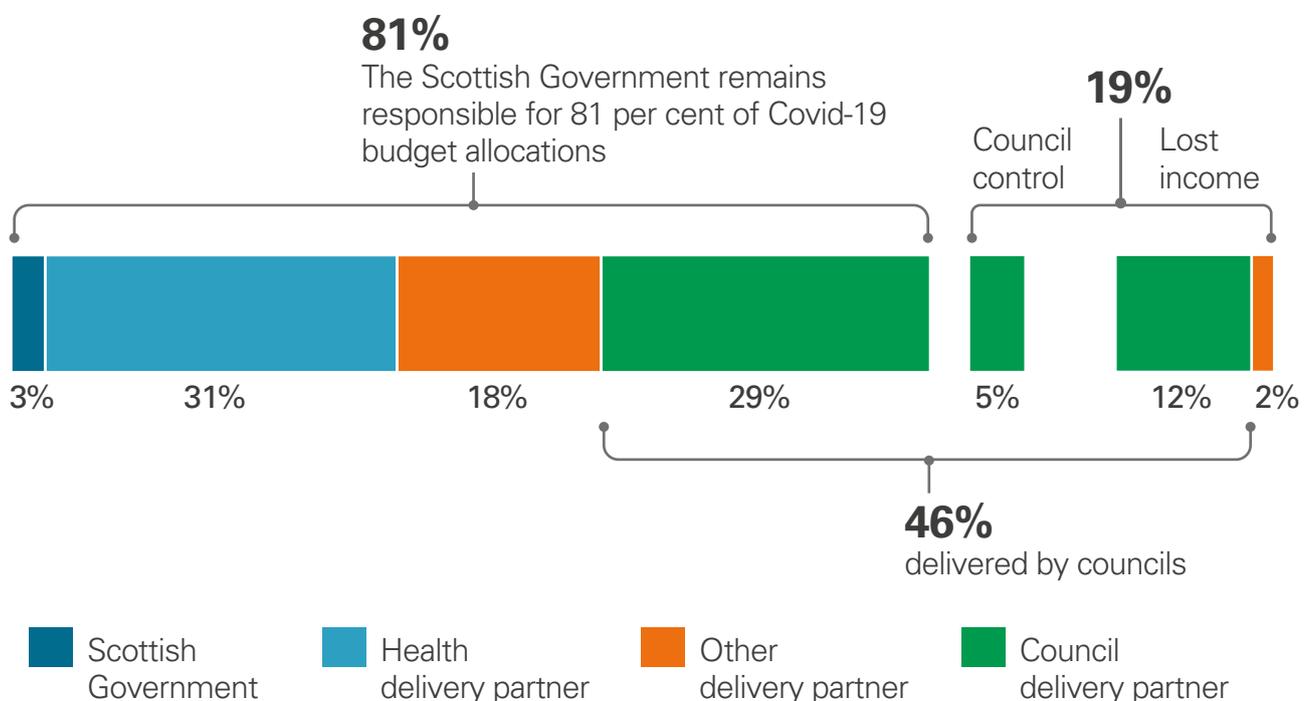
56. Councils agreed to administer a wide range of funds announced by the Scottish Government, resulting in significant resourcing challenges. Although the Scottish Government provided support to help cover the cost of administering the funds, the large volume of work required during some stages of the pandemic resulted in a significant increase in councils' workload. This was particularly problematic for smaller councils.

57. The need to issue funding quickly meant reporting requirements were lessened and decided upon by different parts of the Scottish Government. This led to differences in the type of management information available. As the Scottish Government and councils review their pandemic spending they should consider what systems should be in place to enable consistent spending information to be collected while minimising the administration burden.

Exhibit 4.

Who controlled the Covid-19 financial response in 2020/21?

Although delivered by partners, the Scottish Government was responsible for determining what 81 per cent of Covid-19 funding was used for.



Note: Funding was distributed to councils and other public bodies to support loss of income due to Covid-19. There was limited flexibility in how this could be allocated locally, but it had to go towards recouping any loss of income caused by Covid-19. NDR relief is included in local government lost income.

Source: Scottish Government, Audit Scotland analysis

3. Managing Covid-19 public spending programmes

The Scottish Government had spent £11.8 billion on its Covid-19 response up to December 2021

58. The Scottish Government spent £8.8 billion in 2020/21 and an estimated £3.0 billion in the first nine months of 2021/22 on its Covid-19 response. This has been funded mostly through Barnett consequentials ([Exhibit 5](#)).

59. The full year data for 2021/22 is not yet available, but the Scottish Government has allocated a total of £6 billion in Covid-19 funding for the whole financial year; it therefore had £3 billion left to spend between January 2022 and March 2022. In 2020/21, the actual amount spent is less than the £9.5 billion allocated in the budgets because of lower-than-projected demand for some support schemes and some Covid-19 Barnett consequential allocations being received towards the end of the financial year.

Exhibit 5.

Scottish Government Covid-19 funding, budgets and actual spending in 2020/21 and 2021/22

 (£bn)	Consequentials	Budget	Actual
2020/21	8.6	9.5	8.8
2021/22	5.8 ¹	6.0	3.0 (to December 2021) ²
Total	14.4	15.5	11.8

Notes:

1. Includes £1.15 billion that was carried outwith the Scotland Reserve into 2021/22.

2. Estimated actual spend from March 2021 to December 2021. The full 2021/22 spending information will not be available until the Scottish Government publishes its provisional outturn report in June 2022.

Further detail on the 2020/21 position is available in [Tracking the impact of Covid-19 on Scotland's public finances: a further update](#), Audit Scotland, September 2021.

Source: UK Government Block Grant Transparency, Scottish Government, Audit Scotland analysis

60. Between March 2020 and December 2021, the Scottish Government estimates it has so far spent:

- £3.6 billion of £6.2 billion (59 per cent) of Covid-19 Barnett consequentials related to UK Government health and social care spending directly to health and social care budget lines
- £4.5 billion of £4.5 billion (100 per cent) of Covid-19 Barnett consequentials related to UK Government business support schemes directly to business support funds.

Over time, Scottish Government spending moved from direct, targeted measures to wider public sector support

61. Over time, the Scottish Government's measures have increasingly changed from highly targeted, specific interventions to wider support for public services and recovery measures ([Exhibit 6, page 28](#)). This reflects its assessment of need at different phases of the pandemic. This also means that it has become harder to classify and identify Covid-19 spending over time.

62. Initially Covid-19 spending was closely managed and often tied to specific funding (such as individual Barnett consequentials identified by the UK Government). Increasingly, Covid-19 spending and existing spending priorities have run alongside each other. For example, the Scottish Government's spending to support economic recovery from the pandemic sits alongside its wider economic priorities and outcomes, most recently set out in [Scotland's National Strategy for Economic Transformation](#).

63. Such an approach recognises the relationship between spending measures across the four harms. For example, supporting a business may also support families, prevent mental health issues, and make it more likely that staff self-isolate if required to do so. This change in approach has emerged over time. In December 2021, the Scottish Government announced £375 million to support businesses through the Omicron phase of the pandemic. It confirmed that £100 million of this was funded from expected Covid-19 Barnett consequentials resulting from health spending in England.⁵ This was intended to support businesses affected by cancellations arising from new restrictions and to limit both health and economic harms.

64. The Scottish Government announced commitments on how it would spend Covid-19 consequentials early in the pandemic ([paragraph 18](#)). It would help transparency if the Scottish Government explained the changes to these commitments and was clear about its developing approach. This would help Parliament scrutinise how funding was spent throughout the pandemic.

Exhibit 6.

The focus of spending through the phases of the pandemic

As spending announcements shifted from direct and immediate targeted measures to wider support for public services and the economy, tracking funds became more complex.

	 Phase	 Nature of announcement
2020	Initial lockdown March – June 2020 The start of the national lockdown in March 2020 through to the first steps out of lockdown.	£3.7 billion Over 94 per cent of spending announced was direct and targeted to respond to the immediate impact of Covid-19. Therefore, it was clearly defined as Covid-19 spending. This included 24 specific business support funds and business rates relief, together totalling nearly £3 billion of the £3.7 billion announced.
	Summer easing July – August 2020 The summer easing of restrictions across the country.	£0.9 billion There were fewer spending announcements over this period, with over 80 per cent of measures announced targeted towards helping businesses.
	Second wave September 2020 – March 2021 Regional restrictions reintroduced at different points culminating in a second national lockdown in January 2021.	£6.0 billion The balance of spending shifts towards supporting health and social care and other public services through just under 80 separate announcements. The tracking of spending becomes more complex as Covid-19 spending increasingly supports services and pay awards, with financial management and discretion over spending arrangements passing to NHS boards, councils and others.
2021	Emerging from the pandemic April – November 2021 Restrictions were gradually relaxed across Scotland with different council areas progressing through the level systems.	£4.5 billion Over 70 per cent of this total amount was allocated to health and social care. It becomes increasingly difficult to distinguish between Covid-19 and non-Covid-19 funding, as public services manage the indirect impact on normal services alongside direct Covid-19 effects. Over 63 per cent of funds announced were geared towards supporting recovery from the pandemic.
	Omicron December 2021 – March 2022 Some restrictions reintroduced over Christmas then gradually eased.	£0.6 billion The majority of this was to support businesses deal with the reintroduction of restrictions with £375 million supporting four different funding announcements.
2022		

Source: Audit Scotland, based around the Scottish Government's announcements

The Scottish Government does not have complete information on actual spending across the range of its Covid-19 programmes

65. The main areas of Scottish Government spending on the Covid-19 response were:

- business support (including sectoral support) – £3.4 billion in 2020/21 and £1.2 billion to December 2021/22
- health and social care – £2.8 billion in 2020/21 and £862 million to December 2021/22
- local government – £1.2 billion in 2020/21 and £502 million to December 2021/22
- transport – £646 million in 2020/21 and £247 million to December 2021/22.

66. Much of this funding was delivered by councils and other public bodies, including the £4.6 billion business support funding. [Exhibit 7 \(page 30\)](#) shows how the funding flowed from the Scottish Government to intended recipients, sometimes through delivery partners. For the purposes of comparing its own spending against budget, the Scottish Government treats these funding payments as spending in accordance with established accounting requirements, although at that point the funds will not have reached the recipient.

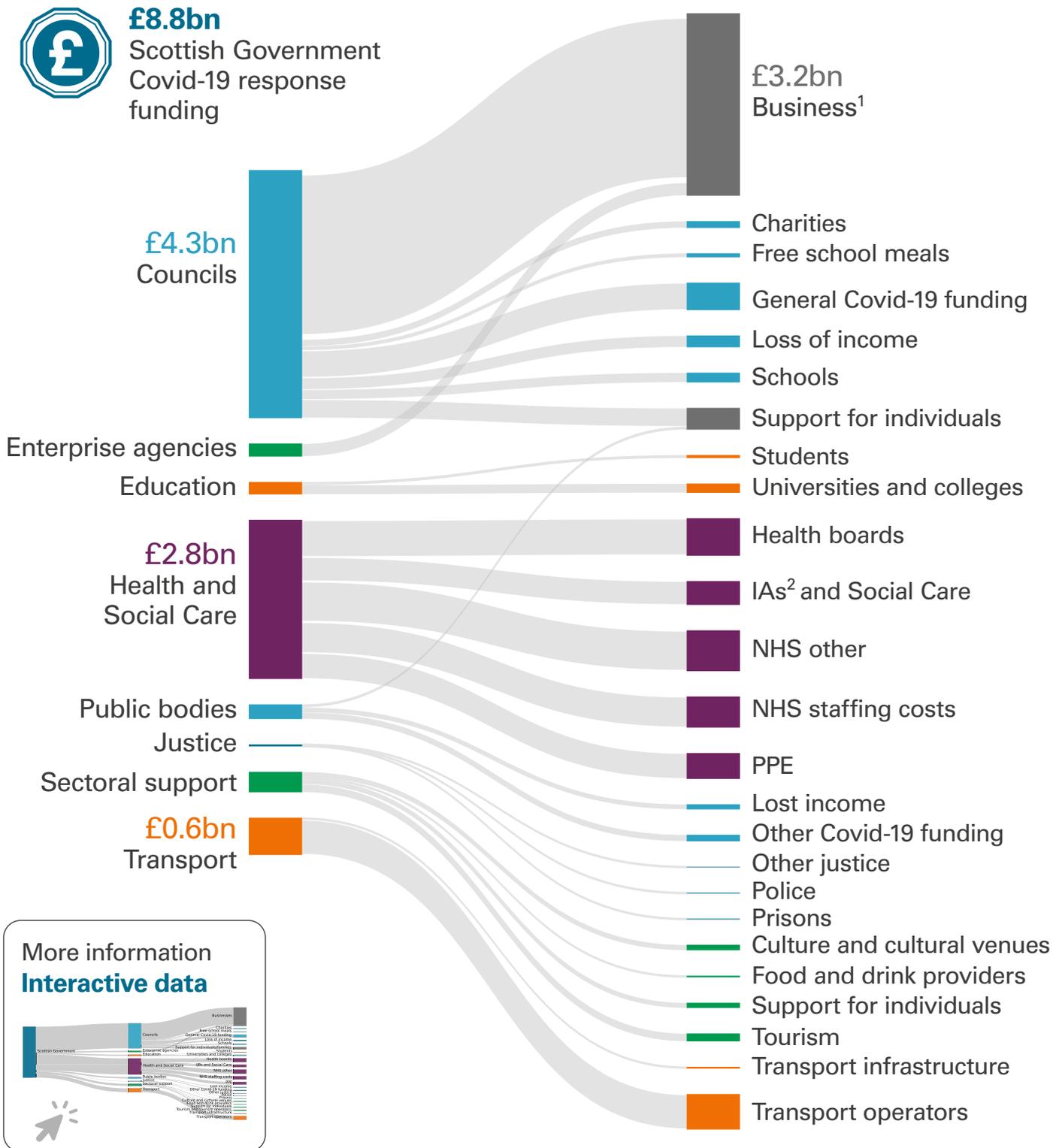
67. These timing and classification differences mean that it is not straightforward for the Scottish Government to track how much of the funding provided has ultimately been spent by the public bodies administering it. The Scottish Government's budget management focuses on the funding it has provided. It would need to seek and collate additional information from the relevant councils and other public bodies to know how much of the funding provided has actually been spent at any point in time. While the Scottish Government has compiled such information for some spending programmes, it does not have complete information on actual spending across the range of its Covid-19 programmes. Scottish Government budgets are managed within individual portfolio areas which did not record Covid-19 spending consistently.

68. The Scottish Government also had difficulties in tracking actual spending because its budget processes were not designed to separate specific spending in areas across portfolios. Covid-19 funding was allocated to directorates, such as health or the economy, as part of their overall funding. Directorates applied judgement over what constituted Covid-19 spending and managed over- and under-spends as part of their overall spending. Covid-19 spending is not a budgetary or accounting classification and so is not consistently recorded by the Scottish Government.

Exhibit 7.

Flow of spending on Covid-19 response by the Scottish Government in 2020/21

The Scottish Government’s main areas of spending in 2020/21 were business support (through councils and other delivery partners), health and social care, and councils.



Note 1. The remaining business support funding is shown as sectoral support in this exhibit

Note 2. IA – integration authority

Source: Scottish Government 2020/21 actual spending data, Audit Scotland analysis

69. The Scottish Government has set out priorities which will rely on understanding spending and performance information across several portfolios, for example, tackling inequalities, and addressing climate change. The Scottish Government should consider the lessons learned from Covid-19 for such issues. Priorities that aim to address cross-cutting and deep-seated issues need financial processes that can easily identify and analyse relevant spending programmes across government.

The Scottish Government recognises the challenge of financial transparency

70. The Scottish Government recognises many of these issues in its [Scottish Exchequer Fiscal Transparency: Discovery Report](#). It gathered the views of fiscal data users as part of the report with the aim of improving the transparency of the information it publishes. The report found that:

- there are over 40 different regular financial outputs published by ten government departments or public bodies
- information on frontline spending and outcomes is fragmented and poorly signposted with poor linkages between budgets, actual spending and outcomes
- because of differing publication timescales, it is difficult to track decisions between documents
- published data is inconsistent with differing labels, levels of detail, and portfolio-naming conventions.

71. The Scottish Government plans to use the information gathered to improve how it presents and publishes existing financial information. This work is ongoing through its commitment to financial transparency in [Scotland's Open Government action plan: 2021 to 2025](#). The ambitions set out in the discovery report will not be implemented until 2025, and we will monitor progress through our audits.

The Scottish Government and councils used tools, such as reserves, to smooth Covid-19 funding between years

72. The Scottish Government, councils and **integration authorities** have used tools such as reserves to smooth Covid-19 spending over time. This is partly because some Covid-19 Barnett consequentials were received late in the financial year and because the demands placed on available funds will often continue into future years.

73. Spreading Covid-19 funding over financial years allows public services to spend money to address the harms caused by the pandemic at the time they judge to be most appropriate. Using reserves to achieve this smoothing is sensible and is an important component of good financial management.

Integration authorities

The Public Bodies (Joint Working) (Scotland) Act 2014 required councils and NHS boards to work together to deliver health and social care services to local people. The aim of the integration authorities is to ensure services are well integrated and that people receive the care they need at the right time, and in the right place.

74. Reserves are used in this way every year, not just when there are exceptional circumstances like a pandemic. Because of this, it is not always possible to clearly separate Covid-19 funding in reserves from other funding moved between years. At a high level, the main measures used to smooth funding between 2020/21 and 2021/22 included:

- the Scottish Government using the Scotland Reserve to carry forward £426 million into 2021/22. This included both Covid-19 and non-Covid-19 funding. The Scotland Reserve is capped at £700 million in total.
- councils adding £1.2 billion to their reserves. This was a 46 per cent increase on the previous year, largely attributable to Covid-19 funding received from the Scottish Government late in the 2020/21 financial year.
- integration authorities increasing their reserves by £437 million. This was an increase of 304 per cent, partly due to unspent Covid-19 funding.

75. The Scottish and UK Governments also agreed to defer £1.15 billion of 2020/21 funding to the 2021/22 Scottish budget. This was because the last tranche of additional funding was announced relatively late in the financial year. This was in addition to amounts carried in the Scotland Reserve.

76. Some of the estimated £8.8 billion that the Scottish Government spent on Covid-19 programmes in 2020/21 will be held in these reserves to be used in 2021/22 and later years. For example, £145.5 million of Covid-19 funding announced by the Scottish Government for additional teaching capacity to support Covid-19 would be recorded as Scottish Government spending when it is passed to local councils, albeit that some councils might not spend it until a later date. As a result, we cannot confirm that all Covid-19 funding was spent on the Covid-19 response. The amount of Covid-19 funding being carried from 2021/22 to 2022/23 in reserves will not be known until later this year.

It is important that the Scottish Government and local government explain clearly how they are using Covid-19 funding in reserves

77. Of the £2.1 billion Covid-19 funding carried from 2020/21 into 2021/22 and beyond, £900 million has been earmarked for continuing Covid-19 spending programmes ([Exhibit 8, page 33](#)). But it is not always clear how reserves will be used:

- In their accounts, councils have earmarked at least £650 million and integrated joint boards £149 million of their reserves for the continuing Covid-19 response. The level of detail in the accounts varies and so we consider this to be an underestimate. COSLA report that funding is fully committed for 2021/22 and 2022/23.
- We have previously reported that the £237 million **capital funding** and £41 million of **financial transactions** from the UK Government

Capital funding

For spending that in the main results in a physical asset, for example a new building.

Financial transactions

A form of capital expenditure that can only be used for loans and equity investments to the private sector.

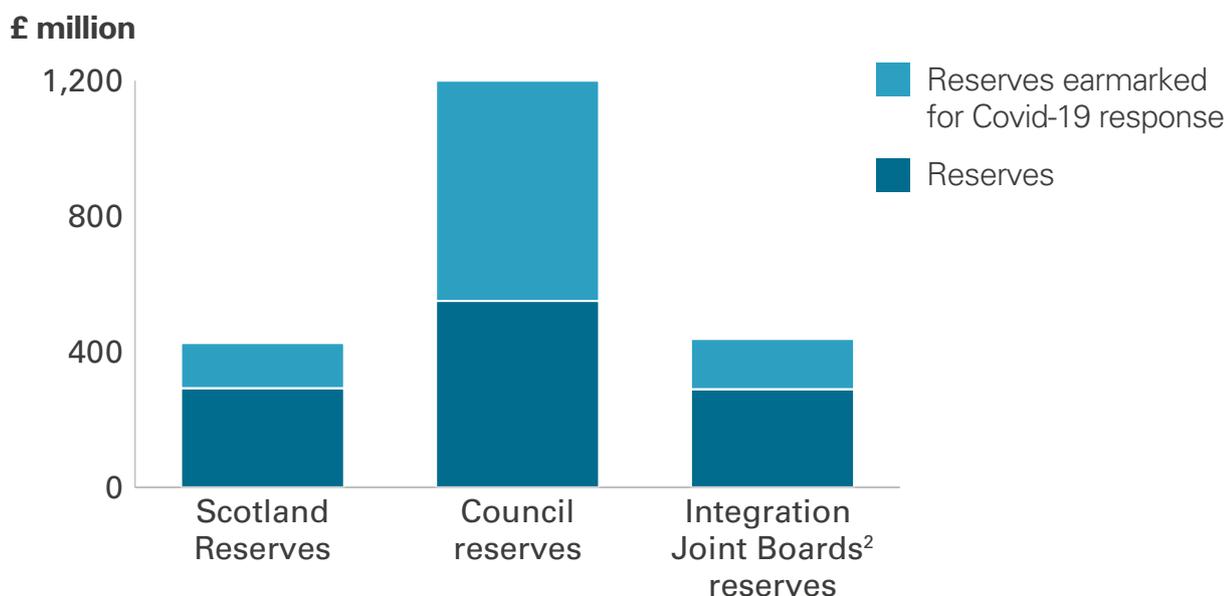
held back to 2021/22 will be used to support the overall capital budget rather than specific Covid-19 spending.

78. Tracking how Covid-19 funding is ultimately spent will become more difficult over time. Nonetheless, the Scottish Government, councils, integration authorities and others should set out clearly in their annual reports and accounts and other publications how Covid-19 funding carried forward through reserves is being spent. This is essential to maintain transparency and to enable effective ongoing democratic and public scrutiny.

Exhibit 8.

Covid-19 funding in reserves at the end of 2020/21

It is difficult to see how over £1.1 billion of Covid-19 funding was spent after it was put into reserves.¹



Notes:

1. £1.15 billion of deferred Covid-19 Barnett consequentials were carried over from 2020/21 to 2021/22 outwith the Scotland Reserve.
2. Integration Joint Boards are integration authorities which can hold reserves. This covers 30 of the 31 integration authorities in Scotland.

Source: Audit Scotland

Not all funding that the Scottish Government allocated to councils had reporting requirements which makes tracking Covid-19 funding more difficult.

79. Late allocations of £800 million of Covid-19 funding between February and March 2021 from the Scottish Government to councils contributed to the substantial increase in reserves. Some of this was for specific purposes, such as free school meals, while some was for councils to spend on general Covid-19 support or to cover lost income.

80. Although the Scottish Government can describe what the money was provided for, it was not directed in the same way as specific grant funding. COSLA monitoring data shows that less than half of funding provided to councils in the second wave of the pandemic had reporting requirements attached, compared to over 80 per cent during the initial lockdown and close to 100 per cent at other points.

81. Councils and integration authorities are often best placed to understand and respond to need in their local communities. It is likely that as the recovery from the pandemic continues, needs will differ between areas and spending measures to support Covid-19 recovery will vary. It is important that councils and integration authorities are clear in their accounts about how money is spent and the rationale for decisions.

Understanding how Covid-19 spending works alongside ongoing spending commitments is critical to financial sustainability

82. Increasingly, as Scotland moves into the recovery stages of the pandemic, the Scottish Government, councils, and public bodies will need to understand how one-off, non-recurring Covid-19 funding has worked alongside the rest of their budgets. This will help them to understand and respond to the financial risks ahead, as significant Covid-19 funding is no longer present.

83. Additional Covid-19 spending programmes have protected the financial position of public services in the short term. The Scottish Government largely maintained existing budgets and directed additional funding to areas it considered to be facing significant additional demands. However, the underlying financial sustainability pressures previously facing many public services remain and have undoubtedly been exacerbated by the pandemic. Given the underlying financial pressures, it will be critical that the available funding is managed closely to enable recovering public services to operate sustainably.

Some spending decisions have created ongoing commitments which will continue without additional Covid-19 funding

84. The UK Government's 2022/23 budget did not include any specific Covid-19 funding for Scotland, although total funding was higher than pre-pandemic years. This means that the Scottish Government will need to continue to fund commitments that were initially funded from Covid-19 moneys from its core budget, including:

- £145.5 million annually for 2,400 new teachers and 750 support staff who were recruited during the pandemic to be offered permanent positions
- £120 million for mental health recovery and renewal in 2021/22, including recruiting new staff

- £17.3 million to provide free bus travel to all under 22s from 31 January 2022, benefiting 930,000 young people
- £53.2 million to support continuing costs arising from the pandemic for the police, prisons, community justice, and courts services in 2022/23.

85. These commitments will sit alongside any spending on recovery and other priorities. The Scottish Government will need to make difficult decisions about how to prioritise its spending and address any underlying sustainability issues through its upcoming financial planning.

Financial sustainability challenges remain in NHS boards and councils

86. The Auditor General's [NHS in Scotland 2021](#) highlights that the NHS was not financially sustainable before the pandemic and rising costs of delivering services and additional spending commitments have added to these pressures.

87. Dealing with the pandemic had an impact on NHS boards' ability to make efficiency savings. The Scottish Government allocated £102 million to 14 NHS boards in 2020/21 to enable them to break even. It has also committed to providing additional funding for NHS boards in 2021/22. While this ensured that the NHS achieved a financial balance throughout the pandemic, it has not addressed the underlying issues.

88. Similarly in councils, the challenges that existed before March 2020 continue but with more intensity as inequalities have widened and financial pressures have increased. The Accounts Commission's [Local Government in Scotland: Financial overview 2020/21](#) highlights that, excluding additional Covid-19 funding, councils have seen a real terms reduction in funding from the Scottish Government of 4.2 per cent since 2013/14. The rest of the Scottish Government budget has seen an increase in funding over the same period.

89. Council accounts show that they received £500 million less income from sources such as leisure trusts, parking and school meals because of Covid-19 restrictions. The Scottish Government provided one-off funding to local government to offset any reductions in councils' income arising from non-domestic rate reliefs (£972 million) and other sources (£200 million). As the economy recovers post-Covid-19, it will be important for councils to understand and continue to report on the underlying effect on their local economy and income.

90. The Scottish Government, NHS boards and councils should work to understand which costs incurred because of the pandemic will continue into future years, and what impact the pandemic and subsequent removal of Covid-19 funding will have on their medium-term and longer-term financial plans.

It is important that the Scottish Government evaluates its overall financial response to the pandemic, including collecting the necessary information

There has been some evaluation of individual Covid-19 spending programmes

91. Evaluation of programmes is important to help the Scottish Government and public bodies to understand the impact Covid-19 spending has had, and what challenges remain as the country moves into recovery. We found that three of the ten sample spending programmes had been evaluated to some extent:

- The Scottish Government produced an interim report on the findings of a lessons learned exercise on business support between April 2020 and April 2021, reflecting on the things that worked well and that could be improved. A separate monitoring and evaluation report considered UK and Scottish Government support for businesses in Scotland. It found that a higher proportion (82 per cent) of businesses who received additional Scottish Government support felt that it helped them continue trading compared with those that received only UK Government support (65 per cent).
- The Scottish Government interviewed councils delivering the council element of the Food Fund (£15 million) in May 2020. This work highlighted concerns about rural issues, volunteer availability issues and a desire to be better informed about other Scottish Government funds. This learning informed the development of a further fund to support low-income families.
- The Scottish Government and voluntary sector partners evaluated the open application process part of the Wellbeing Fund (up to £34 million). It detailed the types of projects, their locations and the type of communities helped. Feedback from respondents highlighted the benefits of existing relationships and a need for better coordination across the emergency funds.

The amount and quality of the information from these evaluations is variable and was often not considered when the schemes were developed.

92. Given the number of initiatives and tight timescales involved, it was not practical for the Scottish Government to implement the normal reporting and monitoring arrangements. These would have placed additional strain on public sector capacity.

93. In March 2022, the Auditor General and Accounts Commission published the briefing [Scotland's economy: Supporting businesses through the Covid-19 pandemic](#) which provided an overview of how Covid-19 business support funding was delivered during the pandemic. It found that there was not enough focus on the need for good-quality data, below an aggregate level, on the use of funds when they were initially paid to businesses. As a result, and because some businesses received funds from more than one funding stream, it is not currently possible to determine the exact number of businesses that received support below an aggregate level.

94. The Scottish Government is currently undertaking a data-cleansing exercise which should improve its ability to analyse business support data. This exercise has so far resulted in the Scottish Government publishing additional data on the number of grants over £100,000 and a breakdown of some schemes by payment date and local authority.⁶

95. We have seen from our sample funds that the extent to which the Scottish Government monitors individual Covid-19 spending varies. Some programmes reported daily, weekly, monthly or at the end of the project. The type of data required from the Scottish Government varies over time and by body. The information is collated by the business area responsible for the fund.

96. It is important that the Scottish Government collates the information it has collected and uses it to make better decisions about how to direct future funding.

The need to spend quickly to respond to the pandemic was a key driver of decisions, but information on how quickly money was spent is limited and not collated

97. Officials and stakeholders across government worked hard to quickly develop Covid-19 funding streams and were challenged by ministers to open access to support funds as quickly as possible. Business groups have highlighted to us that the time it took to receive funding varied across council areas depending on the systems and resources available.

98. Information on the time taken between applying for funding and receiving support was not centrally collated by the Scottish Government. Where it does exist, it is held by the directorate or public body responsible for the fund. From the information we have received we have been unable to determine any overall statistics about the time taken for funds to reach recipients. For example, it is not possible to determine the time taken for applications for the Pivotal Enterprise Resilience Fund to be processed because the information allowing that analysis was deleted for data protection reasons. The contract between the technical platform operator and Scottish Enterprise included a standard clause specifying that data, which included time stamps, was deleted when the fund closed.

99. Seven of our ten sample funds included an application process. We established the time between ministers announcing the funding and the applications process opening, and reviewed the limited information held on the time it then took applicants to receive funding ([Exhibit 9, page 39](#)). The time between an announcement and the application process opening varied from zero to 49 days. Six of the seven funds had information on time between application and the first recipient receiving support, but only the Business Ventilation Fund had information on the average application process period. In April 2022, as part of its ongoing business support data-cleansing exercise, the Scottish Government published some payment date information for business support funding.⁷ This information is now available for around £988 million of the £4.6 billion spent on business support.

100. The pace at which recipients were able to access Covid-19 support should be a key component of any evaluation by the Scottish Government and its delivery partners. This will provide assurance that the higher-level risk accepted to distribute funds quickly was worth while. Public bodies should consider that any contracts for future urgent spending include the ability to collect and keep data on speed of spending.

It is important that the Scottish Government evaluates the overall effectiveness of its Covid-19 spending programmes as the uncertainty of the pandemic subsides.

101. Although Scottish Government support has been essential for the NHS, businesses, and individuals, the Government has not carried out an overall assessment of its spending on Covid-19. This means that it does not yet have a full understanding of how well it directed its funding to those who most needed it and the impact this had. Some information may be held at a directorate or fund level, and it is important that this is pulled together to provide a better understanding of overall impact.

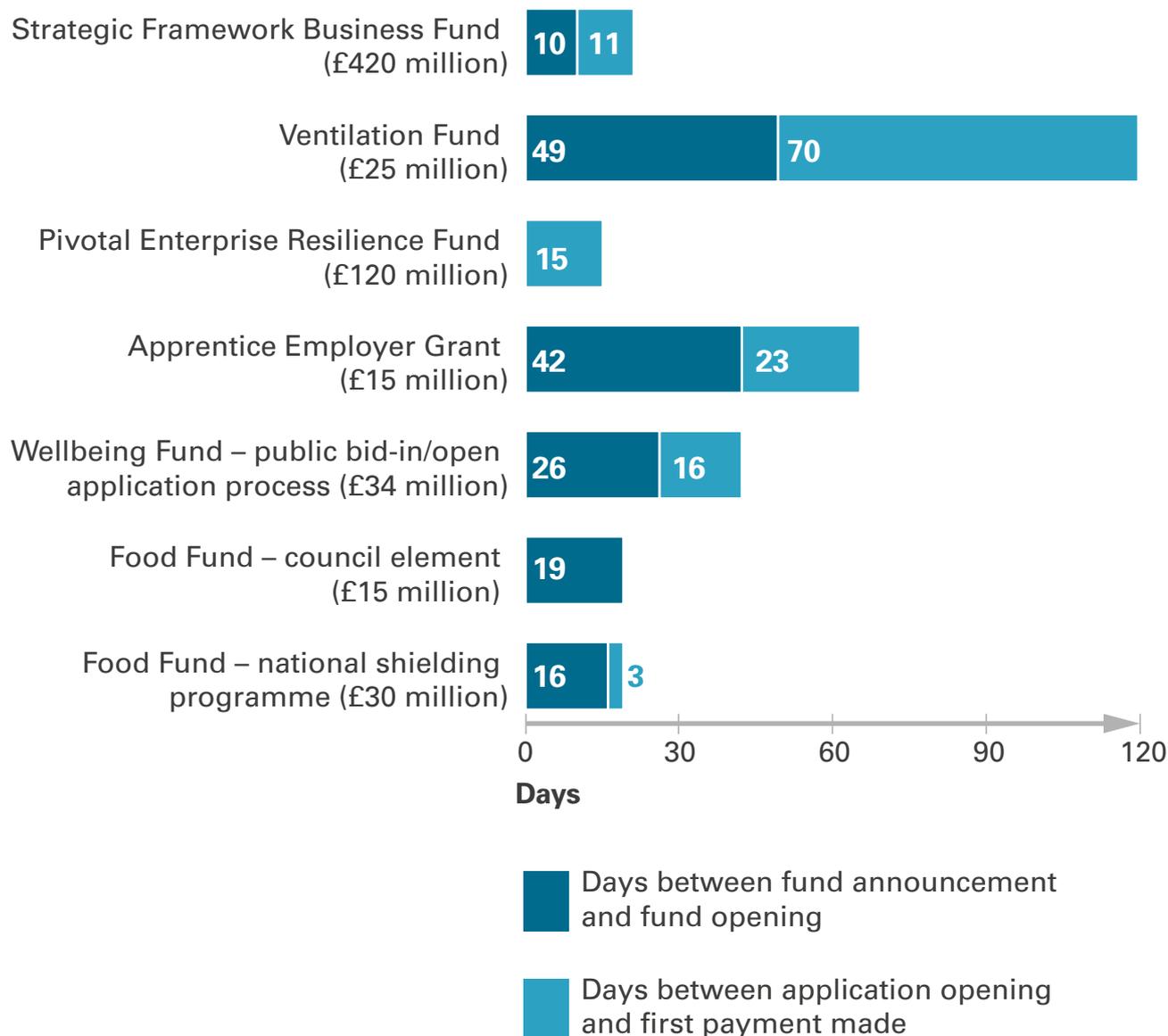
102. In December 2020, the Scottish Government reported on the impact of Covid-19 on the long-term trends in the National Performance Framework. The pandemic has slowed and, in some cases, reversed progress across many of Scotland's National Outcomes. The impact on National Outcomes is likely to be long term. The Scottish Government was already facing a significant challenge to improve outcomes in Scotland and Covid-19 has made this more difficult, having exacerbated inequalities and put additional pressure on public finances.

103. As Scotland emerges from the pandemic, the Scottish Government will need to understand which interventions were successful and which were less so. Being able to understand the themes of, and lessons from, Covid-19 spending will be vital in developing its response to recovery.

Exhibit 9.

Time between Covid-19 support announcements, funds opening and first payments

In most cases, Covid-19 funds did not start accepting applications on the day the Scottish Government announced support.



Notes:

1. The exhibit shows the initial value of sample funds and not final expenditure.
2. The Business Ventilation Fund was an adaptation fund, rather than emergency support in response to restrictions. Claimants were reimbursed for costs after work was completed. It was paid retrospectively to businesses.
3. The council element of the Food Fund started issuing support before funding was allocated, with councils using their resources to support those in food poverty.

Source: Audit Scotland sample fund analysis

Endnotes

- 1 We sought information from Creative Scotland, Highlands and Islands Enterprise, Skills Development Scotland, Scottish Enterprise, South of Scotland Enterprise, Transport Scotland, VisitScotland, Scottish Funding Council, Sportscotland and Historic Environment Scotland.
- 2 [Finance and Public Administration Committee: Finance Update](#), Scottish Government, April 2022.
- 3 Ibid.
- 4 [Summer Budget Revision 2020 to 2021](#), Scottish Government, May 2020.
- 5 [Letter from the Cabinet Secretary for Finance and Economy to the Convener](#), December 2021.
- 6 [Coronavirus \(COVID-19\): business support funding interim experimental statistics – number of grants of £100,000 or over](#), Scottish Government, March 2022
- 7 [Business support payment date data](#), April 2022.

Appendix

Sample funds methodology

The Scottish Government announced over 300 funding packages to help support individuals and businesses during the pandemic, covering all ministerial portfolio areas. Overall, an audit of this nature can only provide generalised conclusions about the overall management of funds, rather than detailed conclusions on the management of all individual funds.

To enable a more in-depth analysis of how decisions were made and how funds were managed we selected a sample of ten individual funds. We looked at how the fund was developed, how decisions were made, spending versus announcements, delivery partner arrangements, reporting and risk management.

The funds were selected to ensure a spread of portfolio areas, delivery partners, and value. The funds selected were from a range of points in time across the pandemic.

Fund	Date announced	Value ¹	Spending area	Partners
Additional funding for health				
Additional funding to NHS boards to help deal with the health impact of Covid-19.	2020/21 Autumn and Spring budget revision	£1.6bn ²	Health	NHS boards
Additional funding for Lost Income Fund				
Funding to compensate councils and council trusts for lost sales, fees and charges from services such as sports centres and parking charges.	8 October 2020 ³	£200m	Communities and local government	Councils
Food Fund (national programme)				
National contractor appointed to deliver food packages to individuals who were advised to shield to protect them from Covid-19.	18 March 2020	£30m	Communities and local government	National contractor
Food Fund (councils)				
Funding to councils to support households struggling to access food because of the pandemic. Councils were given some flexibility over how funding was used.	18 March 2020	£15m	Communities and local government	Councils
				Contd.

Fund	Date announced	Value ¹	Spending area	Partners
Wellbeing Fund (public bid-in)				
Fund administered by a coalition of third sector partners to distribute grants between £5k and £10k to small and local organisations for projects improving mental and physical health, addressing food and financial insecurity, and increasing employment opportunities.	18 March 2020	Up to £34m	Communities and local government	Voluntary sector partners
Additional funding for rail services				
Funding to the rail franchises to help deal with the loss of revenue because of the impact restrictions had on passenger numbers.	1 March 2020	£441m	Transport	Transport Scotland
Apprenticeship Employer Grant				
Grants of between £3.5k and £5k to encourage employers to recruit young apprentices.	1 December 2020	£15m	Business	Skills Development Scotland
Pivotal Enterprise Resilience Fund				
Small to high value grants to businesses that play a vital role in the national and local economies.	30 April 2020	£120m ⁴	Business	Enterprise agencies
Business Ventilation Fund⁵				
Eligible businesses received grants of up to £2.5k per premises to compensate for work carried out to improve ventilation and air quality.	28 September 2020	£25m	Business	Councils
Strategic Framework Business Fund				
Payments to businesses who were impacted by restrictions. Grants ranged from £1.4k to £3k depending on value of business property and whether premises were closed or remained open with modifications in place.	23 October 2020	£420m	Business	Councils

Notes:

1. This is based on the initial value of each of the funds.
2. This is the total allocation to health boards in the two budget revisions. We focused on how the allocation of additional Covid-19 funding was issued to health boards.
3. £90 million was announced in October 2020 and this increased to £200 million in January 2021.
4. £45m to this fund in April 2020, with an additional £75m provided through two funding announcements in May.
5. The Business Ventilation Fund was an adaptation fund, rather than emergency support in response to restrictions. Claimants were reimbursed for costs after work was completed.

Scotland's financial response to Covid-19

Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit: www.audit-scotland.gov.uk/accessibility

For the latest news follow us on social media or [subscribe to our email alerts](#).



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

ISBN 978 1 913287 84 9 AGS/2022/8

Integration Joint Boards

Financial analysis 2020/21



ACCOUNTS COMMISSION 

Prepared by Audit Scotland
June 2022

Contents

Key messages	3
Background	4
Introduction	5
Funding and expenditure	5
Reserves	6
Financial outlook	10

Further information on health and social care integration in Scotland is available in the following publications:

Health and social care integration: update on progress

November 2018

What is integration? A short guide to the integration of health and social care services in Scotland

April 2018

Health and social care integration

December 2015



Key messages

IJB finances 2020/21

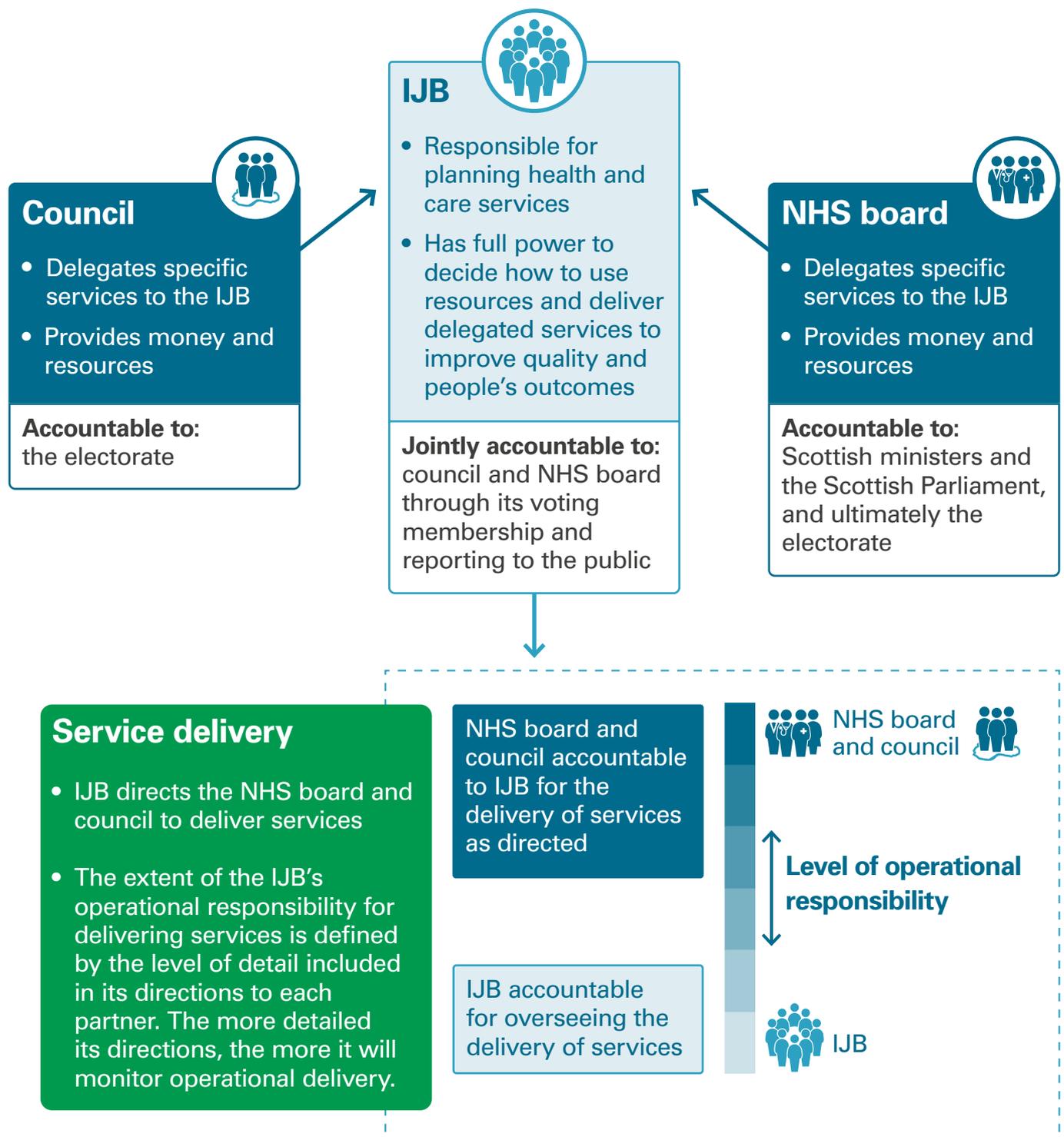
- Overall funding to IJBs increased in cash terms by 11.9 per cent to £10.6 billion in 2020/21 (9.8 per cent in real terms), largely reflecting an increase in funding to respond to the impacts of Covid-19. This increase in funding contributed to all 30 IJBs achieving a year-end surplus position.
- Total reserves held by IJBs tripled by the end of 2020/21 reflecting unspent Covid-19 funding and the late allocation of non-recurring specific funding for primary care, community, mental health and alcohol and drug support.

Medium- and longer-term outlook for IJB finances

- The identified budget gap decreased from £185 million in 2020/21 to £151 million in 2021/22. The proportion of the budget gap with bridging actions still to be identified at budget-setting also fell from 25 per cent for 2020/21 to 15 per cent for 2021/22. The identification of savings on a recurring basis is key to medium- and longer-term financial sustainability.
 - IJBs face significant financial sustainability risks exacerbated by uncertainty of future funding, rising demand and the potential impact of a national care service. The non-recurring nature of some funding streams, and the reserves held by IJBs, presents a significant challenge to IJBs. It is essential that IJBs identify significant recurring savings to maintain current levels of service provision at the same time as transforming the way services are delivered.
-

Background

The Public Bodies (Joint Working) (Scotland) Act 2014 set out a framework for integrating adult health and social care services. The Act obligated councils and NHS boards to work together to form new partnerships, known as Integration Joint Boards (IJBs), with statutory responsibilities to coordinate local health and social care services. The aim of this reform was to meet the challenges of Scotland's ageing population by shifting resources to community-based and preventative care at home, or in a homely setting. IJBs were structured as follows:



Introduction

1. This Accounts Commission report provides a high-level independent analysis of the financial performance of Integration Joint Boards (IJBs) during 2020/21 and their financial position at the end of that year. It also looks ahead and comments on the financial outlook for IJBs in 2021/22 and financial planning in the medium and longer terms.

Funding and expenditure

Overall funding to IJBs increased by 11.9 per cent in 2020/21

2. Overall funding to IJBs in 2020/21 increased by £1.1 billion in cash terms (or 11.9 per cent (9.8 per cent in real terms)) to £10.6 billion. All 30 IJBs achieved a year-end surplus position, totalling £414 million. Two IJBs achieved a year-end surplus position after additional unplanned funding allocations from their partners. The overall increase in funding was largely as a result of an increase in Scottish Government funding to help IJBs respond to the impacts of Covid-19.

3. By way of comparison, 16 of the 30 IJBs reported a total deficit of £32 million in 2019/20. The remaining IJBs either reported a surplus or broke even, delivering a total surplus of £17 million.

4. During 2020/21, total funding contributions from councils increased by 4.6 per cent from £2.6 billion to £2.7 billion and NHS contributions by 15.4 per cent from £6.5 billion to £7.6 billion. Other non-ringfenced grants and contributions remained at £0.3 billion. Scottish Government Covid-19 funding was passed onto IJBs via the NHS, explaining the majority of this increase.

Thirty per cent of Covid-19 funding received in 2020/21 was carried forward to 2021/22

5. IJBs reported that they received £507 million of funding to support them in responding to the impacts of Covid-19 in 2020/21. £354 million of this was utilised in 2021/22 with the remaining £153 million carried forward in specific reserves.

IJBs reported mixed performance against the achievement of savings targets in 2020/21

6. As part of our [Local government in Scotland: Financial overview 2019/20](#) report, we noted that auditors identified a 2020/21 budget gap for IJBs of £185 million, assuming that additional Covid-19 related expenditure would be funded in full by the Scottish Government. Of this gap, 62 per cent was anticipated to be bridged through identified savings, 25 per cent through unidentified savings and the remainder covered through the utilisation of reserves.



Seventy per cent of Covid-related funding received in 2020/21 was utilised in year. The remaining 30 per cent was carried forward into 2021/22.

7. In 2020/21, 56 per cent of planned efficiency savings was reported by IJBs to have been achieved. There was significant variation in the achievement of efficiency savings targets, ranging from 1.6 to 100 per cent. Only two IJBs achieved their efficiency savings targets in full with an additional two IJBs achieving at least 80 per cent of their 2020/21 target:

- Cùram Is Slàinte nan Eilean Siar achieved savings of £2.4 million in 2020/21. Auditors reported that 25 per cent of these savings were achieved on a recurring basis.
- West Lothian IJB had a savings target of £6.7 million in 2020/21 of which they reported that this was achieved in full.
- Inverclyde IJB achieved 98 per cent of their 2020/21 savings target of £1 million.
- South Ayrshire IJB delivered 82 per cent of their 2020/21 savings target of £3.8 million.

8. Many IJBs reported that work on the transformation of services and the delivery of savings was suspended during the year as resources were allocated to respond to the pandemic. Some IJBs also suspended the monitoring of savings programmes to allow a focus on responding to the impacts of the pandemic.

9. The Scottish Government provided IJBs with additional funding to cover the projected 2020/21 shortfalls in efficiency savings plans on a non-recurring basis. It is essential that clear plans are put in place to demonstrate how IJBs intend to achieve ongoing saving requirements on a recurring basis and support required service transformation.

Reserves

Total reserves held by IJBs have tripled in 2020/21

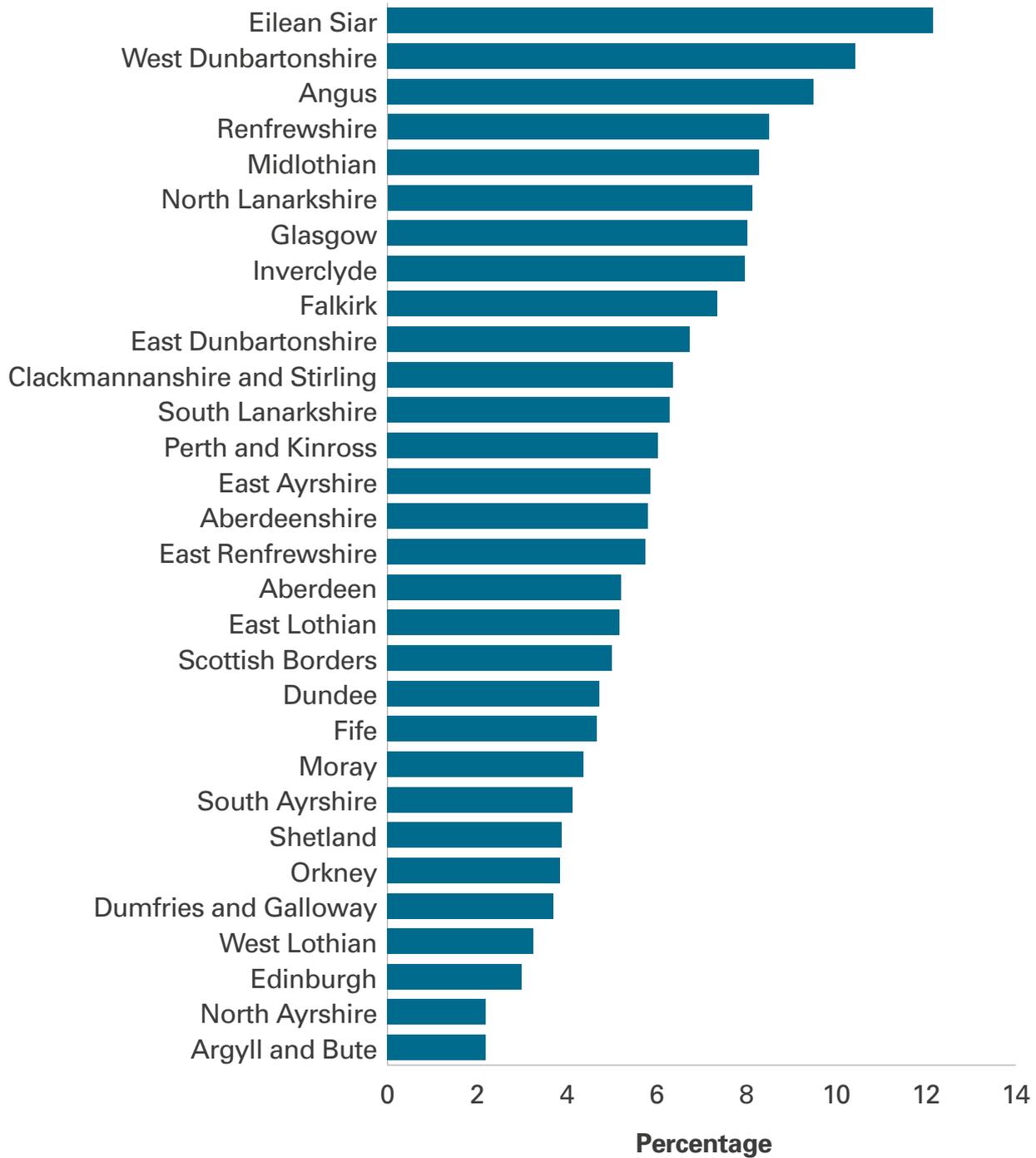
10. In 2020/21, all IJBs recorded an increase in their level of reserves with the overall reserve balance increasing by £437 million (304 per cent) to £581 million.

11. The total reserves balance as a proportion of each individual IJB's net cost of services varied between 2.2 per cent and 12.2 per cent ([Exhibit 1, page 7](#)).



Many IJBs reported that work on the transformation of services and the delivery of savings was suspended during the year as resources were allocated to respond to the pandemic.

Exhibit 1. 2020/21 IJB reserves as a proportion of net cost of services

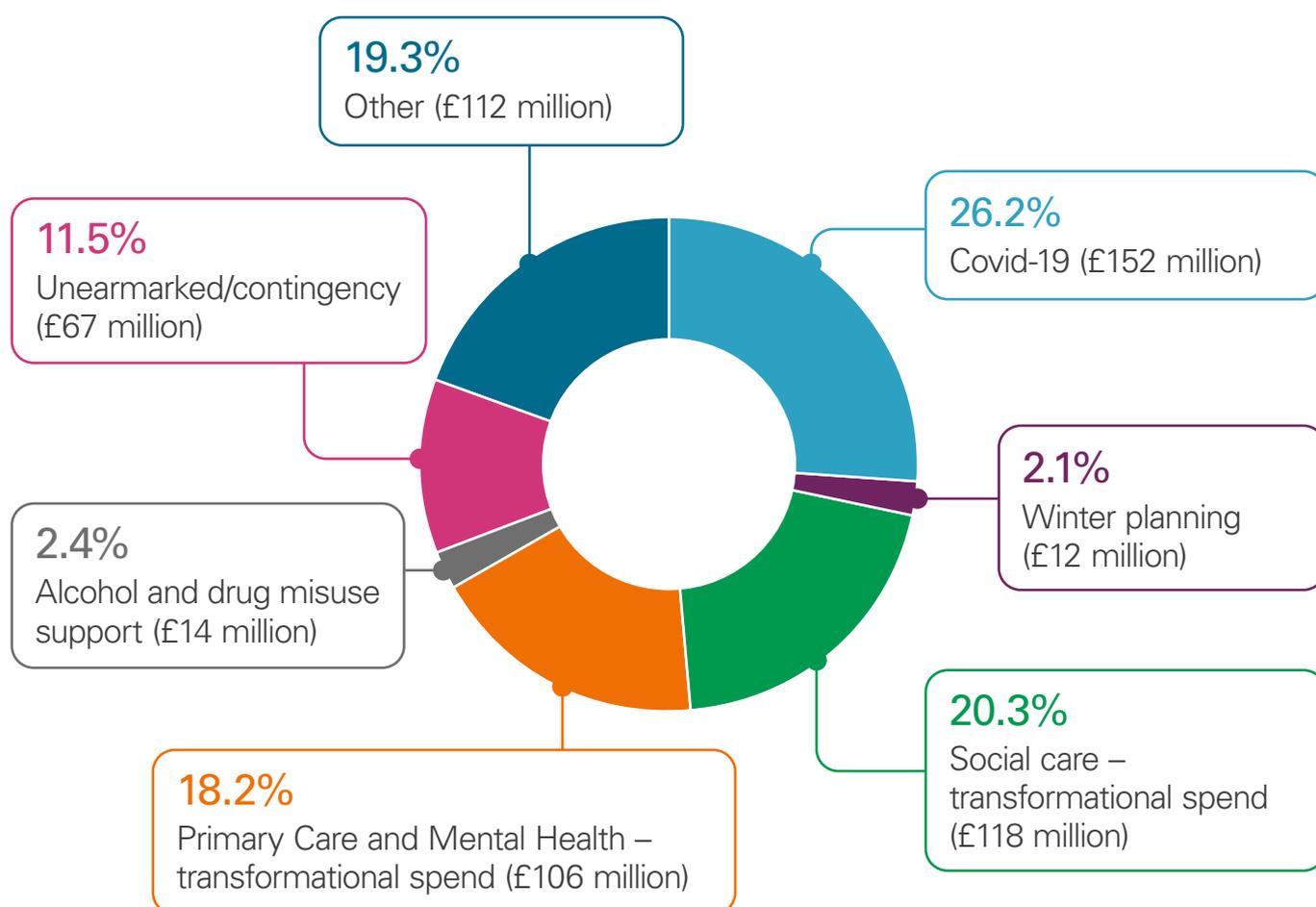


Source: IJB audited annual accounts 2020/21

12. Covid-19 funding carried forward for future years made up the biggest proportion of the overall increase with £153 million (26.2 per cent) explicitly relating to ongoing Covid-19 costs.

13. Other large areas included the reserves relating to Social Care (20.3 per cent) and Primary Care and Mental Health transformational spend (18.2 per cent). Funding from the Scottish Government relating to Winter Planning for Adult Social Care, Community Living Change Fund and further Integration Authority Support contributed to the increase in these related reserves at the year end [\(Exhibit 2\)](#).

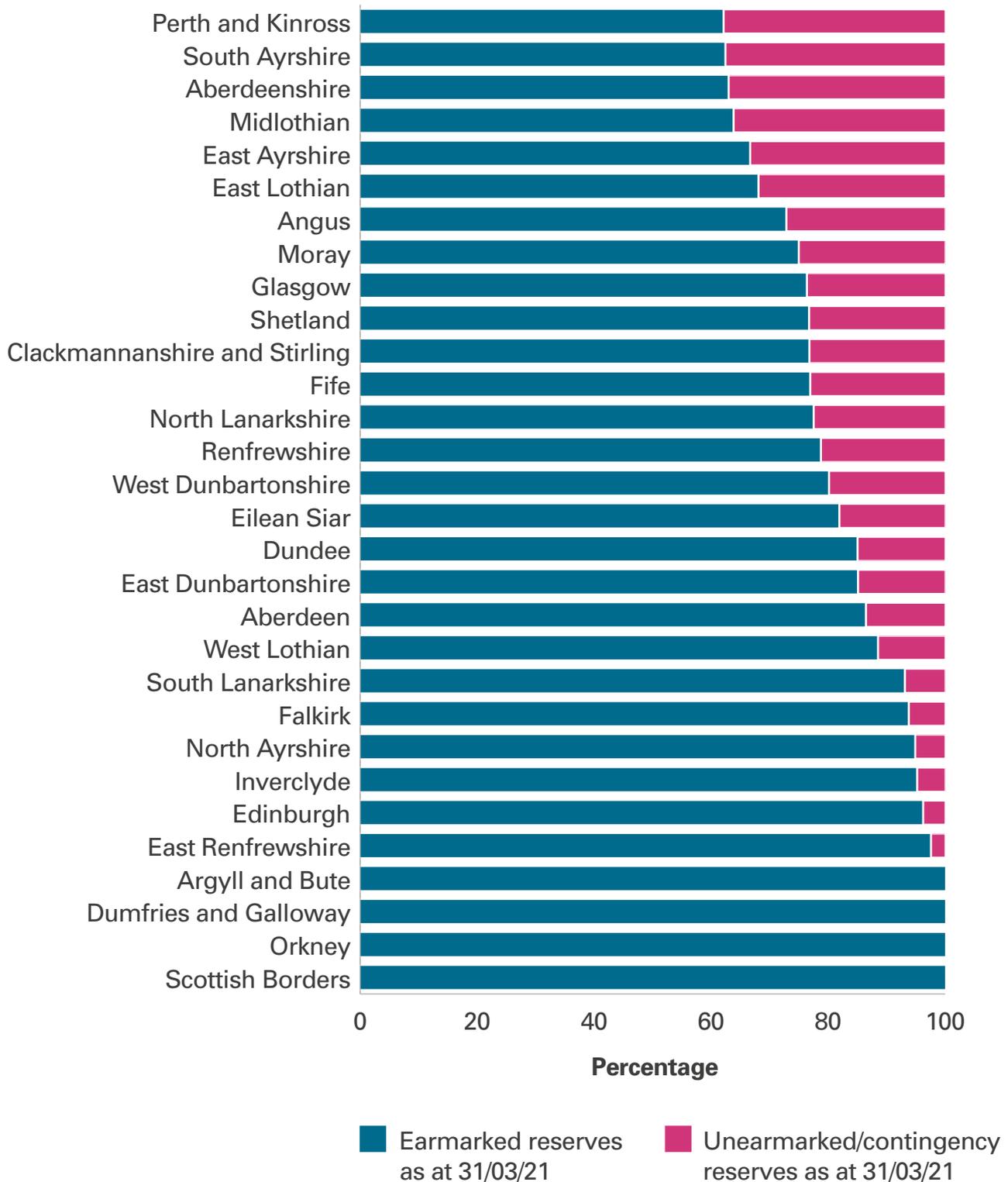
Exhibit 2. 2020/21 IJB reserves



Source: IJB audited annual accounts 2020/21

14. IJBs considered 80.7 per cent of the year-end reserves balance as being ringfenced/earmarked. The remaining balance of reserves was classified as contingency reserves and the level of contingency reserves as a proportion of total reserves varied across IJBs, between zero and 38 per cent [\(Exhibit 3, page 9\)](#).

Exhibit 3. Proportion of 2020/21 IJB reserves earmarked



Source: IJB audited annual accounts 2020/21

Financial outlook

Most IJBs agreed 2021/22 budgets with partners before the start of the financial year

15. IJBs have a requirement to agree their budgets by 31 March each year. For 2021/22, 24 of the 30 IJBs agreed their budget before the start of the financial year. Delays in the agreement of NHS partner funding was the most common reason for budgets not being agreed at the start of the financial year. Having clear, complete, and detailed agreed budgets is a fundamental business and governance tool.

The 2021/22 projected budget gap was £151 million, down from £185 million in 2020/21

16. IJB budget papers for 2021/22 identified an overall budget gap of £151 million. This is down from the £185 million budget gap in 2020/21 and £208 million in 2019/20. Individual budget gaps ranged from £0.3 million at West Dunbartonshire IJB to £31.3 million at Edinburgh IJB. The budget gaps as a proportion of each IJBs net cost of service varied from 0.2 per cent in West Dunbartonshire to 7.1 per cent in Shetland ([Exhibit 4, page 11](#)).

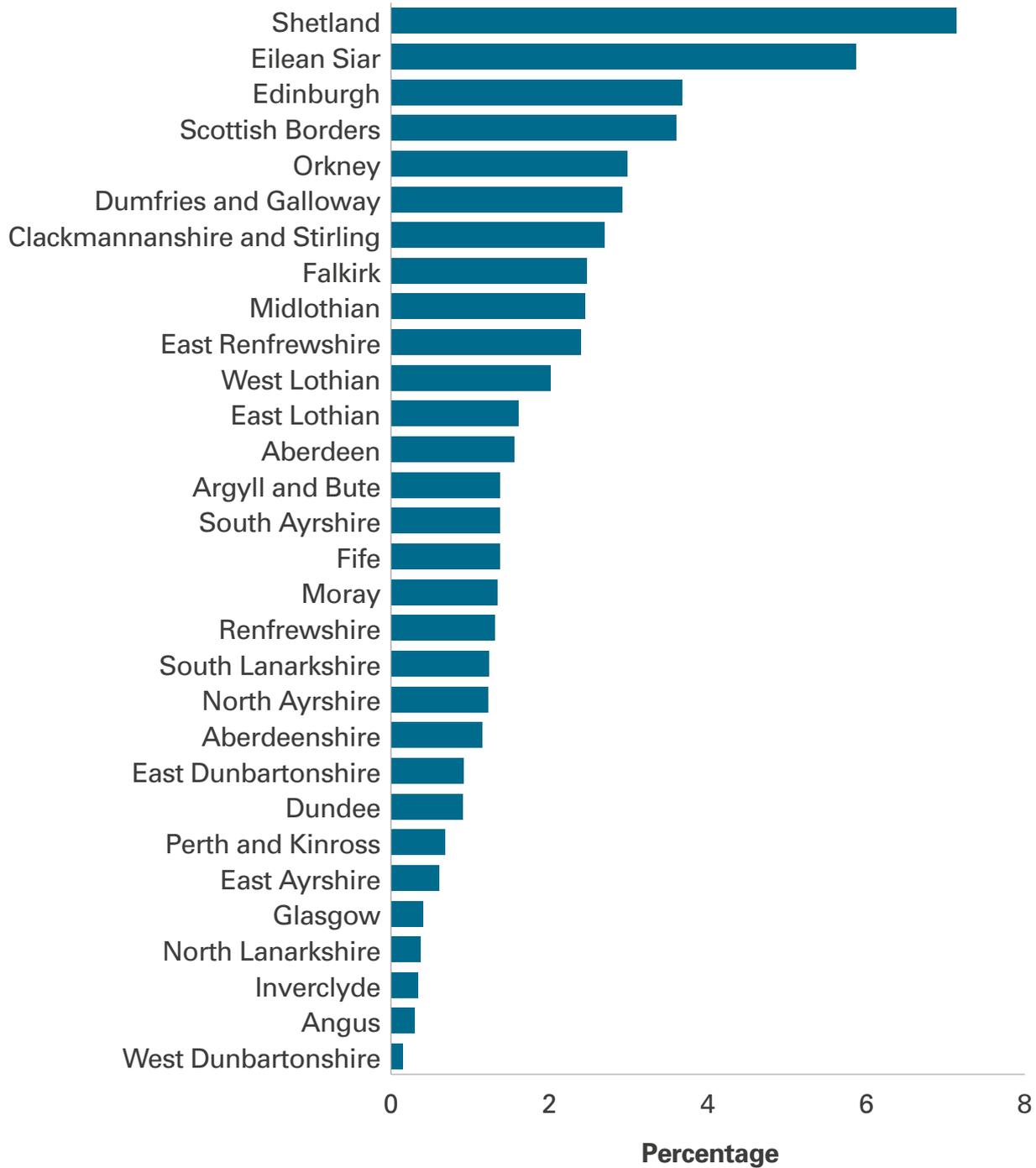
Identified savings are anticipated to bridge the majority of the projected budget gaps

17. Of the total budget gap, 72 per cent (62 per cent in 2020/21) is anticipated to be met by identified savings, of which 61 per cent is classified as recurring and 11 per cent classified as non-recurring ([Exhibit 5, page 12](#)).



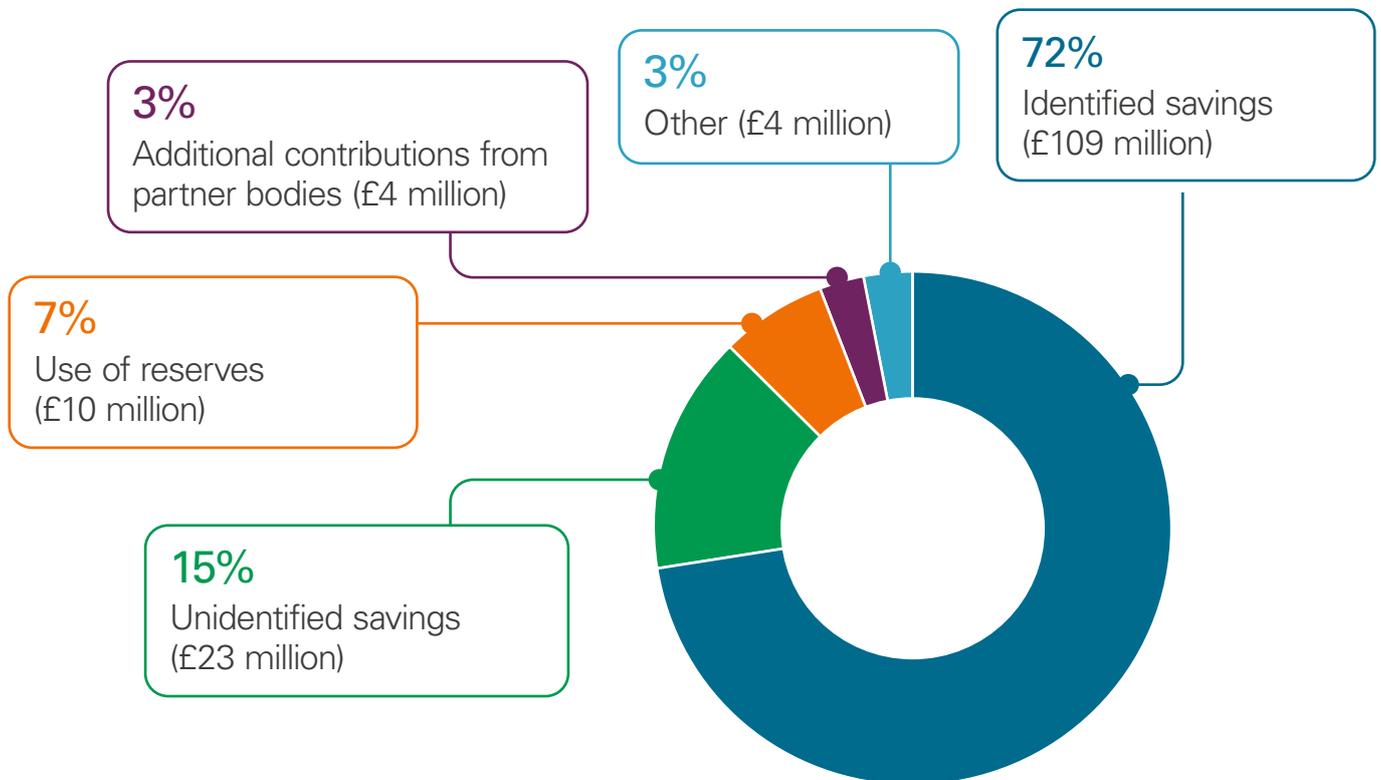
For 2021/22, 24 of the 30 IJBs agreed their budget before the start of the financial year.

Exhibit 4. 2021/22 Budget gap as a proportion of the net cost of service



Source: IJB 2021/22 budget papers

Exhibit 5. 2021/22 IJB budget gap planned action



Source: 2020/21 annual audit reports, IJB 2021/22 budget papers

18. There was a slight improvement in the number of IJBs that included unidentified savings as part of budget plans, decreasing from eleven to ten IJBs. This totals £22.6 million (15 per cent of the total budget gap) and means that these budgets were not balanced at the start of the financial year (30 per cent and 25 per cent for the 2019/20 and 2020/21 budgets respectively) ([Exhibit 5](#)).

19. The remaining budget gap was expected to be bridged by a combination of using reserves, increased partner contributions and the transfer of specific anticipated underspends. The identification of savings on a recurring basis is key to medium- and longer-term financial sustainability.

Medium- and long-term financial planning has improved

20. The total number of IJBs with a medium-term financial plan in place has increased from 26 to 27. The impact of Covid-19 was cited as a reason for the delays in developing or updating medium-term financial plans at those IJBs where these are not in place.

21. We reported in 2018/19 that no IJBs had financial planning in place which extended more than five years. This increased in 2020/21, with five IJBs now having a long-term financial plan in place. It is important that IJBs revise their financial plans in response to the long-term impacts of Covid-19 and increased cost pressures, including rising demand and inflation.

IJBs face significant financial sustainability risks, exacerbated by uncertainty of future funding, rising demand and the potential impact of a national care service

22. IJBs are facing unprecedented challenges as they seek to balance the impact of Covid-19, the remobilisation of services and rising demand. This is against a backdrop of financial and workforce pressures, uncertainty over future financial settlements and social care reform.

23. The Scottish Government funding that IJBs received during 2020/21 to support the underachievement of savings was provided on a non-recurring basis. The non-recurring nature of these funds, and the reserves, presents a significant challenge to IJBs. It is essential that IJBs identify significant recurring savings to maintain current levels of service provision at the same time as transforming the way services are delivered.

24. From a review of 2020/21 Annual Audit Reports, we note that almost all IJB auditors have reported there is a financial sustainability risk in the medium term. As an example of this, some IJBs report that they will face difficulties in delivering savings required in 2021/22:

- Aberdeenshire IJB have already reported that a significant proportion of planned savings will not be met.
- Argyll and Bute IJB continues to overspend and is unlikely to achieve financial balance in the medium term.
- Dumfries and Galloway IJB will have difficulty delivering a significant savings target of £27.6 million in 2021/22.
- Moray IJB Redesign and Transformation programme may not generate the level of savings required.

25. Following the publication of the [Independent Review of Adult Social Care](#) in February 2021, work is currently under way nationally to develop and implement a new National Care Service. This has the potential to significantly change the way that IJBs are structured and operate. There is still a degree of uncertainty on the scope of this planned reform, including establishing the true costs. The potential impacts of wider social care reform and the challenges currently facing the social care sector are explored further in our [2022 Social Care Briefing](#). Further information about our work on [Transforming health and social care in Scotland](#) is available on the Audit Scotland website.



Some IJBs report that they will face difficulties in delivering savings required in 2021/22.

Integration Joint Boards

Financial analysis 2020/21

Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit: www.audit-scotland.gov.uk/accessibility

For the latest news follow us on social media or [subscribe to our email alerts](#).



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

ISBN 978 1 913287 86 3

Local government in Scotland

Overview 2022



ACCOUNTS COMMISSION 

Prepared by Audit Scotland
May 2022

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

Contents

Key messages	4
Key facts	7
Timeline	8
Background	10
Progress towards recovery and renewal	11
Responding to the external environment	12
Organising the council	
• Leading recovery and renewal	15
• managing resources	22
• managing the workforce	26
• recommendations	31
Meeting local needs	
• impact of Covid-19 on services and inequality	32
• collaboration and communities	41
• recommendations	44
Endnotes	45

Key messages



1. Councils have had a very difficult year

Alongside the ongoing response to the pandemic, councils have faced challenges in recovering services, dealing with increased demand and backlogs, and meeting community needs and expectations. This has taken place against a backdrop of long-standing pressures such as increased demand from an ageing population and rising poverty.



2. The challenging context means collaborative leadership is more important than ever

Councils are operating in a difficult and uncertain strategic context and face longer-term financial pressures, a lack of certainty and flexibility over long-term funding, and the prospect of major service reforms. This challenging context needs local government leaders skilled in effective strategic thinking, decision-making and collaborative working, and able to learn lessons from new ways of working. Collaborative leadership is more important than ever as councils work with partners, communities, and citizens to support recovery and improve outcomes.



3. Pressure on the local government workforce continues

Councils are continuing to experience high absence levels. Impacts on staff wellbeing and skills shortages, particularly in front-line workers, have also been noted. A resilient workforce is critical to the ongoing response to Covid-19 and the recovery of services. Workforce plans will need to be updated, considering lessons learned from new ways of working. Wellbeing support for the workforce must also continue.



4. The impact of the pandemic and service disruption have been felt most strongly by those already experiencing inequality

Councils have worked hard and adapted to maintain service delivery but not all services are back at pre-pandemic levels so those most in need of support are still being affected. Councils must evaluate these impacts so that recovery and renewal supports those most affected and addresses inequalities. Recovery and renewal should also reflect the wider ambitions of the public service reform agenda.



5. The early response showed what could be achieved by working closely with communities and the voluntary sector

This momentum may be lost if communities and the voluntary sector are not involved in shaping recovery. Flexible governance and decision-making structures will be needed, as will opportunities for more local participation.



6. Improvements are needed in data availability, tools and skills to support performance monitoring, strategic decision-making and planning service improvements

Data has been important in guiding the response to the pandemic but there are key areas where a lack of data could hamper recovery, such as unmet needs, service demands and backlogs. Data is a key tool in tackling inequality but there are gaps in equality data, particularly at a local level.

Key facts



32

Councils



5.5 million

People served by councils



213,000

Workforce

Local government workforce FTE Q4 2021. 2.4 per cent increase since Q4 2020



£13.8 billion

Budget

Net expenditure budget for 2021/22



1.3 million

Covid-19 cases

Cases between Mar 2021 and Feb 2022



£0.5 billion

Lost income

Estimated loss of income from customers and clients in 2020/21



Inequality

24 years less

Healthy life expectancy in most deprived areas compared to less deprived areas

24.3 per cent

Children living in poverty in 2019/20 (most recent year available)



Financial hardship

8.8 per cent

Rent arrears as a per cent of rent due at Dec 2021. Up from 7.3 per cent in 2019/20 (pre-pandemic)

132,435

Claimant count Feb 2022. Still above pre-pandemic levels



Support

30 per cent

Increase in Discretionary Housing Payment budget since 2019/20 (pre-pandemic)

£600 million

Value of business support grants administered 2021/22

56,205

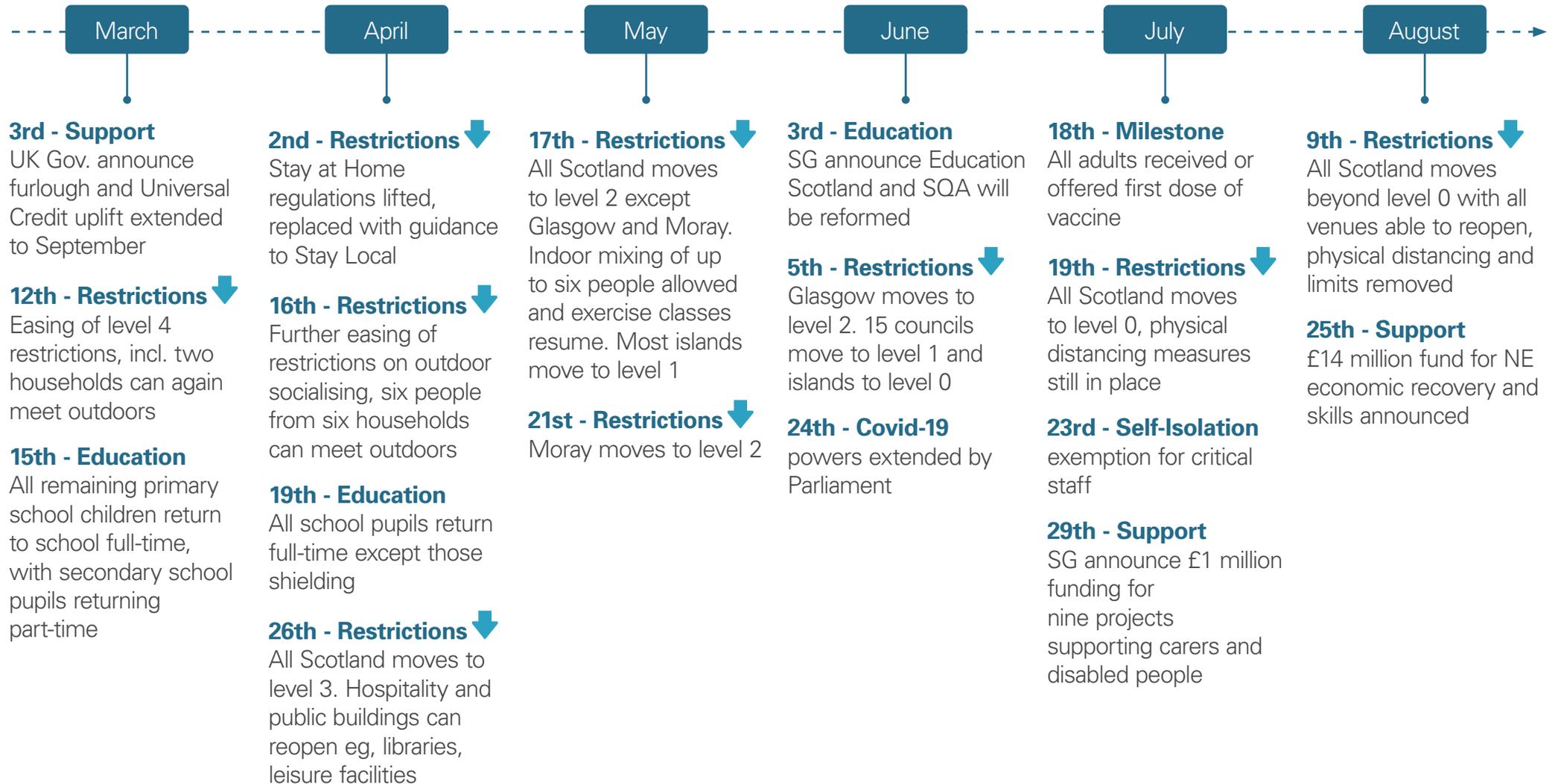
Self-isolation grants awarded at end Nov 2021 (started 12 Oct 2020)

491,016

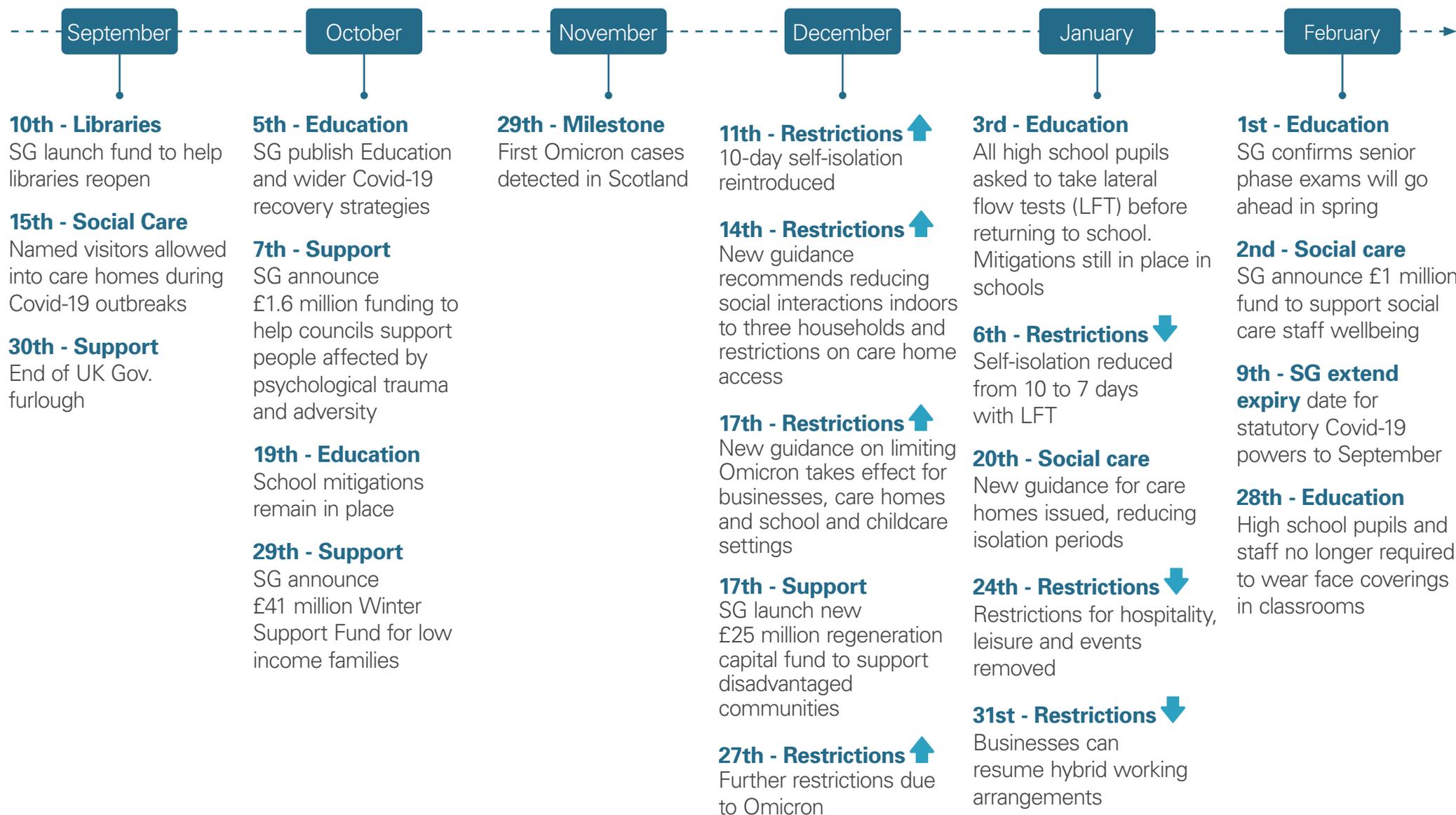
Number of Helpline calls and texts (includes Test and Protect), Mar 2021 to Feb 2022

Timeline

Covid-19 restrictions and key events between March 2021 and February 2022



Timeline continued



Source: SPICE (Scottish Parliament Information Centre), Scottish Parliament

Background

Reporting on the impact of Covid-19 on local government

Our strategic approach to covering Covid-19 in local government overview reporting

1. In August 2020, we set out a strategic medium-term approach to reflect Covid-19 in future local government overview reporting.
2. The first report in the series, [Local government in Scotland: Overview 2021](#), considered the initial response phase of the pandemic from March 2020 to February 2021. This included:
 - the initial emergency response and the impact on council services, how councils and their workforce were working in new ways, and how collaboration with communities and partners had been vital
 - the continued financial challenges councils face, and how councils were starting to plan for recovery and learn lessons from responding to the pandemic.
3. Future reporting will cover further progress towards recovery and renewal and examine the longer-term impact of the pandemic.
4. An in-depth financial overview of the sector complements each local government overview. This year's report, [Financial overview 2020/21](#), was published in March.

This report:

- is the second in the series of reports that reflects the evolving and long-term nature of the impact of the Covid-19 pandemic
- considers the second year of the pandemic from March 2021 to February 2022, with data and information correct as at the end of February 2022. We attempted to use this timeframe for all data but where it was not possible the most recent available was used instead
- builds on last year's overview report and assesses:
 - the ongoing impact of Covid-19 and councils' progress towards recovery and renewal
 - how councils are positioned to address long-term priorities including climate change, inequality and public service reform
 - how effectively council leadership is managing recovery and renewal
- includes exhibits and case studies throughout to illustrate issues and practice across councils
- The findings of this report are drawn from the range of local and national audit work carried out during the year as well as specific research and analysis of available data and intelligence.

Progress towards recovery and renewal

Councils have had a difficult year. Alongside continuing to respond to Covid-19 they have been planning and recovering services and renewal in an increasingly complex and uncertain environment.

5. As we began scoping this year's overview, we hoped that the second year of the pandemic would be about recovery and returning to normal. That has not been the case. Covid-19 has continued to have a significant impact on all aspects of daily life.

6. Councils too have had a difficult year. They have moved on from the immediate emergency response of year 1, but they have had to continue to respond to Covid-19 – managing restrictions and mitigation measures, providing support to communities, and operating differently – while also recovering services and planning renewal in a complex and uncertain environment. The [timeline \(pages 8 and 9\)](#) shows the complexity as councils moved in and out of restrictions throughout the year and different programmes of support were introduced.

7. Recovery and renewal are not about returning to the pre-pandemic status quo. The process of recovery and renewal includes directing resources to help ensure that services can restart and are reshaped to meet the new needs of the local area, to address the harm caused by the pandemic, to support economic recovery, to empower communities, to address inequalities, and to tackle key priorities including climate change, growing poverty, and the long-standing need for public service reform.

8. We have structured this report around three main themes on which progress towards recovery and renewal depends. Leaders need to consider how well their council is:

Responding to the external environment:

climate change, reform, financial pressures, Brexit, demographic change



Organising the council:

leadership, resources, workforce



Meeting local needs:

inequality



Shaped by engaging with communities and collaboration



Responding to the external environment

As councils continue to plan their recovery from Covid-19 and renewal they need to tackle key priorities including climate change, poverty, and the long-standing need for public service reform.

Councils have to respond to a large and complex programme of reform and the impacts of departure from the EU

Social care reform

9. The Accounts Commission together with the Auditor General for Scotland recently reported on the huge challenges that face the social care sector in Scotland in their [Social care briefing](#). Increasing demand, severe workforce pressures and limited progress in service improvement and reform are affecting the sustainability of services. Action is needed now to address these issues.

10. Scottish Government proposals for a new National Care Service are still at an early stage but will have a substantial impact on local authorities' responsibilities. Such a significant programme of reform brings challenges and risks. Reform in other areas of the public sector has shown that expected benefits are not always clearly defined, and even when they are, they are not always delivered.¹ Focusing on such a major transformation will also risk a diversion from tackling the immediate challenges within the social care sector. For local government there is uncertainty about the destination of the policy, and concern over a loss to local empowerment and funding for councils.

Brexit

11. The UK's departure from the European Union is exacerbating the challenges councils face. The Trade and Customs Agreement (TCA) between the United Kingdom and the European Union has imposed new tariff and non-tariff barriers in stages from 1 January 2021. This represents a further supply shock to the United Kingdom's economy in addition to Covid-19 and the rise in global energy prices. Councils are facing higher prices and shortages of key resources, for example construction materials and labour shortages particularly in the construction and care sectors. There is also uncertainty around the loss of EU structural funds and their replacement. There is a reported lack of understanding about how the Shared Prosperity Fund, due to launch in 2022, will work for councils, and what its relationship will be to the Community Renewal Fund and the Levelling-Up Fund.²

12. It is difficult to untangle the combined impacts of Brexit and Covid-19. Councils remain uncertain about the long-term effect of EU departure and are continuing to monitor impacts on the labour market including staff shortages, access to funding, and on business.

Climate change

13. Councils recognise that climate change is an urgent issue. They have committed to taking action to achieve net zero, but clearer plans are needed to achieve it.



Climate change – policy spotlight

Around two-thirds of councils have formally declared a climate emergency, and COSLA's Blueprint for Local Government states that climate change is a 'greater threat than COVID'.³ However, there is no universally shared understanding of what declaring a climate emergency means in practice and there is variation in policy and practice across councils. The Scottish Government has recently published guidance on public sector leadership on the global climate emergency to help public bodies in leading climate action.⁴

Councils' ambitions for how and when they will achieve net zero or other emissions reductions targets are varied, but all are either on or before the Scottish Government's national target year of 2045. Council recovery plans have climate change as a theme with commitments such as providing active travel routes in communities, installing electric car charging infrastructure, and pushing forward plans for low-emission zones.

Source: Audit Scotland

We, together with the Auditor General, set out our joint approach to auditing climate change in October 2021 in [Auditing climate change: An update \(audit-scotland.gov.uk\)](https://www.audit-scotland.gov.uk/publications/auditing-climate-change-an-update). It reported that while public bodies, including councils, have declared a climate emergency, there are questions around definitions of net zero and the robustness of plans. It also highlighted the importance for bodies in tackling adaptation and resilience to reduce the impact of climate change that has already taken place, the need for investment to achieve net zero, the critical role for the public, and the need for strong partnership working and public sector leadership.

Addressing the climate emergency and setting actions to achieve net zero will need to be a key element of councils' recovery and renewal from the pandemic. We will be reporting on the approach that councils are taking to meet their climate change ambitions in late summer 2022.

The impact of the pandemic sits against a backdrop of long-standing and growing demographic pressures and a growing cost of living crisis that will affect demand for council services

14. The overall population is projected to fall over the next 25 years.⁵ The trend is towards an ageing population and the proportion of those aged over 65 will increase. The latest data shows that overall life expectancy has fallen as has healthy life expectancy. Deprivation has a big impact on both.^{6 7}

15. Poverty rates have been rising in recent years, with the highest rates among children. The proportion of children living in poverty (after housing costs) has increased from 21.6 to 24.3 per cent since 2013/14, including a 1 percentage point increase in the most recent year in which data is available.⁸ This trend is seen across all 32 councils but in recent years poverty rates have increased at a faster rate in councils with lower levels of deprivation.

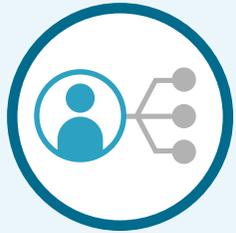
16. Increasing financial hardship is expected as the cost of living rises rapidly, with the greatest effects felt by those already experiencing poverty. Energy Action Scotland estimate that in 12 council areas over 40 per cent of households will live in fuel poverty after April's energy price rises. Eileanan Siar is forecast to be the worst affected area with an estimated 57 per cent of households living in fuel poverty.⁹

Challenges for councils

17. Planning to respond to these longer-term issues is difficult. Funding levels continue to be uncertain because of short-term funding cycles, ring-fenced funding and uncertainty over how long Covid-19 funds will remain in place.

18. It will be challenging for councils to find the capacity and resources to respond to, influence and shape this programme to their own contexts particularly while continuing to respond to Covid-19 and deal with service backlogs and increased demand and harms arising from the pandemic. This uncertain and challenging context needs effective strategic thinking, decision-making and collaborative working from local government leaders. It also needs a resilient workforce, and a culture that promotes collaboration, innovation and wellbeing.

19. Councils can learn from how they responded to the pandemic – through strong partnership working, engaging with communities and focusing on vulnerabilities.



Organising the council: leading recovery and renewal

Leaders in local government face a challenging context. As they plan for recovery and renewal it will be important that they collaborate with their partners and communities. This will need skilled leadership, learning lessons from the pandemic and working to make the best use of resources to improve outcomes.

Councils prepared recovery plans in response to the pandemic, and leaders are now starting to plan and set out their vision and strategy as their councils navigate the uncertainties and challenges they face

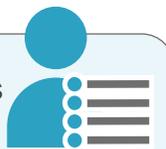
20. Local government leaders are operating in a complex, uncertain and volatile environment, and external pressures make it difficult to plan and deliver councils' recovery from the pandemic. These include:

- uncertainty about the course the pandemic will take and its impact on operations, pivoting between response and recovery
- the impact of major public service reforms, including the proposed National Care Service
- a lack of longer-term financial settlement and limited flexibility because of ring-fenced funding.

21. Councils have prepared recovery plans that vary in their approach from high-level strategic statements to more detailed short-term operational plans. They have been a helpful tool for managing the early recovery phase and reinforcing the need for councils to remain flexible in a changing and volatile environment. We expect that councils will continue to refresh and refine their plans to set out more clearly how they will address inequalities, mitigate the harm caused by the pandemic, improve outcomes and monitor progress.

22. Recovery plans include a focus on partnership working, but leaders have an opportunity to collaborate more widely with their communities in planning for the future. This could lead to more sustainable, community-focused renewal and innovative ways of delivering services in communities.

By **leaders** we mean elected members, chief executives and the senior management team.



Case study 1

City of Edinburgh Council



In response to the pandemic, the council quickly developed and implemented their Adaptation and Renewal Plan.

It realised that pre-pandemic working practices could not continue and might never return. It created the Now, Near, Far & Beyond programme linked to national guidance but with the ability to respond to any changes. The plan was regularly updated and aligned with the agreed City Vision 2050. Updates included a Covid-19 dashboard containing a range of public health, Covid-19 response and economic data, as well as details of decisions made at committee meetings. These were made available online to the public, via the council website, providing transparency of the council's decision-making and governance process.

Source: Audit Scotland using information from City of Edinburgh Council

23. Some councils have integrated their recovery plans into refreshed strategic plans, including Local Outcomes Improvement Plans, recognising the impact of the pandemic, lessons learned from the response, and the need to realign priorities. This can help councils move from response to renewal and set a roadmap for the future. Common themes in recovery plans that are being reflected in wider strategic plans include:

- New ways of working – digital technology, the workforce
- Addressing growing inequalities
- School education recovery
- Focus on health and wellbeing both in the community and workforce
- Economic recovery
- Climate emergency.

24. The Scottish Government published a national recovery plan in October 2021.¹⁰ While most councils' recovery plans were published before this, councils will have an opportunity to consider the priorities set out in the national recovery plan as they refresh their own plans. There is also an opportunity to consider the wider public service reform agenda and how to incorporate the principles of people, prevention, performance, and partnership into their plans.¹¹

Current recovery plans emphasise the negative effect that Covid-19 has had on inequalities but are not clear on how planned recovery actions will improve outcomes for those most affected

25. As outlined in [paragraph 77](#), there is a lack of data on the scale of service backlogs and increased demand, and evidence of the harm caused is still emerging.

26. Councils have struggled in the past to bring about the level of change that is needed to deliver public service reform, sustainable local government, and better outcomes. Transformation programmes have been disrupted by Covid-19 at the same time as new operating models and service delivery approaches have been presented.

27. There is a risk that councils are unable to deliver the level of recovery and transformation needed with their existing resources and will have to make difficult decisions about prioritising services.

There are good examples of councils showing leadership in tackling long-standing structural issues through new place-based initiatives such as community wealth building

28. Following successes in England, North Ayrshire was the first council in Scotland to create a community wealth building strategy, in which the council, other public bodies and key organisations work with communities to support local economic development and tackle poverty.¹² Community wealth building has now been adopted by a number of councils and is part of the programme for government.

Collaborative leadership skills have been important during the response phase and need to be maintained to meet the complex challenges ahead

29. Collaborative leadership enabled the response to the pandemic as councils worked with partners, communities and across departments. [Exhibit 1. \(page 18\)](#) outlines key leadership principles that have been important in the response phase and could further support recovery and renewal. Recent Best Value Assurance Reports have shown that not all councils have the collaborative leadership needed to drive change, and so it is particularly important that they develop the leadership skills needed in this complex and uncertain environment.

Case study 2

Renfrewshire Council



Renfrewshire Council worked with partners to carry out a community impact assessment to gather information on how the pandemic has affected people in Renfrewshire.

This included analysis of all available data, a programme of community meetings and surveys, and engagement with local partnerships on key issues affecting local communities. The findings were used to develop a social renewal plan which sets out the work the council will do with other public sector and voluntary sector partners to tackle inequality and poverty and to support families and communities in the wake of the pandemic.

Source: Audit Scotland using information from Renfrewshire Council

Exhibit 1.

Principles of leadership that enabled the response to Covid-19



Communicative – being available, engaging, honest and open. The pandemic created uncertainty that demanded more frequent communication with staff, partners, and communities. This provides assurance, uncovers issues, and enables decision-making. The shift to remote and hybrid working also demands more frequent communication.



Collaborative – working with and empowering others. This was critical to the pandemic response and harnessing the resources of the community and partners. Complex problems need a ‘whole systems approach’ that works across organisational and functional boundaries and aligns objectives and outcomes.



Emotionally intelligent – showing empathy, understanding and dealing with the ‘whole person’. The impacts on the health and wellbeing of the workforce and communities demands greater emotional intelligence from leaders.



Data driven – using data and information to plan, make decisions, direct resources and monitor progress, as well as to learn from looking back. Data has been a vital tool, and leaders’ ability to use data will be important as we move into the future.



Agile and flexible – making decisions and working quickly to respond to emerging issues. Having a clear vision and purpose is important, but also being agile and flexible in an uncertain environment.



Culture focused – being open and honest, inspiring trust and respect, and having empathy are all important, as are encouraging learning, improvement, innovation and collaboration. Leaders need to focus on creating the right organisational culture.



Enables community empowerment – supports communities to take more control, builds effective relationships with communities, and shows strong public sector leadership on community empowerment. These can help improve outcomes and reduce inequalities.

Source: Audit Scotland

Changes and turnover in senior officer and political leadership present a risk to councils' capacity to maintain momentum and drive forward recovery

30. Turnover of senior officers has been high recently with half of all council chief executives coming into post within the past four years as well as other changes to senior leadership teams in some councils over the past year. Some councils are experiencing difficulties in filling vacant senior management positions. The pandemic is reported to have led to a surge in resignations, as senior leaders and management consider their work/life balance and overall position, potentially leading to further change in the sector. The local council elections may also bring in a new cohort of elected members and changes in political leadership in councils.

31. This turnover in officials and elected members could bring new ideas and energy to the challenges of recovery, but it could also risk a loss of momentum, organisational knowledge and capacity and disrupt decision-making. At this time, it is important that councils establish stability in their leadership to provide strong support and guide recovery and renewal. Effective succession planning arrangements are needed so that the skills required at a senior level are developed in new and emerging leaders.



Our [‘Questions for elected members’](#) checklist has been developed to help elected members in their scrutiny and decision-making roles and in working with council executives. The Improvement Service has also worked with councils to prepare induction materials that will be available for the new cohort of elected members which will help them take up their role in leading and scrutinising recovery.

As governance structures are re-established, better information is needed on service recovery to support scrutiny and inform decision-making

32. Councils put in place emergency governance arrangements in the initial months of the pandemic. They have since re-established their full committee structures, albeit via online, virtual and hybrid meetings.

33. Public accessibility and therefore participation has changed following the shift to online and virtual meetings. All councils provide public access via either live streaming or a recording of council and committee meetings, and most councils offer both. As restrictions continue to be lifted, councils should review how their approach can best meet the needs of their citizens and make sure that no one is excluded.

34. Councils have taken a range of approaches to the governance of recovery and renewal, with some having recovery boards and other structures that can involve both elected members and senior managers.

35. It is not clear whether sufficient information on the status of, and changes in, council services is available to support scrutiny and inform decision-making. It is difficult to find update papers that clearly set out councils' progress on recovery and renewal, what demand and backlogs exist, and what changes to services are planned. Greater transparency is needed to provide assurance that proper scrutiny is in place.

Councils recognise that they have an opportunity to learn lessons from the new ways of working and approaches to service delivery that have been put in place in response to the pandemic

36. Leaders need to do more to learn the lessons from the pandemic response and use this to drive longer-term recovery and renewal. Key lessons learned include the benefits of:

- collaborative working with partners and communities to respond and reshape services
- having access to and making better use of data to understand needs and plan services
- the rapid use of digital technology in service redesign
- focusing on vulnerability and inequality, including taking a ‘whole systems’ and holistic approach
- new ways of working for staff
- focusing on physical and mental wellbeing – for communities and the workforce
- promoting shared values and a caring culture (kindness)
- the opportunity to reconfigure the estate
- adopting place-based approaches.

37. The Improvement Service is supporting councils by updating the Public Service Improvement Framework (PSIF) to capture learning from the Covid-19 response.¹³ It has developed several checklists and self-assessment tools that councils are starting to use.

38. South Lanarkshire Council pioneered the new PSIF checklists, resulting in its ‘New Ways of Working’ plan, which includes technology, maintaining the new networks and new volunteers, ‘agile’ working, and maintaining its work with partner organisations on information sharing.

Data has been important in guiding the response to the pandemic. But improvements are needed in data availability, tools and skills to support performance monitoring, strategic decision-making and planning service improvements

39. Council performance reporting has been affected by the pandemic and, while councils continue to report regularly, there have been delays and inconsistencies. Comparing performance over time is difficult given the disruption to council services during the pandemic.

40. The Local Government Benchmarking Framework (LGBF) 2020/21 shows increasing variation in performance across councils and a level of complexity that needs careful interpretation but offers councils a rich source of intelligence to evaluate how local factors (ie, different local restrictions, patterns of demand and need, and local response and solutions) affected their performance.¹⁴

41. Early in the pandemic the Improvement Service developed a Covid-19 data dashboard to provide councils with up-to-date council- and Scotland-level data across 22 measures. This helps councils to monitor key aspects of their Covid-19 response and supports more immediate data-driven decision-making. Alongside the Local Government Digital Office, the Improvement Service is working to create a local government data portal.

42. Research by the Urban Big Data Centre found that since the beginning of the pandemic councils have experienced a rapid increase in demand for 'on the ground' information to understand their local communities.¹⁵ But this is hampered by challenges including access to data, a lack of joined-up data, issues with data quality and a lack of analysts to generate intelligence from it.

43. The pandemic has introduced additional complexity into existing data sets, with data gaps and disruption of data collection, as well as the impact of service disruptions on data trends, making it more challenging to interpret the data. We know that councils were reporting data skills shortages before the pandemic.¹⁶ It will be important for leaders to collectively drive improvements in data, in terms of not only data quality and timeliness but also building data skills within councils. This will support councils to put a performance monitoring framework in place that allows them to make strategic decisions and to plan improvements, recovery, and renewal.



Organising the council: managing resources

Councils' finances have been significantly affected by Covid-19. The long-term funding position remains uncertain, with significant challenges ahead as councils continue to manage and respond to the impact of the pandemic on their services, finances, and communities.

Covid-19 significantly impacted on many aspects of councils' finances in 2020/21

44. Our report [Local government in Scotland: Financial overview 2020/21](#) is the first to capture the full year effect of Covid-19 on councils' finances and explains how the pandemic and the associated lockdowns have created significant financial challenges and uncertainty.

45. Councils experienced significant additional costs, loss of income and unrealised savings as a result of the pandemic. For example, councils experienced a drop in the income generated from customer and client receipts of approximately £0.5 billion in 2020/21, from the disruption of key income streams such as cultural and community activities, car parking, school meals and trade waste disposal.

46. In 2020/21, the Scottish Government increased funding to councils by £1.5 billion to support them to deal with the impacts of the pandemic.

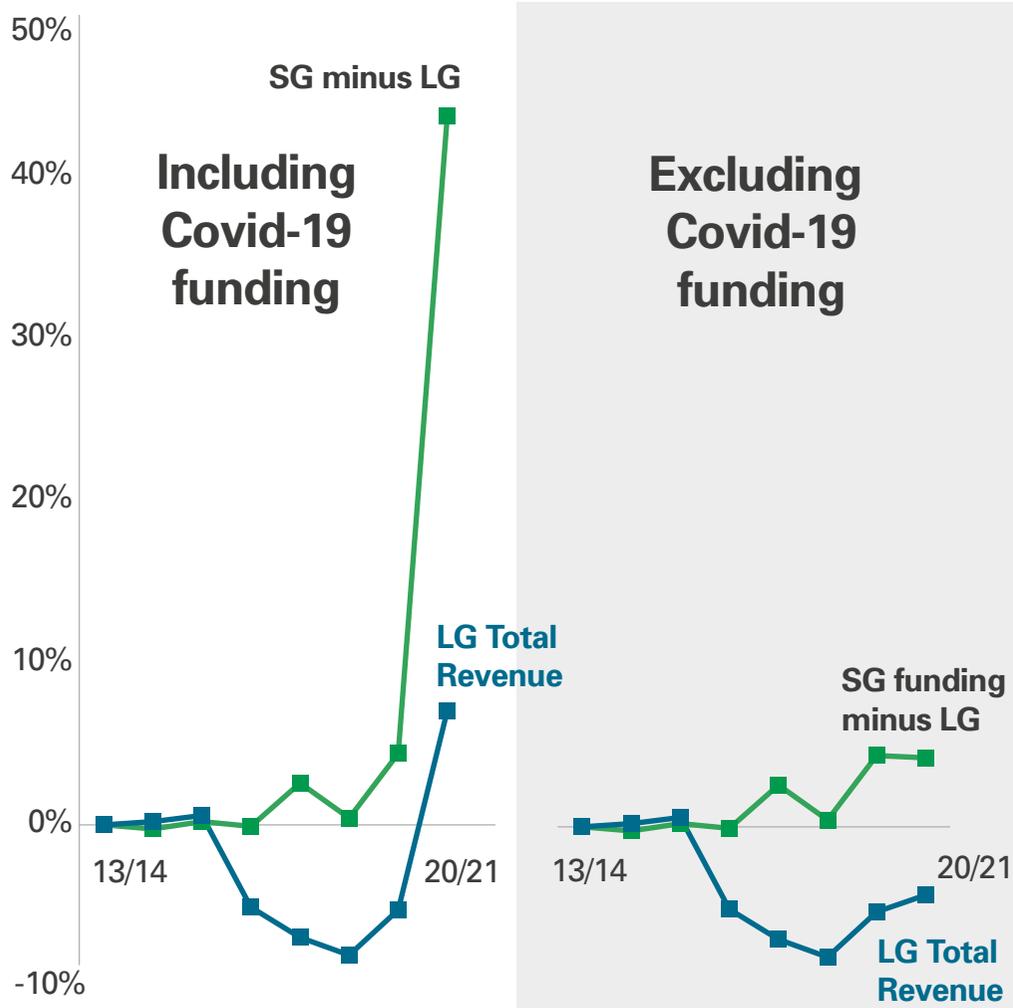
47. All councils reported surpluses in 2020/21, largely because of the additional funding received. Total usable reserves across Scotland increased significantly, from £2.6 billion in 2019/20 to £3.8 billion in 2020/21. However, this has artificially inflated the position. Councils are unlikely to have flexibility in how large elements of reserves can be used.

Funding to local government has been reduced in real terms since 2013/14. The rest of the Scottish Government budget has seen an increase in funding over the same period

48. Funding from the Scottish Government to local government increased by 7.0 per cent in real terms between 2013/14 and 2020/21. However, this was because of significant additional Covid-19 funding. When this additional funding is excluded, councils' underlying cumulative funding has fallen by 4.2 per cent in real terms since 2013/14. This is in contrast to an increase of 4.3 per cent in Scottish Government funding of other areas of the budget over the same period [Exhibit 2. \(page 23\)](#).

Exhibit 2.

A comparison of real-terms changes in revenue funding in local government and other Scottish Government areas (including and excluding Covid-19 funding)



Source: Finance Circular 5/2021 and Scottish Government budget documents

The ongoing absence of a multi-year financial settlement creates uncertainty for councils at a time when effective and robust financial management is crucial

49. The Scottish Government continues to fund councils on an annual basis. This makes it challenging for councils to plan and budget effectively for the medium and longer term, and work with partners to develop long-term plans to deliver better outcomes and address inequalities.

50. Managing reserves and having in place robust medium- and longer-term financial plans will continue to be key to maintaining financial sustainability.

51. The Scottish Government has indicated that a longer-term funding settlement for councils may be possible, however multi-year allocations were not included in the 2022/23 budget.

52. The Scottish Government and COSLA are currently developing a fiscal framework to determine future funding of local government. Work on the Local Governance Review also continues. These may result in additional spending powers for local government, giving communities and places greater control over the decisions that affect them most.¹⁷

Councils now need to review longer-term financial plans as Covid-19 uncertainty diminishes. They should ensure that financial plans are clearly linked to overarching recovery strategies

53. Auditors have reported greater uncertainty in current financial planning arrangements at councils because of Covid-19. Analysis of a sample of 22 councils found 15 with a long-term plan in place. However, many of these now need to be updated to reflect current circumstances.

54. As the uncertainty created by Covid-19 diminishes, councils should update their longer-term financial plans and take account of their overarching recovery strategies to ensure a cohesive approach to recovery and renewal of services, finances and communities.

As Covid-19 funding ends, councils will need to adapt and make difficult decisions to maintain financial sustainability

55. COSLA expect that councils will need to restart change programmes that have stalled, deliver savings and bring forward proposals to reduce costs. Transformation programmes will be important for councils in helping identify resources for priority areas.

56. Responding to the programme of reform outlined in [paragraph 10](#) further exacerbates this challenge. In addition, councils' financial outlook challenges are heightened by increasing inflation – data from the Office for National Statistics shows that this has risen to a level higher than has been seen for many years.¹⁸

While COSLA and the Scottish Government continue to discuss the extent of ring-fencing in the local government budget, it is clear that spending on priority areas have increased while other areas of the local government budget have faced spending cuts

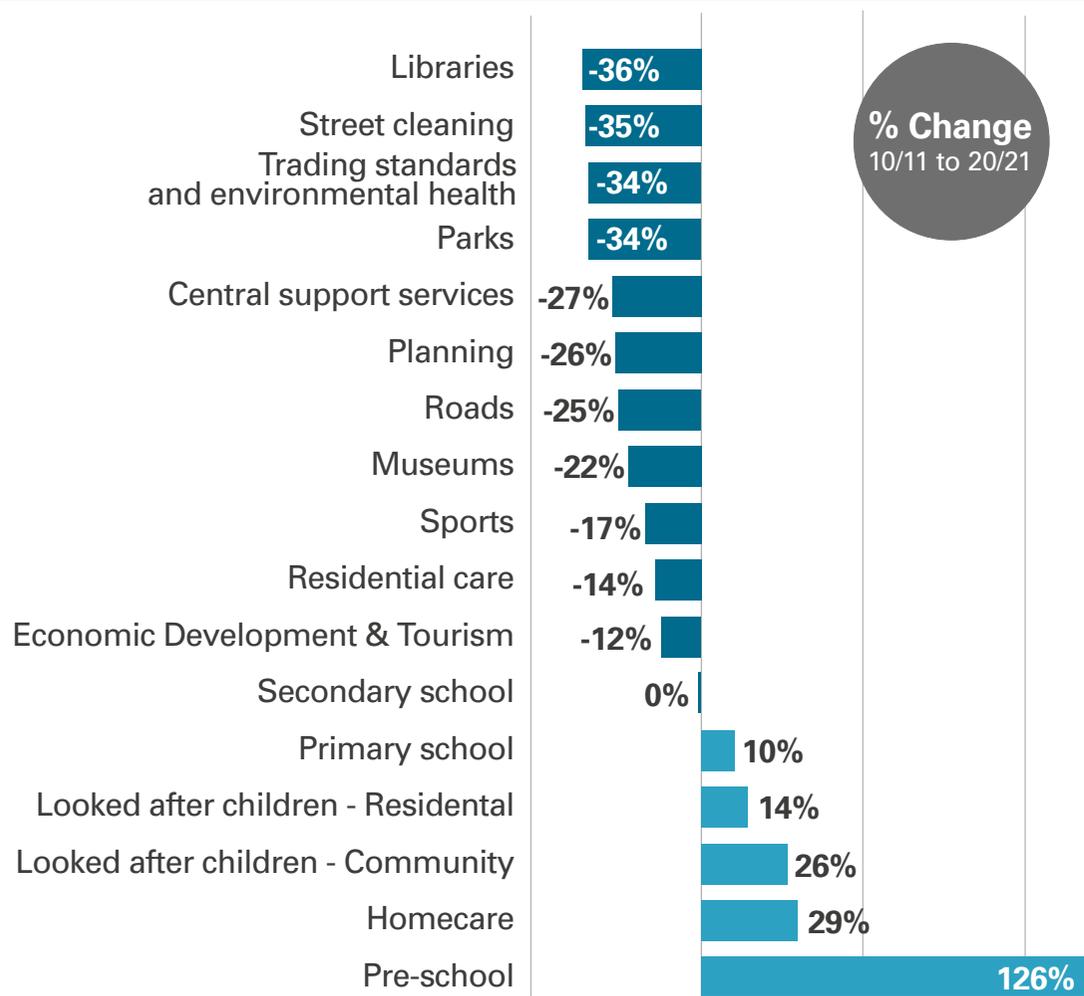
57. There is a significant difference between the view of COSLA and that of the Scottish Government on the extent of ring-fencing in local authority budgets.

58. While ring-fenced funding helps support delivery of key Scottish Government policies, such as expanding early learning and childcare services, it can constrain a proportion of the total funding and resources available to councils and removes local discretion over how these funds can be used.

59. [Exhibit 3. \(page 25\)](#) shows the change in revenue expenditure over the longer term 2010/11 to 2020/21 for protected and unprotected service areas. These longer-term spending reductions on areas including environmental services, culture and leisure, and corporate services, have placed these services under pressure as councils respond and recover from Covid-19.

Exhibit 3.

Percentage change in expenditure (real terms) by service from 2010/11 to 2020/21



Source: LGBF 2020/21 data, using Audit Scotland Covid-19 adjusted methodology for calculating real terms (page 7, [Local government in Scotland: Financial overview 2020/21](#) for further detail)

Covid-19 has impacted on capital projects and volatility in capital funding allocations could affect councils' recovery and investment plans

60. Auditors reported that Covid-19 had a significant impact on the delivery of capital projects in 2020/21. Capital project costs increased owing to increases in the cost of raw materials, supply chain delays and inflation associated with delayed contracts. CIPFA Local Government Directors of Finance Section notes that these cost increases have not been matched by an increase in the capital grant received.

61. At the same time most councils, 26 in total, reported reduced capital expenditure in 2020/21, with Covid-19 restrictions disrupting construction activity in many instances.

62. Capital investment is likely to play a key role in councils' recovery from Covid-19 and in particular address the impact of climate change. The local government estate, comprising buildings and vehicles, will need some modernising to deliver councils' carbon reduction targets and wider investment needed to mitigate and adapt to the impacts of climate change. Funding will need to be in place to support this.

63. Our [Local government in Scotland: Financial overview 2020/21](#) report notes that the local government capital settlement in 2021/22 decreased from £0.8 billion in 2020/21 to £0.6 billion, and capital funding received in recent years has been very volatile. Lack of longer-term funding settlements will again impact on councils' investment plans.

Organising the council: managing the workforce

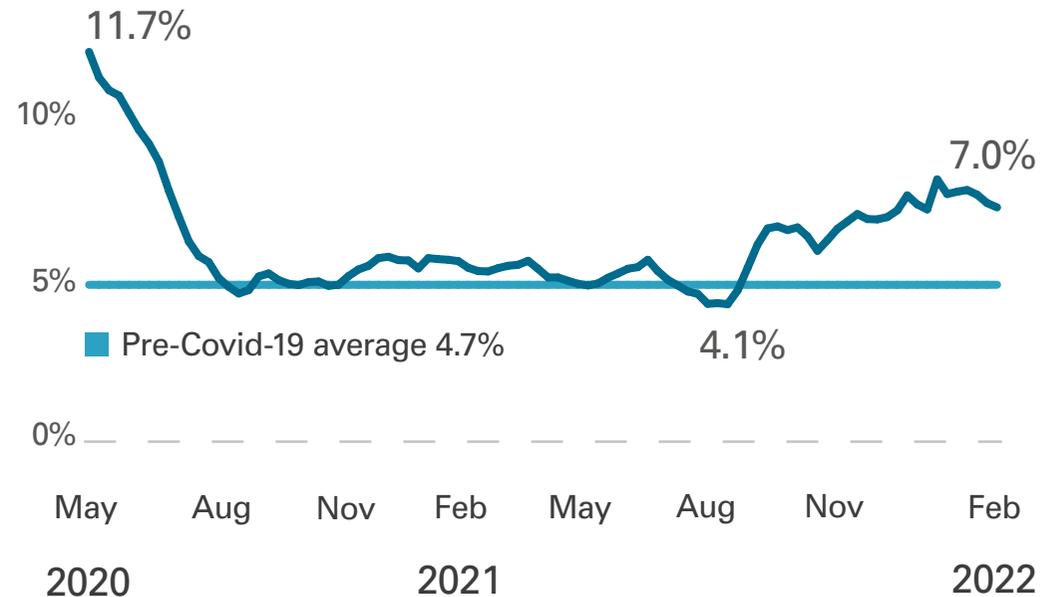
Pressure on the local government workforce continues, with high absence levels, impacts on wellbeing, particularly for front-line workers, and skills shortages in key areas. A resilient workforce is critical to the ongoing response to Covid-19 and the recovery of services. Councils will need to update workforce plans, learn lessons from new ways of working put in place, and provide wellbeing support for their staff.

The second year of the pandemic continues to have a negative impact on the workforce and staff wellbeing

64. Council services are facing high demand, high staff absence levels from new waves of the pandemic and staff burnout from the prolonged response and recovery phase. These impacts have been felt across the workforce but particularly so in front-line community-facing roles. [Exhibit 4. and Exhibit 5. \(page 27\)](#) show that teaching and education staff absence levels peaked in December 2021 and wider staff absences also rose in the last quarter of 2021.

Exhibit 4.

Average percentage of council staff absent during the pandemic

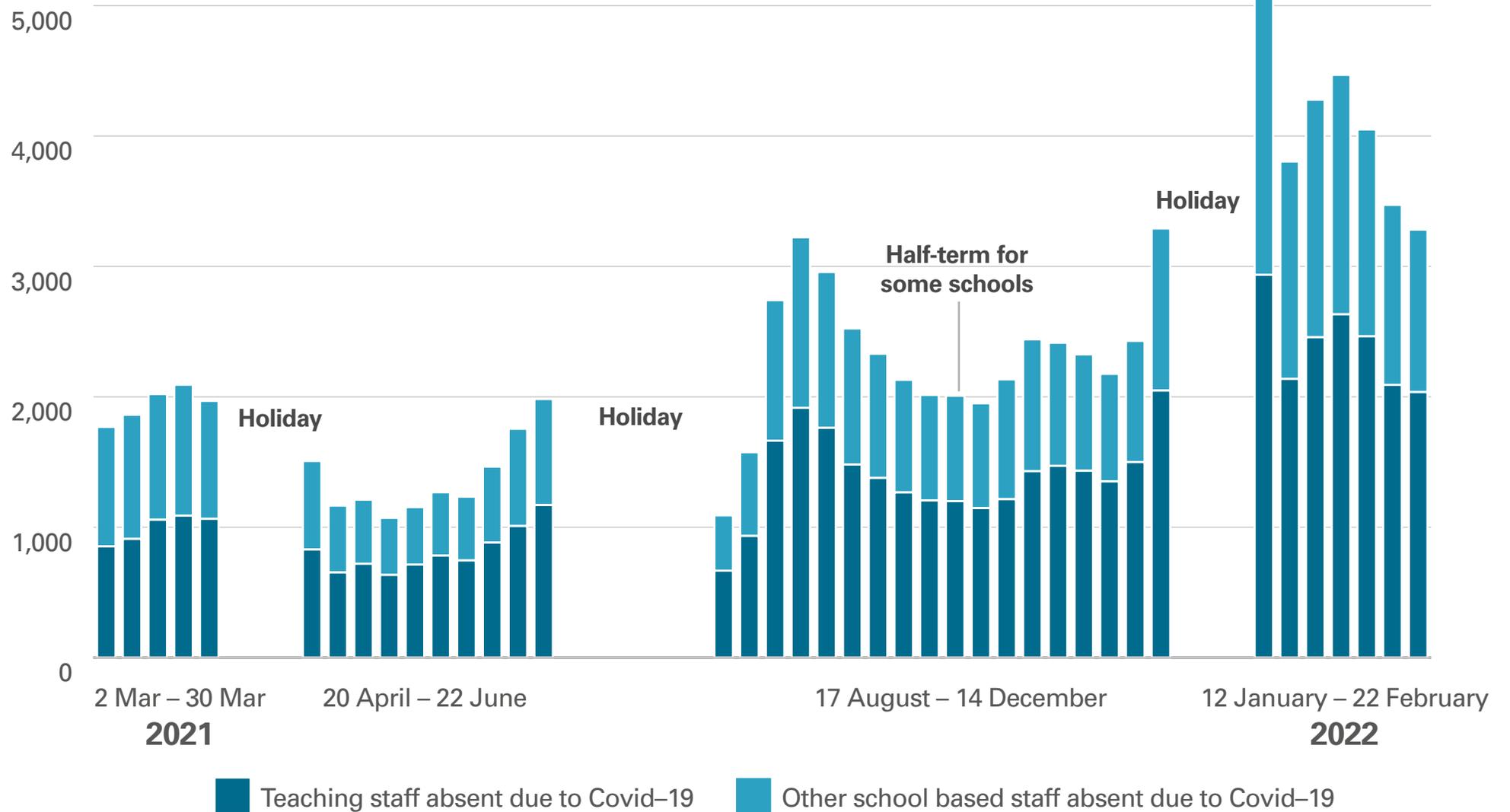


Note: Pre-Covid-19 average is based on 2018/19 data.

Source: Improvement Service

Exhibit 5.

Number of school staff absent March 2021 to February 2022



Source: Scottish Government Education Analytical Services

65. Staff wellbeing, both physical and mental, has been a prominent theme within recovery plans. Councils are making efforts to understand these issues through staff surveys and other methods, provide confidential support services, and incorporate training for stress and mental health into council training programmes ([Exhibit 6.](#))

Exhibit 6.

Examples of council wellbeing initiatives



Dundee City Council launched a new wellbeing support service and also gives staff access to the intranet on their own devices.



Clackmannanshire Council integrated training on stress and mental health into its corporate training calendar to increase awareness.



Argyll and Bute Council launched 'Wellbeing Wednesday'.

Source: Audit Scotland using information from councils

Councils are facing skills shortages and recruitment difficulties in key areas

66. Covid-19, combined with Brexit, is exacerbating skills shortages, many of which were pre-existing ([Exhibit 7., page 29](#)). Covid-19 has had a particular impact on facilities management services because of the increased need for cleaners and a tighter labour market. HGV (Heavy Goods Vehicle) driver shortages have been affected by Brexit, as councils are unable to compete with private sector wages.

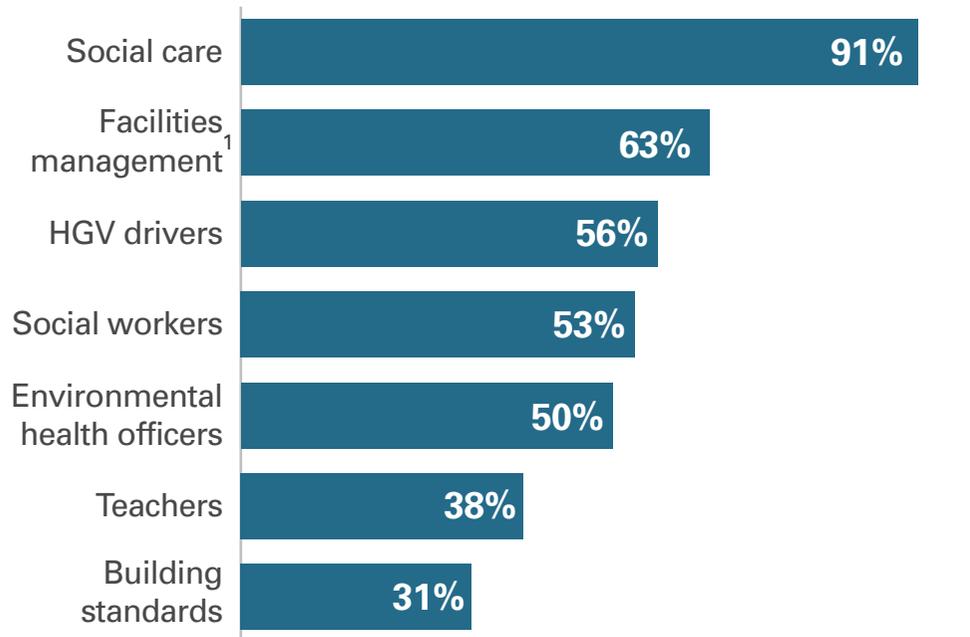
67. Social care faces the greatest skills shortages. Our [Social Care briefing](#) highlighted the considerable vacancy and recruitment problems facing the sector, with poor terms and conditions contributing to these issues. See [Exhibit 9. \(page 35\)](#) for further details.

68. Councils are changing their recruitment strategies in the face of these shortages, with more marketing, use of social media and local employability initiatives. The Scottish Government established a Fair Work in Social Care Group, in partnership with COSLA, which includes representation from local government, private sector provider groups, third sector, and trade unions. Since summer 2020 the group has been working to develop and implement recommendations regarding improving pay, terms and conditions, and effective employee voice for the social care workforce.

69. Councils are also seeing an increase in retirement and flexible working contributing to the skills shortage. Fifty-six per cent of councils report difficulties in recruiting to senior posts and leadership positions. Succession planning is important in this context.¹⁹

Exhibit 7.

Percentage of councils reporting skills shortage by occupation



Note: Facilities management includes catering and cleaning

Source: Society of Personnel and Development Scotland

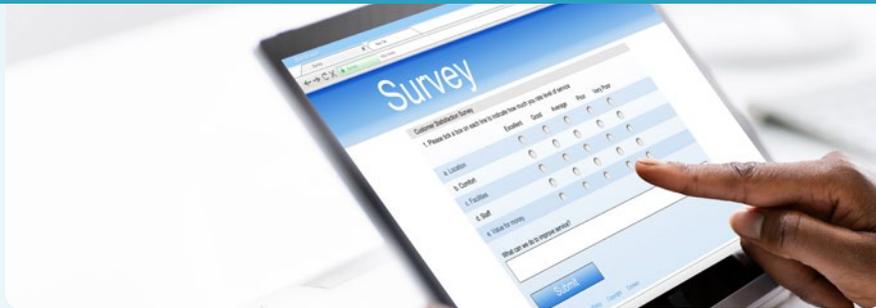
Councils have adopted new ways of working

70. Councils have shown considerable flexibility in redeploying staff to areas of greatest priority and demand and in adopting remote and hybrid working. The shift to home working brought about by the pandemic is likely to have a longer-term impact on how councils work. Wider evidence shows that it can bring benefits for both employers and staff, but individual circumstances should be considered.²⁰

71. Councils are considering how hybrid working can support their ambitions for a more flexible and adaptable workforce in future. For it to work well, councils need to provide staff with a wide range of support, including health and wellbeing support, a supportive workplace and management culture, and appropriate technology and equipment. The diverse roles in councils mean that not all staff can work remotely. It will be important for councils to continue to consult and engage with their employees, learn lessons from what has been done to date, and test new models of working as they move forward.

Case study 3

City of Edinburgh Council



The City of Edinburgh Council developed a new work strategy after receiving feedback from 6,400 employees via two surveys conducted in 2020. The surveys asked employees how the pandemic has changed the way they work and how they would like to work in the future. The responses made it clear that staff want to retain a more flexible approach to work in future.

'Our Future Work Strategy' outlines three trials to explore new ways of working. Two of the trials are about adapting current office space to best fit a future of hybrid working. The third trial is of a longer-term plan to develop local offices that would enable staff to work close to where they live, reducing the need for commuting. The council believes that investing in local working and following the principle of '20-minute neighbourhoods' will contribute to reducing emissions locally, and so help Edinburgh achieve its target of becoming a net-zero city by 2030.

Source: Audit Scotland using information from City of Edinburgh Council

The pandemic has made workforce planning both more difficult and more necessary

72. Workforce planning is developing in councils. Some have plans that are linked to wider strategic plans as well as individual service plans, while other councils' workforce plans are more limited.

73. As a result of the pandemic, councils have had to respond to short-term pressures, but they need to plan for longer-term resilience in the workforce. Some councils have started to update their plans to reflect more flexible and remote ways of working and to focus on wellbeing.

74. There are common recruitment pressures across councils, as detailed above, but these are changing more frequently as the pandemic affects the wider labour market. Some councils are 'growing their own talent' by improving modern apprentice programmes and creating new internal recruitment and movement of staff across the council or new talent programmes.

75. Councils report that they lack resources to support workforce planning and are collaborating and sharing practice to make improvements.²¹ Joint working through the Improvement Service and the Society for Personnel and Development Scotland is allowing common challenges and practice to be shared. The Improvement Service has provided tools for councils to develop workforce plans.²² It is vital for councils to share lessons learned and to use them to inform their revised plans.

Organising the council: recommendations



Actions for leadership

- **Councils together with their partners and communities should revise their strategic plans, including Local Outcomes Improvement Plans to realign priorities and provide a roadmap for recovery and renewal. They should also consider how this contributes to the national recovery strategy set out by the Scottish Government.**
- **Elected members and senior managers need to work together to drive change, make decisions and deliver recovery and renewal.**
- **Councils should consider the leadership skills needed for now and in future. This includes clear succession planning arrangements and a structured programme of induction for new elected members.**
- **Councils' governance arrangements should ensure that their elected members have sufficient information to support the scrutiny and decision-making needed for recovery and renewal.**
- **Councils need to clearly set out how they are evaluating new service models and learning lessons from the response to Covid-19.**
- **Councils should have a clear plan for developing the use of data in their councils, this includes data skills, data standards and data tools.**
- **Councils must ensure that financial plans and overarching recovery strategies and actions are clearly aligned, including funding to deliver on their duty to address inequalities.**
- **Councils must have clear plans for management of reserves.**
- **Councils should update their workforce plans to build on lessons learned, address skills gaps and build a resilient workforce for the future. This will include monitoring the wellbeing of the workforce, and the effectiveness of health and wellbeing initiatives.**



Meeting local needs: impact of Covid-19 on services and inequality

Covid-19 continues to disrupt council services, and those already experiencing inequality have felt the impacts of both the pandemic and service disruption most strongly. As councils focus their efforts on addressing these unequal harms, they need better local data and community engagement.

The Covid-19 pandemic continues to affect council service delivery, but a lack of clarity on demand, unmet need, and service backlogs makes the full extent of the effect unclear

76. Councils are still early in recovery, having moved on from the initial emergency response and operating under lockdowns. They report that the second year of the pandemic has been more difficult than the first. Ongoing restrictions, Covid-19-related staff absences and the non-linear nature and uncertainty of the pandemic, for example the emergence of the Omicron variant, mean that councils still need to adapt service provision and many services are disrupted.

77. The picture of service disruption is incomplete. A lack of up-to-date publicly available data makes it difficult to assess the extent to which council activities have returned to pre-pandemic levels, the level of demand for services and levels of unmet need.

78. Disruption has continued in those services we reported as most affected last year: education, social care, and culture and leisure. [Exhibits 8, 9](#) and [10 \(pages 34-36\)](#) provide more detail.

79. Alongside continued disruption, councils are also having to manage new pressures across services:

- from backlogs due to paused activity in the first year of the pandemic, such as repairs to roads and housing
- from an increase in demand, for example administering support grants, assisting with testing and vaccinations and in environmental health and trading standards. Increased levels of financial hardship are driving an increase in applications for discretionary housing payments and other support grants.

An inability to clear backlogs and meet new demands is a risk to wider recovery.

80. Public tolerance of service disruption and backlogs is declining, and communities have expressed their frustration in some cases. Councils are having to balance a growing expectation that services should be back to normal while still adhering to Covid-19 guidelines and facing absences that limit their capacity to deliver.

Councils have worked hard and adapted to maintain delivery of key services. Digital delivery has expanded but brings with it the risk – for some – of increased digital exclusion

81. As we found in our [Digital progress in local government report](#), the pandemic has brought about a change in the way in which many council services are delivered. Councils have expanded their digital service provision, to replace temporarily unavailable services, to respond to new needs, or to provide an alternative means of accessing services. Councils have introduced online booking systems for services such as recycling, created online learning hubs for parents and carers to support children’s learning, and developed more digital resources from libraries and leisure services.

82. The rapid shift to digital delivery allowed services to be delivered rather than stopped. It also highlighted how unequal access to the internet, devices and skills leaves those most disadvantaged without the same opportunities to learn, access services and remain socially connected as others.²³

The extent to which councils have assessed and can evidence the impact that Covid-19 related service changes and disruption have had on different groups and citizens in their local areas is unclear

83. Changes in service provision have offered an opportunity to learn lessons about how services are delivered in the future. But it is not clear that councils have carried out equality impact assessments or community consultation where they have made changes or plan to continue changes made to service delivery during the pandemic.

Exhibit 8.

Education services continued to be disrupted throughout the second year of the pandemic

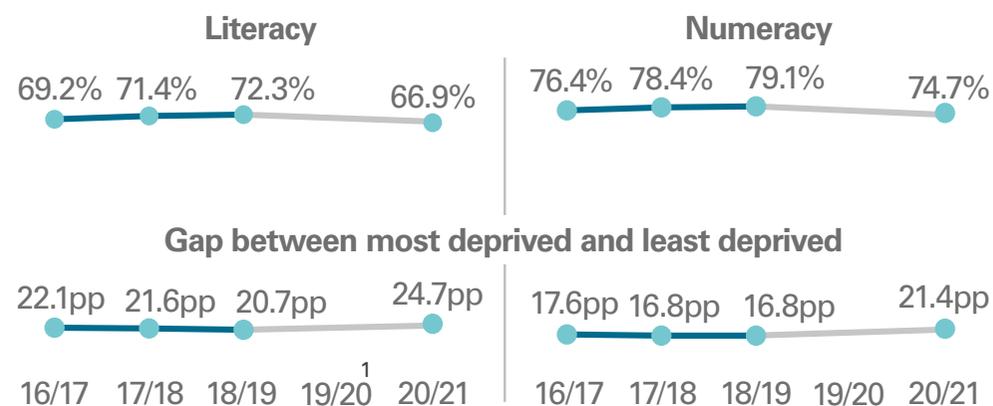
Disruption included:

- infection control measures in place, including masks, increased ventilation, 'bubbles' to limit contact and restrictions on school visitors
- the cancellation of S4-6 exams, which were again replaced by teacher assessment
- high levels of Covid-19-related pupil and staff absences ([Exhibit 5., page 27](#)) which made it hard for schools to offer continuity and stability to pupils.

Emerging data is now evidencing the adverse effect the pandemic has had on children and young people:

Educational attainment data is only available for primary school pupils. Attainment has fallen in both literacy and numeracy and more so for those pupils in the most deprived areas, meaning that the attainment gap has widened. For example, the attainment gap in literacy has increased from 22.1 to 24.7 percentage points.

Percentage of pupils (P1, P4, P7 combined) achieving the expected Curriculum for Excellence level in:



We talk more about the negative impact the pandemic has had on children and young people's social and wellbeing, including on their mental health, in [paragraph 86](#).

Risks and challenges

The pandemic has affected the comparability of education data for 2019/20 and 2020/21 when S4-6 exams were replaced with teacher assessed grades. Our joint report, [Improving outcomes for young people through school education](#), noted the difficulties and risk this could cause for councils in assessing and acting on the poverty related attainment gap.

Restrictions on school visitors have limited access for vital voluntary sector support services, including preventative youth work: 34 per cent of organisations that want access to school facilities do not have it. This has a particular impact on those with additional support needs, who need alternative supportive environments outside school.

Note 1. No data available for 2019/20

Source: See endnote [24](#)

Exhibit 9.

The pandemic has exacerbated ongoing challenges in social care

Our [Social care briefing](#) outlined the immense pressure the social care sector is facing. The pandemic has exacerbated the long-standing staffing challenges, compounded by Brexit. This has increased workloads, leading to staff burnout and high sickness absence levels, and risks limiting the capacity to provide good quality, consistent care to citizens.

There is evidence of ongoing disruption with:

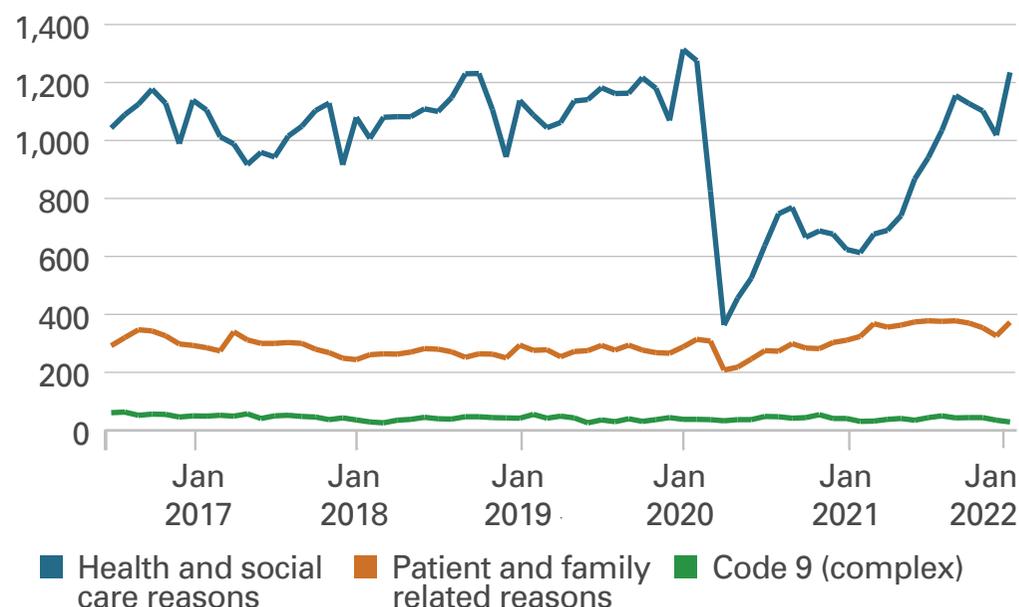
- reductions in home care packages because of staff shortages and tighter eligibility criteria for accessing care being applied to manage demand
- many day centres and respite services still closed.

Unmet demand puts additional pressure on unpaid carers, who are reporting increased feelings of anxiety, depression, and mental exhaustion.

Delayed discharges dropped significantly early in the pandemic, because of a marked reduction in non-Covid-19 related admissions along with a focused effort to get people out of hospital as quickly as possible. Delayed discharges returned to pre-pandemic levels in September 2021 and remain high reflecting the continued pressure in the system.

During strict restrictions, a rapid shift to digital tools allowed some staff to work in more flexible ways and to provide some services remotely including some online assessments and triage, and support and wellbeing check-ins through technology enabled care.

Delayed discharge Census by Delay Reason



Risks and challenges

The Scottish Government is planning significant reform of social care over the next five years ([paragraph 10](#)) but, as we state in our social care briefing, action is needed now to address critical issues and better meet the needs of people relying on care and support.

The ongoing disruption means that unmet demand continues, and older people, and adults and children with disabilities face a reduction in or

complete withdrawal of care and support in the home. The Scottish Human Rights Commission has expressed significant concern that this affects the human rights of these individuals. It highlighted the need to invest in a social care system, based on human rights, that meets people's needs and improves outcomes.

Source: See endnote²⁵

Exhibit 10.

Public library services continue to be disrupted following Covid-19 restrictions

Libraries could fully reopen in April 2021 with some social distancing measures in place. However, most library services were still operating a reduced service in early 2022, compared to pre-pandemic. During lockdown many councils adapted and found innovative ways to deliver library services to continue to support their communities. Librarians across councils shared ideas.



Examples of innovative service adaptations include:

- enhanced digital offer; click and collect and home delivery services; bespoke book selection; digital story-telling; online book groups and contact calls to socially isolated elderly users.



Research found that engagement with library services had a positive impact on wellbeing and building community connectedness.

Not all councils give reasons for continued reduced hours. Those that do cite:

- staffing issues including high sickness absence or redeployment
- access issues such as the building being used for covid-19 testing, restricted access arising from sharing space with schools or buildings undergoing refurbishment.

Change in total library opening hours, pre-covid-19 and at end Feb 2022

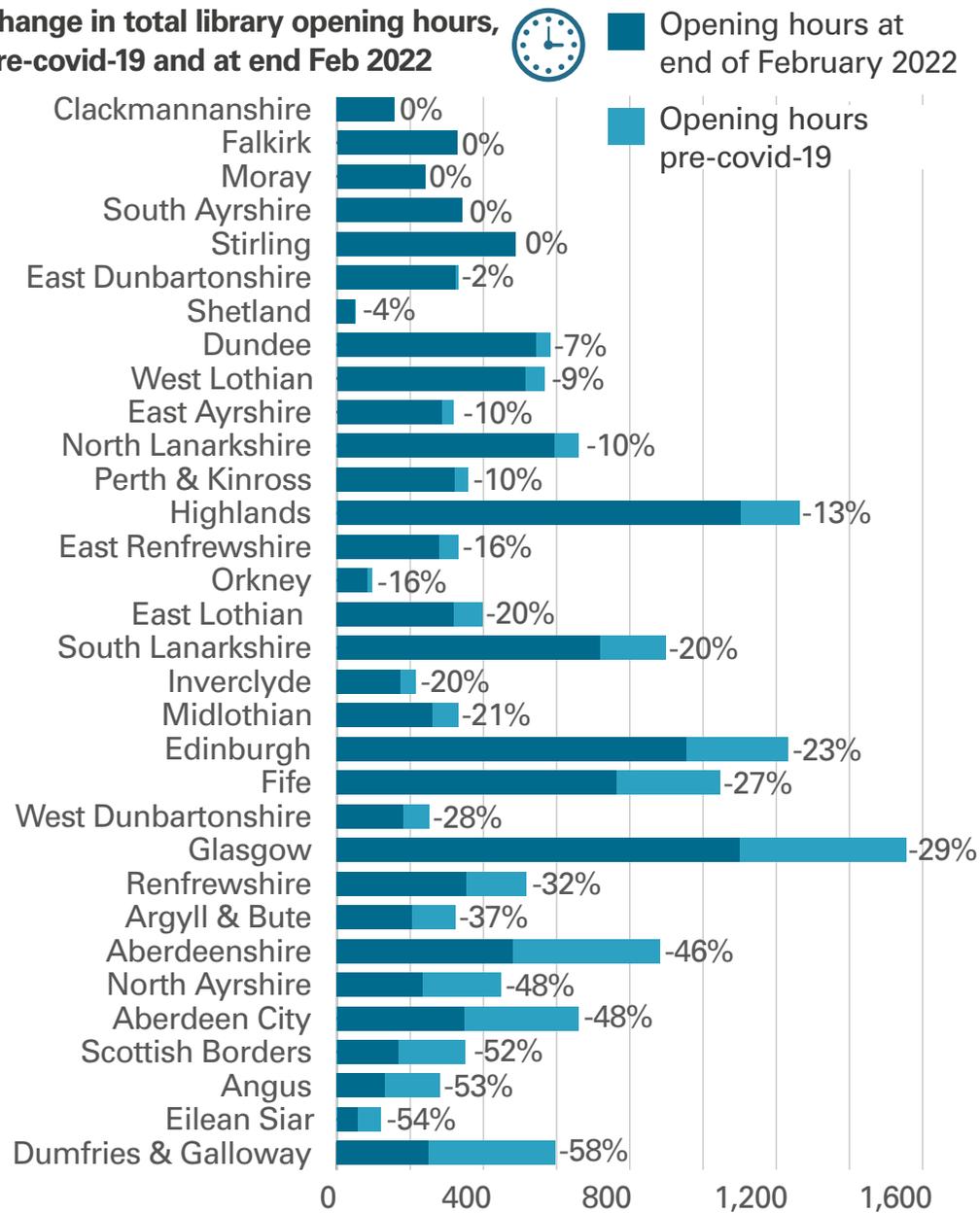


Exhibit 10. (continued)

Risks and challenges

Library services have faced declining investment. The ten years since 2010/11 saw a 29 per cent reduction in spend, yet the same period saw a 42 per cent growth in visit numbers (physical and virtual visits).

Some councils have plans to increase opening hours further. Other councils were already reducing hours and the level of service before the pandemic, and they have faced the most significant issues in recovering.

Library closures have shone a light on the extent of digital exclusion. It is not clear that councils have fully assessed the impacts of closures and reduced hours on communities and groups. And while the digital offer will shape the future of library services, research shows the buildings are vital as a safe, accessible, free, trusted and communal space in communities.

Source: See endnote²⁶

The impact of the pandemic and service disruption has been felt most strongly by those communities and citizens already experiencing inequalities

84. A substantial and growing body of evidence, mostly from research at a national level on the ‘four harms of Covid-19’ – the direct impacts of Covid-19, other health impacts, societal impacts and economic impacts – shows that particular groups have been most affected. For example:

- People with disabilities have faced increased clinical risk from Covid-19 as well as disruption to care services and social connections.
- Minority ethnic communities have faced high clinical risk from Covid-19 and increased risk of social and economic harm as a result of pre-existing inequalities in employment, income and opportunity.
- Those on low incomes and living in the most deprived communities have faced worsening social and economic inequalities, including digital exclusion, lower educational attainment and increased financial hardship.
- Older people have faced increased clinical risk from Covid-19 and are more likely to have experienced disruption to care services and social connections.

- Women have been disproportionately affected both economically and socially because of the increased childcare burden and because they are more likely to be front-line workers and have lower pay and insecure jobs.

85. For some, inequalities have worsened. Others are experiencing inequalities for the first time. Those with intersectional characteristics, that is people who fall into more than one group, and therefore experience several disadvantages at the same time, have suffered the most severe impacts. Councils’ recovery and renewal efforts need to take account of worsening, new and overlapping disadvantage.

86. Mounting evidence suggests that the pandemic has had severe social and wellbeing impacts on children and young people. This includes developmental delays seen in the very youngest because of increased social isolation, worsening mental health, a fall in educational attainment, and young people’s increasing concerns about their job prospects. Evidence also suggests that more children are presenting with additional support needs or behavioural issues and that these children are not always able to access services and get the support they need because of a lack of staff capacity. The impacts are greatest for children and young people in vulnerable groups and living in poverty.

87. Ongoing disruption to council services has meant that those most in need of support are still experiencing that unequal impact.

While councils recognise the disproportionate impact the pandemic has had on different groups, they need to learn lessons from taking early action and assess the impact of service disruption to address longer-term impacts

88. Early in the pandemic there was a huge collective effort to support the most vulnerable, with more collaborative working at a local level, a coordinated response with the voluntary sector and more place-based and holistic approaches. As we highlighted in our 2021 report, councils targeted their responses to support the most vulnerable. This included supporting families and children living in poverty through the provision of free school meals, distribution of digital devices, community food initiatives, fuel poverty and period poverty initiatives, action to prevent homelessness and eliminate rough sleeping, and online events and programmes to support mental health and wellbeing.

89. As we move into the recovery phase, some evidence suggests that councils are putting in place services to mitigate the impacts of the pandemic on the groups most affected by:

- supporting employment and improving economic prospects for women, minority ethnic groups and disabled people
- improving routes to employment and training for young people
- doing more to address the social isolation of older people and people with disabilities.

Some councils are using lessons learned from the pandemic to improve how they tackle vulnerability and inequality

90. The collaborative place-based approaches, cross-council working and community engagement that enabled the early response is informing

new ways of tackling poverty and vulnerability. Several councils have since adopted or adapted these service models to put in place a more holistic approach to tackling inequality. ([Case study 4](#))

Case study 4

Dumfries and Galloway Council



In response to the pandemic four locality hubs were established in Dumfries and Galloway to coordinate partner and volunteer activity at the local level. Since then, the four hubs have developed to become the recognised model for local community planning in Dumfries and Galloway.

Another model that evolved from the council's pandemic response is the 'single access to services' model, known as the single access point. This brings together different council services and partner agencies in one multi-agency team to ensure an efficient, clear and streamlined approach to assist those who are vulnerable. The single access point model will continue to evolve and the council is reviewing other opportunities to develop this approach.

Source: Audit Scotland using information from Dumfries and Galloway Council

Data is a key tool in tackling inequality but there are gaps in equality data, particularly at a local level

91. While councils recognise the disproportionate impact of the pandemic on different groups, it is less clear how councils have assessed how their changes in the way services are delivered, and the pandemic more widely, have affected those most in need in their area.

92. There is still a lack of data and evidence at local level that would allow councils to fully understand the adverse impacts of the pandemic on different groups within their area and inform local plans. Most council recovery plans and reports on mainstreaming equality cite national report findings or increases in measures such as housing applications, unemployment or complex case work, rather than local equality data.

93. This problem is not unique to local government, and the Scottish Government's Equality Data Improvement Programme is working to improve equality data, in particular data on overlapping inequalities, ie intersectionality.

94. Some councils have used data well to understand the impacts of the pandemic on specific groups and the emerging needs.

[\(Case study 5\)](#)

Case study 5

Glasgow City Council



Before the pandemic Glasgow City Council had been gathering detailed data to enable it to better understand the extent of child poverty in the city. The Council's Centre for Civic Innovation (CCI) took a 'deep dive' into the data the council holds on recipients of Housing Benefit and Council Tax reductions, as well data on kinship care and education benefits. This work meant that the council was able to measure the levels of relative child poverty before the pandemic and in the middle of it.

The research found that in December 2020 at least 26 per cent of children in Glasgow were living in relative poverty compared with 24 per cent in February 2020. This equates to at least 2,510 more children living in poverty and 27,995 children overall. This data profiling and analysis is unique to Glasgow, and it provides a detailed 'snapshot' of families that will help the council to map and understand the impact of interventions to reduce child poverty.

Source: Audit Scotland using information from Glasgow City Council



Meeting local needs: collaboration and communities

The early response phase showed what could be achieved by working closely with communities and the voluntary sector. This momentum may be lost if they are not involved in shaping recovery.

Collaboration has enabled new relationships and more effective ways of working but communities and local partners need to be more involved in recovery

95. Our report [Local government in Scotland: Overview 2021](#) showed how communities and the voluntary sector were a vital asset in the response phase. Collaborative working enabled vulnerable citizens most in need to be speedily supported through initiatives such as community hubs.

96. In October 2021, Audit Scotland published [Community empowerment: Covid-19 update](#), bringing together the learning points from the community response to the pandemic to help public bodies develop their longer-term approaches to supporting and empowering communities. The briefing outlines key learning points under the five principles for community empowerment: community control, leadership on community empowerment, effective relationships, improving outcomes and accountability.

97. Assistance was most effectively provided in areas where local engagement and collaboration with local groups was already established before the pandemic. Greater flexibility, trusting relationships, relaxation of bureaucracy and autonomy in decision making enabled the public sector to work with communities and voluntary organisations and deploy support quickly. ([Case study 6](#))

Case study 6

Fife Council



Fife Council introduced multi-disciplinary teams to respond to the pandemic. Teams composed of council staff and partners worked well together to respond quickly and effectively to meet the needs of Fife residents. The council is focused on learning from the success of these groups as it aims to 'build back better' and renew its public services. Reforming how it works collaboratively with partners and communities and focusing on people and place is seen as critical to sustaining the sense of common purpose brought about by the pandemic.

As part of the Plan for Fife, the council has established People and Place Leadership Groups across its seven areas. The council sees these groups as an initial step forward from the team working that evolved during the pandemic response. The council sees these groups as a fundamental part of driving community wealth building as the council aims to create a fairer, more socially just economy.

Source: Audit Scotland using information from Fife Council

There is limited evidence of direct community input driving recovery actions and more needs to be done

98. Some councils are seeking the views and experiences of citizens and communities to inform recovery and learn from their experiences ([Case study 2, page 17](#)) ([Case study 7](#)). But there is limited evidence of direct community input driving recovery actions or meaningfully reshaping services.

99. Councils need dialogue and involvement of communities and the voluntary sector in planning service priorities and delivering support to vulnerable groups. More flexible governance and decision-making structures will be needed to make community participation easier.

100. Some councils have set up models of co-production. There are examples of joint work with youth councils to develop services for young people.

Voluntary sector organisations are facing pressures that could threaten their ability to deliver services to vulnerable people who rely on them

101. Throughout the pandemic voluntary sector organisations have lost income, while demand for their services has increased. A Scottish Council for Voluntary Organisations (SCVO) report found that 57 per cent of surveyed organisations saw increased demand for their services while almost half faced financial issues, as uncertainty over annual funding makes it difficult to plan for the future.²⁷

Case study 7

Aberdeenshire Council



Aberdeenshire Council carried out a community impact assessment (CIA) in the summer of 2020. The CIA included an online survey of the local community asking about the impact of the pandemic and the council's response during its early stages. On reporting the findings, the council acknowledged that there was a need for further engagement and feedback from harder-to-reach, more vulnerable groups.

The council then engaged with several groups and individuals most likely to be affected negatively by existing inequalities. The final report, *Aberdeenshire Voices on the Pandemic: Same storm, different boats*, includes insight from low-income households, care home residents, the recovery community and New Scots and volunteers.

The themes covered in the report include digital exclusion, access to food, home-schooling challenges and impacts on mental wellbeing. Local voices from Aberdeenshire have also been included in the national report *If Not Now, When?*, published by the Social Renewal Advisory Board in January 2021.

Source: Audit Scotland using information from Aberdeenshire Council

102. Organisations providing support to children and young people, from early years to youth work services, are also facing barriers to delivering their services.²⁸ A lack of staff capacity, increased demand, and lack of access to premises to deliver services (of those voluntary sector organisations wishing to access local authority premises 65 per cent say they have no access) is affecting delivery of a range of services.

103. A collaborative, place-based approach has been essential in supporting communities during the pandemic and mitigating the harm caused. Voluntary sector organisations have been a vital component of this, and councils and the Scottish Government need to do more to make sure they can continue to deliver services to those that need them.

Councils worked well with their community planning partners in the response phase, but they need clearer plans for the future

104. Councils worked with their partners in planning, sharing data and information, and coordinating the response to the pandemic. Some of this joint working is continuing with community planning partnerships working together to revise their Local Outcomes Improvement Plans to take account of recovery, and this collaborative working should continue.

Case study 8

South Ayrshire Council



South Ayrshire Council worked with partners to provide support to vulnerable communities during the pandemic by creating the Ayrshire Resilience Partnership.

This group included the Ayrshire councils' chief executives, along with representatives from health, police, and fire services. It established close working relationships with business and local voluntary groups to deliver a range of services and support.

Source: Audit Scotland using information from South Ayrshire Council

Meeting local needs: recommendations



Actions for leadership

- While some progress has been made in improving the use of data in decision-making, councils need to have a clear sense of where increased demand and service backlogs exist so that they can identify areas of high risk and direct resources accordingly. This information also needs to be more transparent and publicly available.
- A key priority for councils' recovery and renewal is assessing the impact of the pandemic and service disruption on the most vulnerable and learning from this to inform how they support those most affected and address inequalities. This will need better local data to improve understanding.
- Where councils plan to continue with the changes made to services during the pandemic, they need to conduct impact assessments and consult the community. With the expansion of digital services, councils need to assess and mitigate the impacts of digital exclusion.
- Councils need to ensure that partnership working forged in the pandemic with their communities, partners and the voluntary sector remains in place. They also need to learn what made it work and harness this to transform future engagement. The momentum and energy from communities may be lost if public bodies don't capitalise on what has been achieved.

Endnotes

- 1 [Consultation response: A National Care Service for Scotland](#), Audit Scotland, Nov 2021
- 2 [What is happening with the new Shared Prosperity Fund? – SPICe Spotlight](#), Jun 2021
- 3 [Blueprint for Scottish Local Government](#), COSLA, Sep 2020
- 4 [Public sector leadership on the global climate emergency: guidance](#), Scottish Government, Oct 2021
- 5 [Projected Population of Scotland \(Interim\) 2020-based](#), National Records of Scotland, Jan 2022
- 6 [Life Expectancy in Scotland, 2018-2020: Infographic Summary](#), National Records of Scotland, Sep 2021
- 7 [Healthy Life Expectancy 2018-2020, Infographic Summary](#), National Records of Scotland, Feb 2022
- 8 [LGBF Benchmarking Overview Report 2020-21](#), Improvement Service, Mar 2022
- 9 [Energy Action Scotland news release](#), Mar 2022
- 10 [Covid Recovery Strategy: for a fairer future](#), Scottish Government, Oct 2021
- 11 [Audit Scotland blog: Christie - it really is now or never](#), Oct 2021
- 12 [Elected Member Briefing Note: Community Wealth Building](#), Improvement Service, Sep 2020
- 13 [Improvement Service - Public Service Improvement Framework](#)
- 14 [LGBF Benchmarking Overview Report 2020-21](#), Improvement Service, Mar 2022
- 15 [Scottish local government during Covid-19: Data needs, capabilities, and uses](#), UBDC, May 2021
- 16 [Digital progress in local government](#), Audit Scotland, Jan 2021
- 17 [Fiscal Framework and Local Government letter](#), LGHP committee, Scottish Parliament, Dec 2021
- 18 [Consumer price inflation, UK: Jan 2022](#), Office for National Statistics, Feb 2022
- 19 Society of Personnel and Development Scotland
- 20 [The longer-term shift to hybrid working: Implications for local government](#), LGIU, Oct 2021
- 21 Society of Personnel and Development Scotland
- 22 [Workforce Planning, Improvement Service](#)
- 23 [Report on the impact of the Covid-19 pandemic on equalities and human rights](#), Scottish Parliament, Mar 2021

Endnotes

- 24 Audit Scotland using information from [Achievement of Curriculum for Excellence Levels 2020-21](#); the Improvement Service, [Minutes from the Coronavirus \(COVID 19\): Advisory Sub-Group on Education and Children’s Issues](#) and [Cross Party Group: Children and young people pandemic survey 2022](#), Scottish Parliament, Feb 2022
- 25 Audit Scotland using information from: [PHS delayed discharges census table, January 2022](#); [Briefing: Learning from changes to social care during the Covid-19 pandemic, The Alliance](#); [Covid-19, Social Care and Human Rights, SHRC Monitoring Report](#); [State of Caring report, Carers Scotland news release, Oct 2021](#); [BBC research, February 2022](#); [Health and Sport Committee evidence session, November 2021](#).
- 26 Audit Scotland using information from SLIC and additional data from councils; [LGBF Benchmarking Overview Report 2020-21](#), Improvement Service, Mar 2022 [Libraries in lockdown: Scottish public libraries and their role in community cohesion and resilience during lockdown](#)
- 27 [The Scottish Third Sector Tracker](#), SCVO, Nov 2021
- 28 [Cross Party Group: Children and young people pandemic survey 2022](#), Scottish Parliament, Feb 2022

Local government in Scotland

Overview 2022

Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit:

www.audit-scotland.gov.uk/accessibility

For the latest news follow us on social media or [subscribe to our email alerts](#).



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

ISBN 978 1 913287 78 8

Local government in Scotland

Financial overview 2020/21



ACCOUNTS COMMISSION 

Prepared by Audit Scotland
March 2022



Contents

Chair's introduction	3
Key messages	5
About this report	7
1. Councils' income in 2020/21	8
2. Councils' financial position in 2020/21	15
3. Councils' financial outlook	30

You can find more information on our website:

Exhibits data

Data files are available for [Exhibit 5](#).

Supplement

[Covid-19 funding to Local Government – 2020/21](#)

Audit team

The core audit team consisted of:
Blyth Deans,
Lynne Templeton,
Martin Allan,
Christopher Holgate
under the direction
of Brian Howarth.

Chair's introduction

Our independent overview of council finances 2020/21 covers the first full year that makes clear the impacts of Covid-19. We also look ahead to the medium- to longer-term financial outlook for councils.

That all councils have increased their reserves, boosted by late funding from the Scottish Government to help mitigate the impacts of Covid-19, distracts from the underlying pressures and continued uncertainty on council finances.

The long-term funding position for councils remains uncertain, with significant challenges ahead. This ongoing financial uncertainty for councils is exacerbated by: Scottish Government budget settlements for councils that don't go beyond one year; impacts of an ageing population; shifting and increasing demand for many council services and, alongside this, greater uncertainty over inflationary and other price pressures.

Excluding additional Covid-19 funding, councils have seen a real terms reduction in funding from the Scottish Government of 4.2 per cent since 2013/14. This is a larger reduction than the rest of the Scottish Government budget over the same period.

With increasing amounts of money ring-fenced to meet Scottish Government priorities, it means councils must focus on specific policy areas, rather than the urgent, local priorities they have identified. And while councils have rightly shifted their focus to address the immediate impacts of Covid-19, plans to transform services have slowed.

The absence of a multi-year funding settlement, alongside the ongoing impacts of Covid-19, makes it challenging for councils to plan and budget effectively for the medium and longer term. Robust forward looking financial plans, however, will be key to maintaining financial sustainability, alongside accelerating progress with transformation programmes that have stalled, addressing issues in delivering recurring savings and bringing forward proposals to reduce costs. As Covid-19 uncertainty diminishes, councils should review longer-term planning arrangements.

The pressures on councils that existed before March 2020 continue, yet now with greater intensity. As we reported in our [2021 Local government overview](#) inequalities have been exacerbated and deepened by Covid-19. At the same time, the financial and service demands and stresses on councils have also increased.



Dr William Moyes
Chair of the Accounts
Commission

Councils must manage the ongoing impacts of Covid-19, while looking ahead to local service and economic recovery and transformation, as well as delivering on Scottish Government priorities. This includes ambitions for Early Learning and Childcare, climate change and plans for a National Care Service.

Simply rewinding and trying to return services to pre-March 2020 models and levels of service isn't good enough. How to restart services, deliver differently, save money and empower communities to help redesign and reshape core services, is a massive challenge for all councils. Councils need to undertake this work, involve the communities they serve and partner organisations.

This report, alongside our second overview report (due to be published in May) which will focus on the wider performance and challenges facing local government will, we hope, be a useful analysis and support for both new and returning councillors, and senior officers, as they make difficult decisions over how best to allocate money and resource.

The Accounts Commission will [continue to publish outputs](#) focusing on key issues impacting local councils and communities.

Our ambition is for our independent reporting to support challenge and change across council services.

Key messages

Local government finances 2020/21

- 1** The Covid-19 pandemic persisted throughout 2020/21, with the Scottish Government increasing funding to councils by £1.5 billion to support them in dealing with the impacts of the pandemic.
- 2** When Covid-19 funding is excluded, there has been a real terms underlying reduction of 4.2 per cent in local government funding since 2013/14.
- 3** The underlying increase in Scottish Government funding of £358 million in 2020/21 was 1.1 per cent in real terms. But, over half of this increase is due to specific grants. Ring-fenced funding helps support delivery of key Scottish Government policies but constrains a proportion of the total funding and resources and removes any local discretion over how councils can use these funds.
- 4** Councils' income from customers and clients was affected by Covid-19 restrictions and fell by £0.5 billion.
- 5** In 2020/21, all councils reported surpluses and increased their usable reserves. The total increase in reserves was £1.2 billion (46 per cent). This increase was mainly due to late Covid-19 funding, which was unspent at 31 March 2021.
- 6** Councils administered a further £1.4 billion of Covid-19 grants on behalf of the Scottish Government in 2020/21, putting additional pressure on finance staff across councils.

- 7 Capital expenditure reduced by more than 20 per cent in 2020/21 because of Covid-19.
- 8 Covid-19 pressures contributed to greater and more frequent errors in councils' unaudited accounts.

Medium- and longer-term outlook for local government finances

- 9 Scottish Government capital funding to councils is expected to fall again in 2021/22.
 - 10 Uncertainty over the amount of funding available for Covid-19 recovery at the end of 2020/21 led to difficulties in setting budgets, and many councils established updated Covid-19 budgets in autumn 2021.
 - 11 Covid-19 resulted in revised medium-term financial plans, but longer-term planning will need to be updated as Covid-19 uncertainty diminishes.
-

About this report

- 1.** This report provides a high-level independent analysis of the financial performance of councils during 2020/21 and their financial position at the end of that year. It also looks ahead and comments on the financial outlook for councils in the medium and longer terms. It is one of two overview reports that the Accounts Commission publishes each year. The second report, commenting on councils' response to and recovery from the Covid-19 pandemic, will be published in May 2022.
- 2.** Our primary sources of information for the financial overview are councils' 2020/21 audited accounts, including management commentaries and the 2020/21 external annual audit reports, where available. We have supplemented this with data collected as part of a data set request issued to local auditors in April 2021. We received 22 returns by the deadline in late May 2021, and therefore some of the analysis included in this report is based on the available returns, which are only a sample of the total. The response rate from auditors (69 per cent) was lower than in previous years.
- 3.** The Covid-19 pandemic has again created challenges that have affected the preparation of this report. The rescheduling of audit timetables meant that audited accounts did not require certification until 30 November 2021. Twenty-three sets of accounts were certified by the revised deadline, with a further seven signed off thereafter. As at 1 February 2022, two councils' accounts are still to be certified; therefore, analysis in this report is based on 30 sets of audited accounts and two sets of unaudited accounts.
- 4.** We refer to 'real terms' changes in this report. This means that we are showing financial information from past and future years at 2020/21 prices, adjusted for inflation so that they are comparable. Similarly, where comparisons with 2021/22 are made, we have adjusted for inflation to 2020/21 prices. We use gross domestic product (GDP) deflators to adjust for inflation, which are published quarterly by HM Treasury. GDP deflators are the standard approach adopted by both the UK and Scottish Governments when analysing public expenditure. As a result of the way that GDP is calculated, the increased public spending related to Covid-19 means that (in the short term) annual GDP growth rates are forecast to be volatile. To allow us to continue to provide meaningful comparisons between years, we have changed how we use GDP deflators this year. To compensate for the increased volatility, we have used an average GDP growth rate across 2020/21 and 2021/22 to separate inflation from the changes largely attributable to Covid-19 spending and changes in outputs.
- 5.** We also refer to figures in 'cash terms'. This means that we are showing the actual cash or money paid or received.

1. Councils' income in 2020/21

Key messages

- 1** The Covid-19 pandemic persisted throughout 2020/21, with the Scottish Government increasing funding to councils by £1.5 billion to support them in dealing with the impacts of the pandemic.
 - 2** The underlying increase in Scottish Government funding to councils of £358 million in 2020/21 was 1.1 per cent in real terms. But, over half of this increase is due to specific grants, which are now £710 million. Ring-fenced funding helps support delivery of key Scottish Government policies, such as expanding early learning and childcare services, but constrains a proportion of the total funding and resources and removes any local discretion over how these funds can be used by councils.
 - 3** When Covid-19 funding is excluded, there has been a real terms underlying reduction in local government funding of 4.2 per cent since 2013/14.
-

Total revenue funding and income

Covid-19 had an impact on the whole of 2020/21

6. The global pandemic and consequent restrictions emerged at the end of March 2020 and persisted throughout the 2020/21 financial year. This report is the first Local Government Overview to capture the full-year impact of Covid-19 on local government finances.

Councils' total funding and income increased by £1.8 billion (10 per cent) in 2020/21, mainly as a result of additional Covid-19 funding of £1.5 billion

7. Councils' total revenue funding and income was £20.3 billion in 2020/21, an increase of £1.8 billion (or 10 per cent) on the previous year. Comparing 2020/21 with 2019/20 ([Exhibit 1, page 10](#)) shows that most funding comes from the Scottish Government in both years and illustrates the impact of Covid-19 additional funding on the overall funding of councils (7 per cent of funding received).

8. Additional Covid-19 funding included as part of the General Revenue Grant was £1.3 billion, and additional Covid-19-specific grant funding was £0.2 billion in 2020/21. When this is excluded, total revenue and income increased by £0.3 billion, or 1.6 per cent, compared with the previous year.

Councils' income from customer and client receipts reduced by an average of 25 per cent

9. Scotland wide, the reduction in income from customer and client receipts is estimated at £0.5 billion. Significant income streams were affected by Covid-19 restrictions and measures. Glasgow City and Fife Councils both suffered significant reductions in cultural and community income and car parking income. Orkney and Argyll and Bute Councils identified reductions in pier and harbour income as a direct consequence of Covid-19 travel restrictions. Councils have also experienced reductions in income from school meals, building warrants and trade waste disposal.

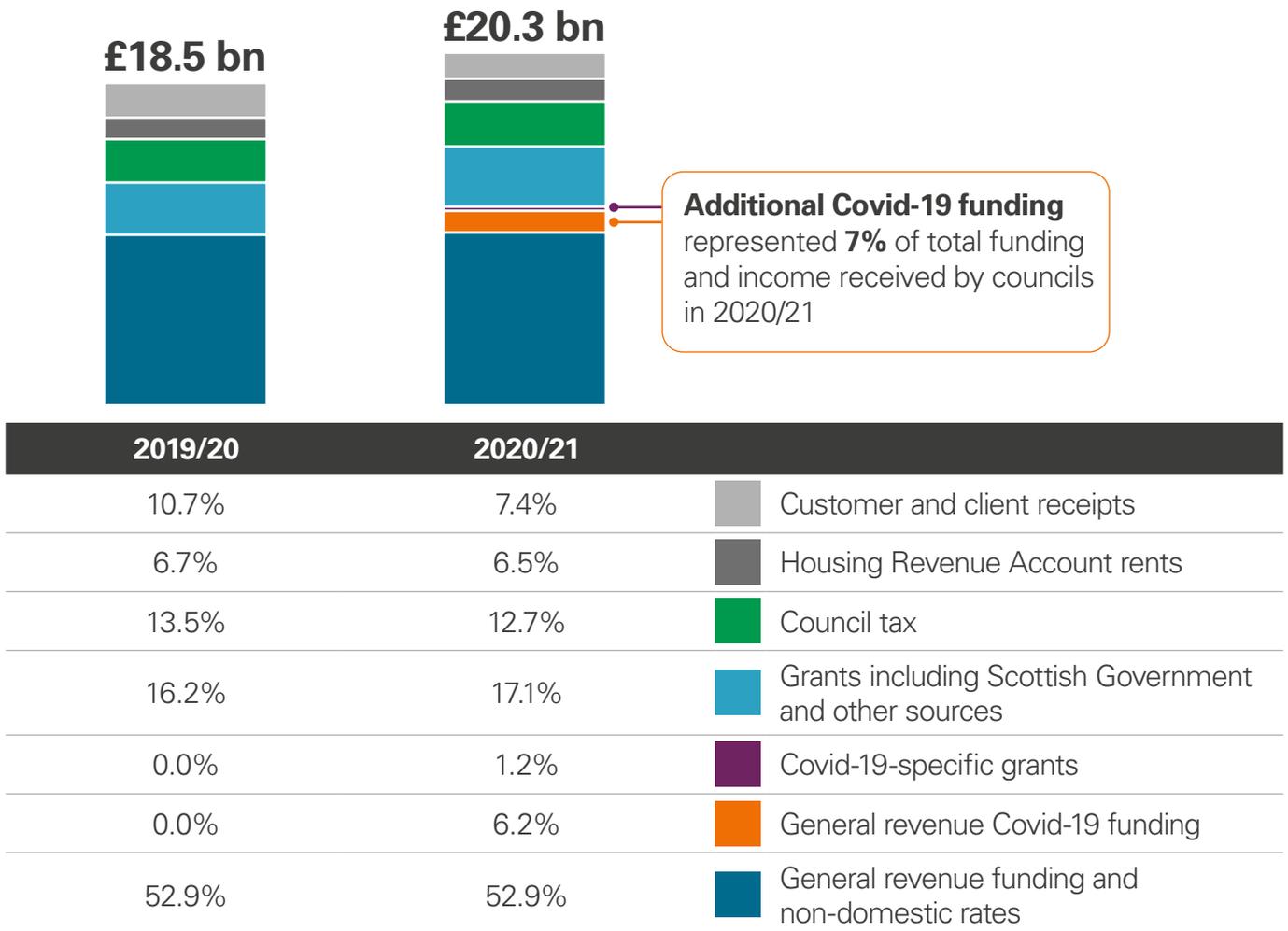
Council tax rates increased by 4.5 per cent in 2020/21

10. All councils raised council tax levels in 2020/21. The average rate increase across Scotland was 4.5 per cent. The lowest increase was 3 per cent in Clackmannanshire, Inverclyde and South Lanarkshire Councils. Twenty councils increased council tax by 4.8 per cent in line with the Scottish Government cap on council tax rate increases.

Exhibit 1.

Sources of funding and income, 2019/20 and 2020/21

Councils' total funding and income increased by £1.8 billion (10 per cent) in 2020/21, mainly as a result of additional Covid-19 funding of £1.5 billion.



Source: Audited financial statements 2019/20 and 2020/21

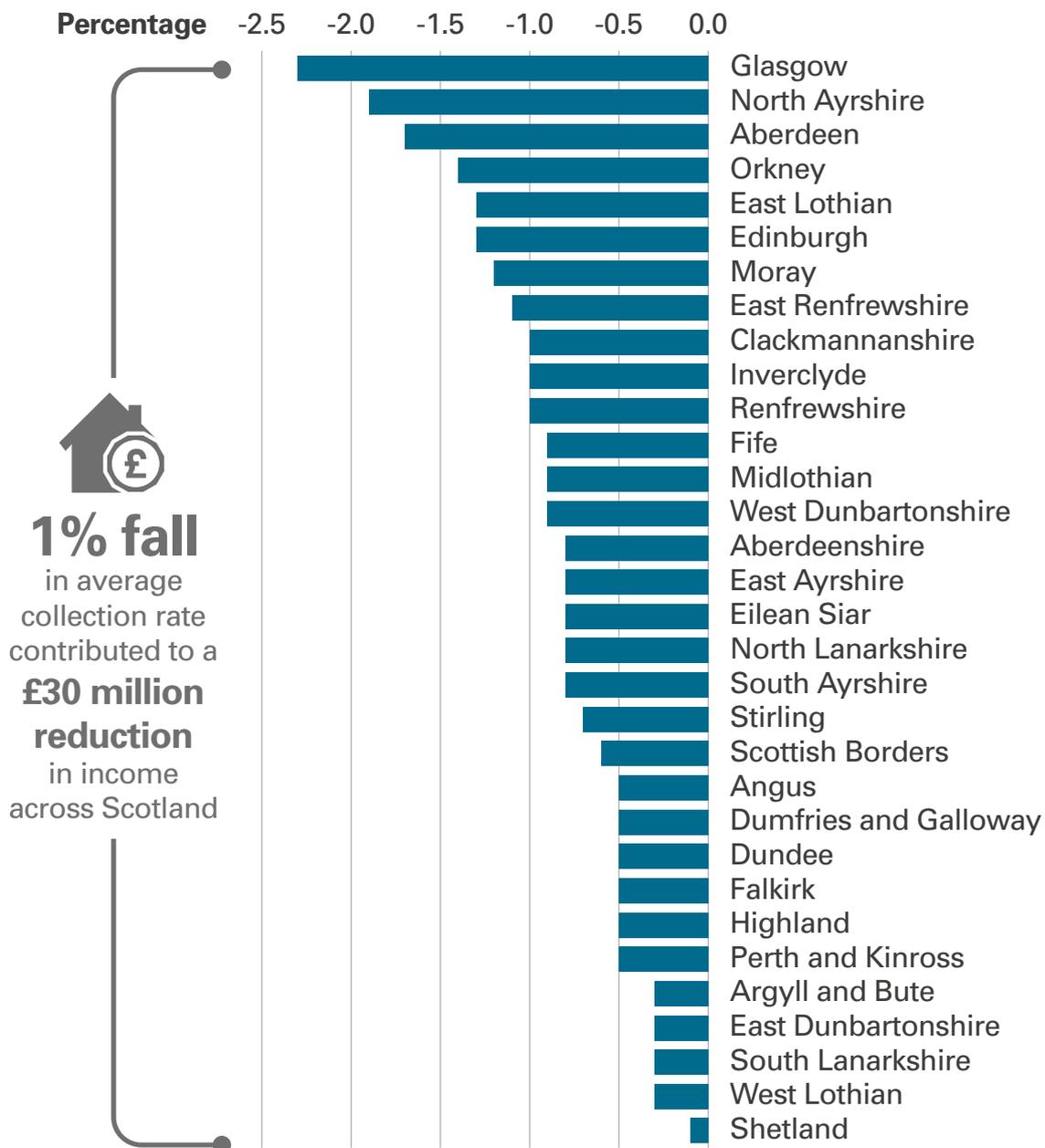
Council tax collection rates across Scotland fell by 1 per cent

11. Council tax debts accumulate over many years. The in-year collection rate (for 2020/21 charges) fell from an average of 95.8 per cent to 94.8 per cent. The 1 per cent fall in collection rate contributed to a reduction in income of £30 million. The total amount of council tax billed, taking account of council tax reductions, was £2.7 billion. Of this total, £2.5 billion was collected by 31 March 2021. Collection rates fell across all councils ([Exhibit 2, page 11](#)), with Glasgow City Council experiencing the largest reduction. Some councils chose to defer or reschedule debt recovery as part of their Covid-19 responses.

Exhibit 2.

Council Tax collection rates

The average Council Tax collection rate across Scotland fell by 1 per cent in 2020/21.



Source: Scottish Government Council Tax Collection Statistics 2020-21, Audited financial statements 2020/21

Scottish Government funding

Scottish Government revenue funding increased by 13 per cent in real terms in 2020/21. This was mainly due to Covid-19 funding of £1.5 billion

12. As noted in [paragraph 7](#), Scottish Government funding forms a significant proportion of the total funding available to local government. The proportion increased from 55.7 per cent in 2019/20 to 58.6 per cent in 2020/21.

13. In 2020/21, total revenue funding from the Scottish Government increased by 15.6 per cent in cash terms and by 13.0 per cent in real terms ([Exhibit 3](#)). Most of this increase was due to additional Covid-19 funding of £1.5 billion, including £1.3 billion of general revenue funding and £0.2 billion of specific grants.

Exhibit 3.

Changes in Scottish Government revenue funding in 2020/21

Scottish Government revenue funding increased by 13 per cent in real terms in 2020/21, although the increase largely relates to additional specific revenue grants and non-recurring Covid-19 funding.

	2019/20 £ million	2020/21 £ million	Cash change %	Real terms change %
General revenue grant and non-domestic rate income	9,811.4	9,967.5	1.6	-0.7
Specific revenue grants ¹	507.7	709.8	39.8	36.6
Non-recurring Covid-19 funding		1,253.5		
Total revenue funding	10,319.1	11,930.7	15.6	13
GRG + NDRI + SRG	10,319.1	10,677.2	3.5	1.1

Note: 1. Includes specific revenue grants for Covid-19.

Source: Finance Circulars 2/2020 and 5/2021 and Scottish Government budget documents.

14. Total revenue funding of £11.9 billion consisted of general resource grant (GRG) funding of £8.1 billion, non-domestic rates (NDR) distribution of £1.8 billion, specific grants of £0.7 billion and non-recurring Covid-19 funding of £1.3 billion.

15. The Scottish Government NDR relief, which was announced in March 2020 to help businesses deal with the impact of Covid-19, resulted in a significant change in the expected income collected from NDR, and this was reflected in the funding given to councils. NDR funding reduced from £2.8 billion in 2019/20 to £1.8 billion in 2020/21. A compensatory increase was given to councils as GRG, as part of a guarantee by the Scottish Government to ensure total funding.

Specific Scottish Government grants contributed to over half of the underlying increase in funding of 1.1 per cent in real terms

16. When non-recurring Covid-19 funding is excluded, the increase in funding from the Scottish Government is 3.5 per cent in cash terms and 1.1 per cent in real terms. The increase in underlying revenue funding was £358 million.

17. In previous overview reports, we identified that increasing amounts of the Scottish Government's total funding to councils is for specific purposes. This trend continued in 2020/21. Over half of the increase was accounted for by specific revenue grants, including an additional £201 million to fund expanding early learning and childcare services. However, the Scottish Government gave councils flexibility in 2020/21 to use the funding for early learning and childcare to support their responses to Covid-19.

18. Specific revenue grants made up 6.7 per cent of recurring revenue funding in 2020/21, up from 4.9 per cent the previous year.

There was a 7 per cent real terms increase in funding to councils in 2020/21, due to Covid-19. However, the underlying decrease is 4.2 per cent since 2013/14

19. Funding from the Scottish Government to local government between 2013/14 and 2020/21 increased by 7.0 per cent in real terms. The Scottish Government received Scottish budget increases for Covid-19 **Barnett consequentials** of £9.5 billion and £1.3 billion was given to councils to support services and Covid-19 responses.

20. Excluding the effect of Covid-19 funding, the underlying cumulative funding position for councils has fallen by 4.2 per cent in real terms since 2013/14 ([Exhibit 4, page 14](#)). This demonstrates that local government funding has been reduced by proportionately more than the rest of the Scottish Government budget over this period. The Scottish Government is committed to protecting the Health Budget which has a direct impact on all other areas of the Scottish Budget, including local government.

Barnett consequentials

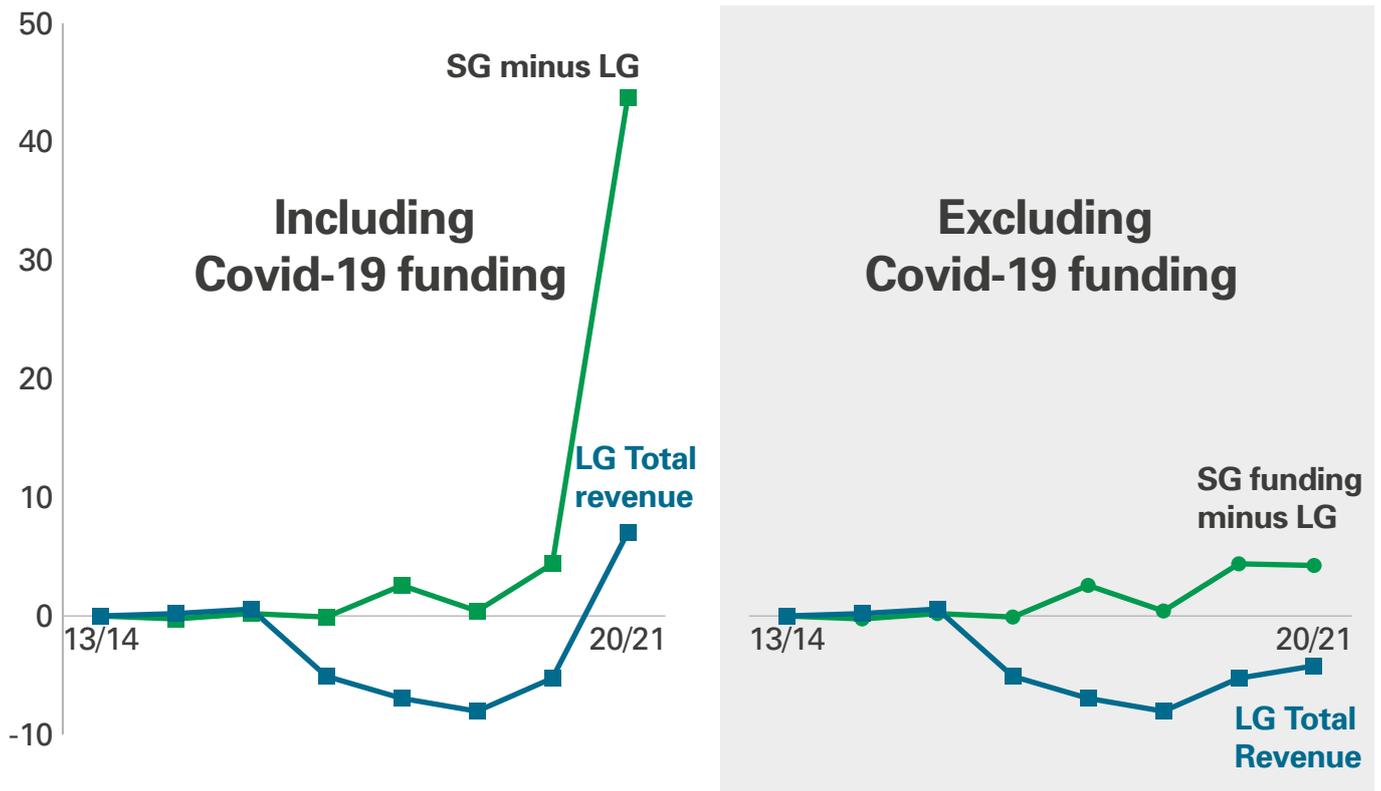
Throughout 2020/21, the UK Government introduced various spending measures to support households, businesses, and public services in recovering from the impact of Covid-19. Some of these spending measures resulted in Barnett consequentials. The Barnett formula is the way the UK Government ensures that a share of additional funding – allocated only to England – is provided fairly to Scotland, Wales, and Northern Ireland.

The formula delivers a fixed percentage of additional funding allocated in England to services which are devolved, but there is no requirement for this additional funding to be spent in the devolved administrations on the services which generated the additional funding. Each devolved administration can allocate these funds as it believes appropriate.

Exhibit 4.

A comparison of real-terms changes in revenue funding in local government and other Scottish Government areas (including and excluding Covid-19 funding)

The second graph shows that, funding from the Scottish Government to local government between 2013/14 and 2020/21 decreased by 4.2 per cent in real terms once Covid-19 funding is removed.



Source: Finance Circular 5/2021 and Scottish Government budget documents

2. Councils' financial position in 2020/21

Key messages

- 1** Savings plans were mostly delivered across councils, but with significant variation.
 - 2** All councils increased their usable revenue reserves, mainly due to late Covid-19 funding which was unspent at 31 March 2021. The total increase was £1.2 billion.
 - 3** Capital expenditure reduced by more than 20 per cent in 2020/21 due to Covid-19.
 - 4** Councils administered a further £1.4 billion of Covid-19 grants on behalf of the Scottish Government. The need to administer payment of these grants quickly to support the local economy put additional pressure on finance staff across councils.
 - 5** Covid-19 pressures contributed to greater and more frequent errors in councils' unaudited accounts. Auditors also reported wider issues relating to Covid-19, including the slowing of progress in some councils' transformation plans, the impact of reduced income on arm's-length external organisations (ALEOs) and what that means for their financial sustainability, identified weaknesses in internal control systems, and adverse impacts on long-term planning and capacity.
 - 6** In line with the recovery in global stock markets, pension fund investments performed well. In addition, the triennial funding position improved.
-

Council budgets and outturn 2020/21

In 2020/21, initial budget gaps were consistent with previous years

21. In 2020/21, councils identified net expenditure of £13.5 billion in initial budgets. These were budgets that were set before the Covid-19 lockdown in late March 2020. The budget gap at the time was £0.5 billion (1.7 per cent), which was consistent with the gap identified in the previous year.

22. Planned savings were the most common way of addressing expected budget gaps in 2020/21, although plans also included reference to income generating activities and reprofiling loan fund repayments to make savings.

Savings plans were mostly delivered across councils, but with significant variation

23. An analysis of a sample of 14 councils identified that, on average, 83 per cent of the planned savings were achieved. However, there was significant variation in how individual councils performed against their savings targets:

- **East Lothian Council** achieved savings of £3.1 million (99 per cent of those budgeted) in 2020/21. However, of this total, only £1 million (35 per cent) of savings were on a recurring basis. Council officers have recognised the risk of not achieving these savings annually and the council is reviewing its budgeted savings.
- **Angus Council** set a Change Programme saving target for 2020/21 of £9 million. The council achieved actual savings of £8.5million (95 per cent).
- **Comhairle nan Eilean Siar**, which planned to make £2.6 million of savings in 2020/21, achieved savings of £1.6 million or 62 per cent. The auditors note that service redesign savings of £1.0 million were not achieved, as resources were reallocated to the council's Covid-19 response.
- **Fife Council** planned to achieve efficiency savings of £13 million and achieved actual savings of £8 million (65 per cent). The shortfall was dealt with by in-year alternative savings, such as alternative cost reductions, unused contingency funding and a change in accounting treatment of loan charges.

24. Non-recurrent savings can include savings made as a result of delays in recruitment due to Covid-19; savings in budget provisions for energy and NDR costs; reduced operational costs arising from the Covid-19 impact on service delivery; and reductions in borrowing costs resulting from lower than anticipated capital spending.

All councils reported surpluses and increased their usable reserves in 2020/21. The total increase was £1.2 billion (46 per cent). This increase was mainly due to late Covid-19 funding, which is earmarked to be spent on Covid-19 recovery activity over the next two financial years

25. All councils increased their total usable reserves at 31 March 2021 to £3.8 billion. This represents an increase of £1.2 billion (46 per cent) on the previous year and includes revenue and capital reserves.

[Exhibit 5 \(page 18\)](#) shows increases in councils' usable reserves during 2020/21.

26. Most of the increase in 2020/21 is in general fund reserves (including Housing Revenue Account, HRA) of £1.1 billion. This is predominantly due to a significant element of Covid-19 funding that was issued to councils very late in the financial year. This contributed to about a 70 per cent increase in reserves held by councils at the end of 2020/21. However, the view of the Convention of Scottish Local Authorities (COSLA) is that this funding is fully committed and most will be spent in 2021/22, with an element carried forward to be spent in 2022/23.

27. The timeline of funding announcements made by the Scottish Government during 2020/21 ([Supplement: Covid-19 funding to Local Government – 2020/21](#)) illustrates the challenges faced by councils in receiving and spending this additional money.

Reductions in expenditure and savings achieved contributed to about 30 per cent of the increase in councils' reserves in 2020/21

28. COSLA notes that, during 2020/21, councils faced challenges arising from a combination of loss of income and additional expenditure and had to manage financial projections without any guarantee of any additional financial support from either the UK or Scottish Governments. As a result, councils took steps to reduce expenditure and achieve budgeted savings where possible to mitigate the impact of the pandemic. As financial support was announced later in 2020/21 some of the short-term measures taken during the year by councils, to manage their budgets, resulted in increases in council reserves due to service underspends. Around 30 per cent of the increase in reserves is attributed to service underspends.

29. Over the same period, it was not possible to progress spending in some policy areas, such as expanding early years services and employability programmes, adding to a short-term increase in the level of reserves held.

Supplement:
**Covid-19
funding to Local
Government
– 2020/21**

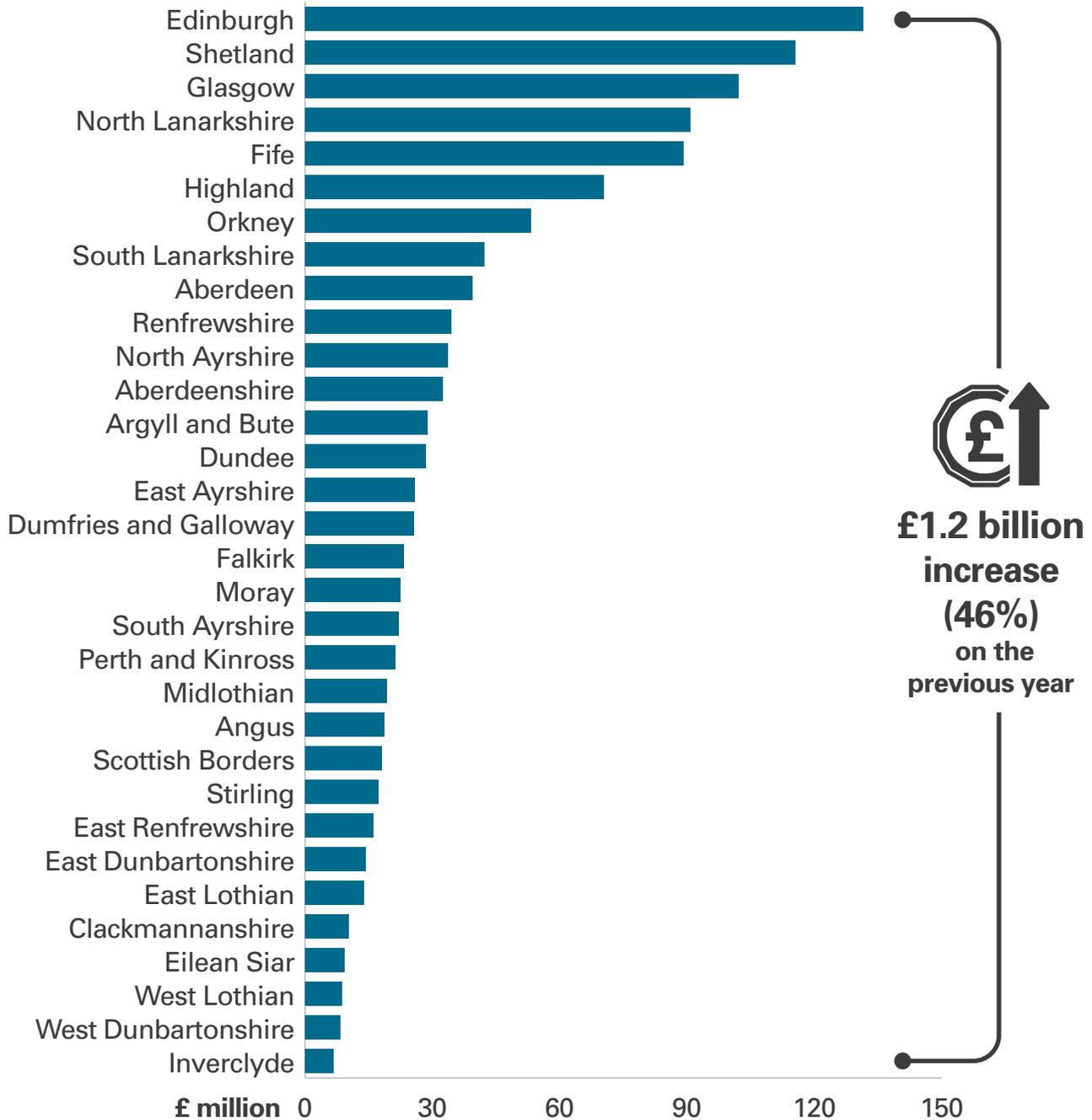
Accounts
Commission
March 2021



Exhibit 5.

Increases in councils' usable reserves during 2020/21

All councils increased their usable reserves.



Note: [Exhibit 5 data](#) available to download on our website.

Source: Audited financial statements 2020/21

Reserves

Most of the increase in the general fund is committed to Covid-19 recovery

30. Exhibit 6 (page 20) shows the nature and value of usable reserves in 2020/21. Within the committed element of the general fund, councils' accounts have not always clearly identified the element arising from Covid-19 funding, but at least £650 million of the increased balance is identified for Covid-19 recovery, and we believe that the actual amount is much higher.

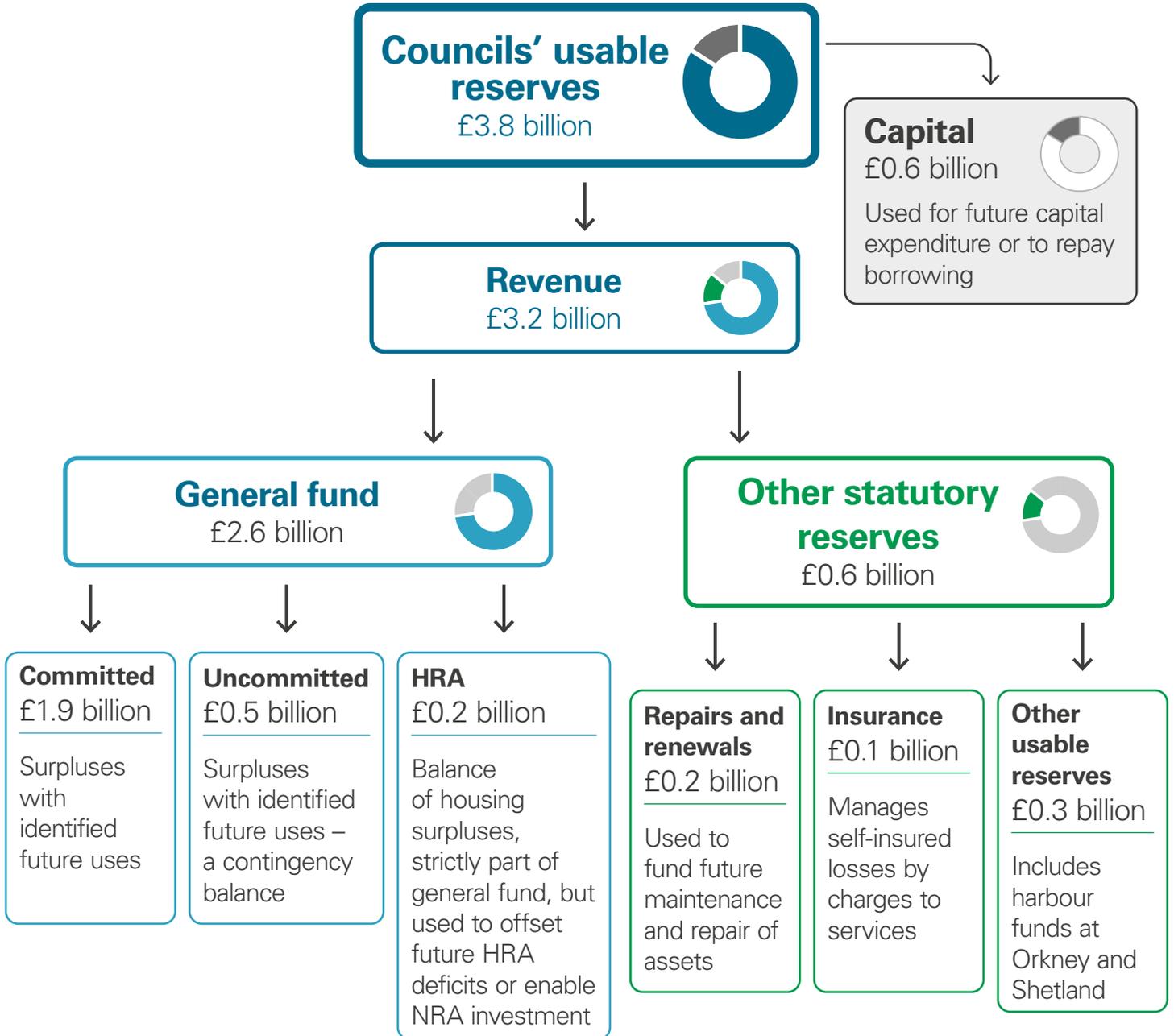
Recommendation

Elements of Covid-19 funding that are being carried forward in general earmarked and unearmarked reserves in the accounts should be clearly identified.

Exhibit 6.

The relative size and nature of councils' usable reserves

In 2020/21, usable reserves held by councils totalled £3.8 billion.



Source: Audited financial statements 2020/21

Capital

In 2020/21 underlying capital expenditure was reduced by more than 20 per cent due to Covid-19

31. Capital spending across Scotland fell by £1.2 billion in 2020/21, from £3.6 billion in 2019/20 to £2.4 billion. Glasgow City Council's **sale and leaseback transactions** in 2019/20, as part of its equal pay funding strategy, account for £0.5 billion of this reduction. The overall reduction in capital expenditure in 2020/21, net of Glasgow City Council, was still £0.7 billion (22 per cent, based on £3.1 billion underlying spending last year).

32. Auditors reported that Covid-19 restrictions had a significant adverse impact on the cost and delivery of capital projects in 2020/21. In many cases, capital plans were revised to reflect lockdown and the impact of social distancing and other suppression measures that contributed to delays in construction for a large part of 2020/21.

33. Twenty-six councils (81 per cent) reported reduced capital expenditure. Only six councils spent more on their capital programmes in 2020/21 than in 2019/20. The average decrease was 31 per cent. Significant slippage against capital programmes was also noted at some councils in 2020/21:

- **Dundee City Council:** Capital works of £47 million were completed during 2020/21, against an approved capital programme of £107 million (£75 million general fund projects and £32 million HRA projects). This represents slippage against the original plan of 56 per cent, but this is largely attributable to the impact of Covid-19 in the early part of the year. Multiple projects contribute to the significant slippage recorded and span all services areas, including housing, education, cultural and related services and environmental services.
- **East Lothian Council:** Total capital expenditure in 2020/21 was £56.9 million, relative to a budget of £98.1 million, of which £35.7 million related to general fund projects and £21.2 million to the HRA. This represents slippage against budget of 42 per cent. The underspend is almost entirely due to delays caused by Covid-19 lockdown periods and suspended construction projects.

The number of new houses completed fell by 92 per cent in the first quarter of 2020/21, because of Covid-19, but recovered over the year

34. Local authority housing completions fell by 92 per cent in the first quarter of 2020/21 to 34 from 446 in the first quarter of 2019/20. This was a direct result of the first lockdown and restrictions in response to the Covid-19 pandemic. This significant level of reduction was mirrored across all housing sectors in Scotland. Completions returned to pre-lockdown levels in the second quarter, once initial lockdown restrictions were removed, and continued to recover in the third quarter. In total, 537 completions were reported in 2020/21, an increase of 57 per cent on 2019/20 ([Exhibit 7, page 22](#)).

Sale and leaseback transactions

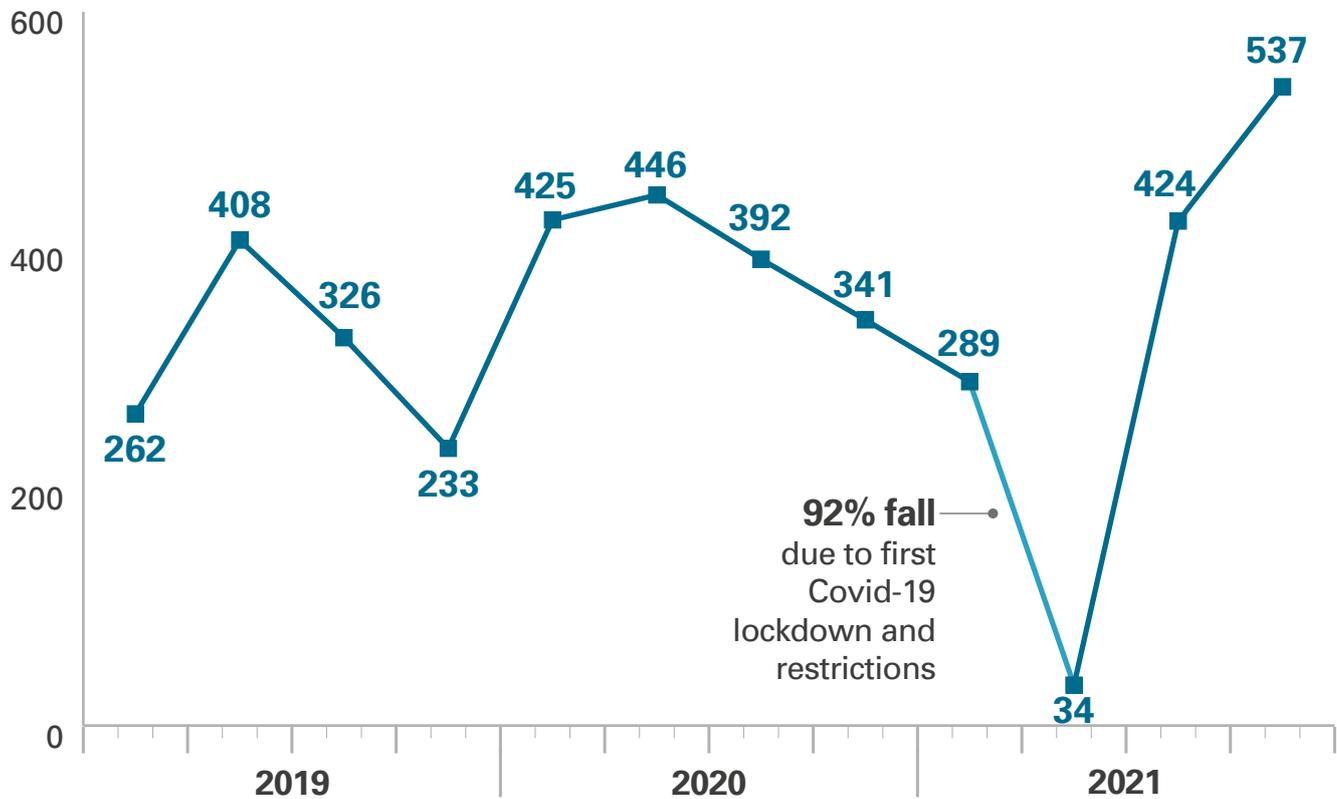
Glasgow City Council included a provision for equal pay costs in 2018/19 and during 2019/20 settled the majority of outstanding equal pay claims. The £500 million cost of settlement was met by a sale and leaseback funding strategy that raised £549 million. Our analysis in 2020/21 has been adjusted to reflect this artificial inflation of capital expenditure in 2019/20.

Exhibit 7.

Quarterly Local Authority Housing Completions

Local authority completions fell by 92 per cent in the first quarter of 2020/21.

Number of new houses completed by local authorities



Source: Scottish Government housing statistics quarterly update: December 2021

Capital costs increased in 2020/21, largely as a result of Covid-19

35. Fourteen of the 20 councils that we reviewed noted increased capital project costs in 2020/21, largely because of the impact of the Covid-19 pandemic. The key factors included increases in the cost of raw materials, supply chain delays and inflation associated with delayed contracts.

The main sources of capital financing are still government grants, but internal loan fund repayments from council services have reduced

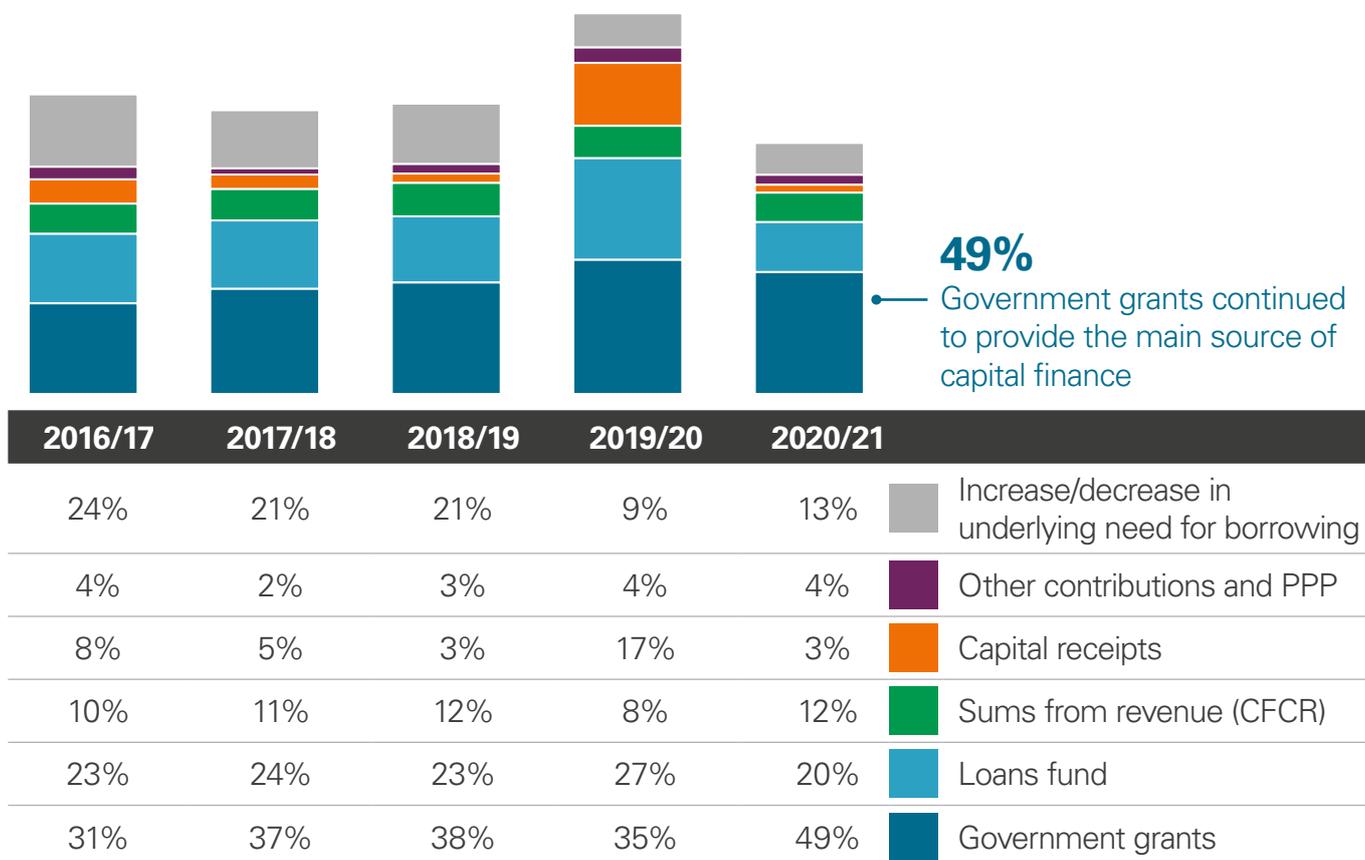
36. Government grants continued to provide the main source of capital finance (49 per cent). The amounts financed from internal loan fund repayments reduced from 27 per cent in 2019/20 to 20 per cent in 2020/21 ([Exhibit 8, page 23](#)).

37. The reduction in this internal source of capital finance might be the result of rescheduling loan fund repayments, reducing the amount available to reinvest in capital.

Exhibit 8.

Capital expenditure analysed by source of finance 2016/17 to 2020/21

Total capital expenditure fell and 49 per cent was financed by government grants.



Source: Audited financial statements 2016/17 – 2020/21

Net debt has fallen by £1 billion

38. Total net debt (total debt less cash and investments) fell across councils by £1 billion, or 5.7 per cent, between 2019/20 and 2020/21, to £16 billion. Only seven councils' net debt increased in 2020/21.

39. The most significant element of this change is the increase in cash and investment balances: unspent Covid-19 funding received late in 2020/21 contributed £720 million to the decrease in net debt.

The wider impacts of Covid-19

Councils did not use the additional financial flexibilities granted to respond to Covid-19

40. Councils were given an additional package of [spending powers](#) and financial flexibility to respond to Covid-19 in 2020/21. However, of a sample of 22 councils, none used them in 2020/21.

41. Ten of the councils in the sample intend to use funding flexibilities in 2021/22. Some councils intend to use multiple flexibilities. Our analysis indicates that nine councils plan to defer internal loan fund repayments, five councils intend to extend debt repayment periods and two councils plan to use capital receipts to meet one-off revenue pressures arising from Covid-19.

Councils administered a further £1.4 billion of Covid-19 grants on behalf of the Scottish Government in 2020/21

42. Councils administered a further £1.4 billion of Covid-19 grants on behalf of the Scottish Government in 2020/21 and acted as agents in administering and disbursing these grants to businesses and individuals. The income and expenditure relating to these grants was not included as income or expenditure in the accounts reflecting the councils' position as paying agents.

43. Some council auditors reported that the additional administrative burden put additional pressure on council finance staff. The auditors of Orkney Islands Council noted that managing the volume and complexity of the various Covid-19 support schemes was challenging for finance staff. Furthermore, the auditors of North Lanarkshire Council found that the council's second officer checks of council tax and NDR discounts and reliefs were paused for a period during 2020/21, as staff were diverted to process Covid-19-related business grants.

44. Across Scotland, councils were under pressure to administer payment of these grants within a very short period of time to support the local economy. Our report *Scotland's economy: Supporting businesses through the Covid-19 pandemic*, due to publish in March 2022, considers the work undertaken by the Scottish Government and councils to minimise fraud risk involved in making these payments. This included placing reliance on councils' existing internal control environments to ensure eligibility of applications. Council auditors did not report any weaknesses in control in relation to these payments in 2020/21 annual audit reports.

**Supporting local
government
recovery**

**Scottish
Government**

October 2020



Covid-19 contributed to greater and more frequent errors in councils' unaudited accounts

45. The Local Authority (Scotland) Accounts Advisory Committee (LASAAC) issued guidance on the accounting treatment and disclosure requirements expected for grants and for the accounting of personal protective equipment. This guidance was issued to councils in June, after unaudited accounts had already been prepared.

46. The majority of council auditors reported errors in the accounting treatment of these unusual transactions in the unaudited annual accounts, but councils made appropriate adjustments to reflect Scottish Government and LASAAC guidance.

47. Auditors also noted some wider issues including errors in asset valuations and the consolidation of group accounts. An increase in the number of errors identified may be linked to the challenges faced by council finance teams working remotely and faced with the additional responsibilities that arose during the Covid-19 pandemic.

Auditors reported issues with transformation plans, support for ALEOs, weaknesses in internal controls, and impacts on long-term planning and capacity due to Covid-19

- **Progress with transformation plans:** Covid-19 slowed progress in transformation and savings plans at some councils in 2020/21. For example, service redesign savings of £1 million were not achieved at Comhairle nan Eilean Siar because resources were reprioritised in response to Covid-19. Similarly, East Dunbartonshire Council's auditor noted that planned efficiency and transformation savings were not fully achieved in 2020/21, due to Covid-19, but that the shortfall was met by budget underspending. Fife Council's transformation programme has also been adversely affected by Covid-19.
- **Funding of leisure ALEOs:** East Dunbartonshire Council supported the East Dunbartonshire Leisure and Culture Trust (EDLCT) through its Covid-19 challenges to ensure the sustainability of its services. EDLCT experienced a significant drop in its income because its facilities were closed in response to Covid-19 and reported a loss of £4.7 million for 2020/21. The council provided additional funding to EDLCT in 2020/21 for vaccination costs (£0.3 million) and loss of income (£0.7 million), as well as letters of comfort to ensure the trust's financial sustainability. Other auditors reported similar support for leisure trusts.
- **Improvements required in internal controls:** The auditors of Glasgow City Council highlighted areas where improvements in internal controls are needed. These were in relation to journal authorisation, checks on discounts on council tax and NDR and on housing benefits, and key system user access. Changes in business operations and working circumstances because of Covid-19 are

likely to have contributed to the weaknesses identified. Covid-19 also had a significant impact on staff capacity and the control environment at Clackmannanshire Council. Auditors concluded that introducing remote working and additional duties and reprioritising tasks had a significant impact on staff capacity to undertake routine tasks on time. This affected the control environment, with several control weaknesses identified that needed a change in the audit approach. Substantive testing was increased to enable the auditors to obtain the required audit assurances.

- **Long-term financial planning:** Some councils have updated their long-term financial plans to reflect the ongoing impact of the Covid-19 pandemic. These plans cover a 10-year period and are in place at Argyll and Bute Council, Comhairle nan Eilean Siar, Inverclyde Council, North Ayrshire Council and West Dunbartonshire Council. The auditors of Dundee City Council note that, although a long-term financial strategy was approved in August 2019, this will now need to be revised to reflect the longer-term financial impact of Covid-19. Auditors note similar findings at Glasgow City Council, Orkney Islands Council and South Lanarkshire Council.
- **Workforce capacity challenges:** Auditors at nine councils reported issues relating to workforce capacity in 2020/21. For example, Angus Council's payroll team faced additional pressures because of staff absences; Comhairle nan Eilean Siar has faced challenges in recruiting a new director for assets, finance and resources; and Dundee City Council faced additional workload challenges caused by a number of changes in key finance staff, administrative problems presented by the Covid-19 support schemes, sickness absence and the impact of remote working.

Local government pension funds

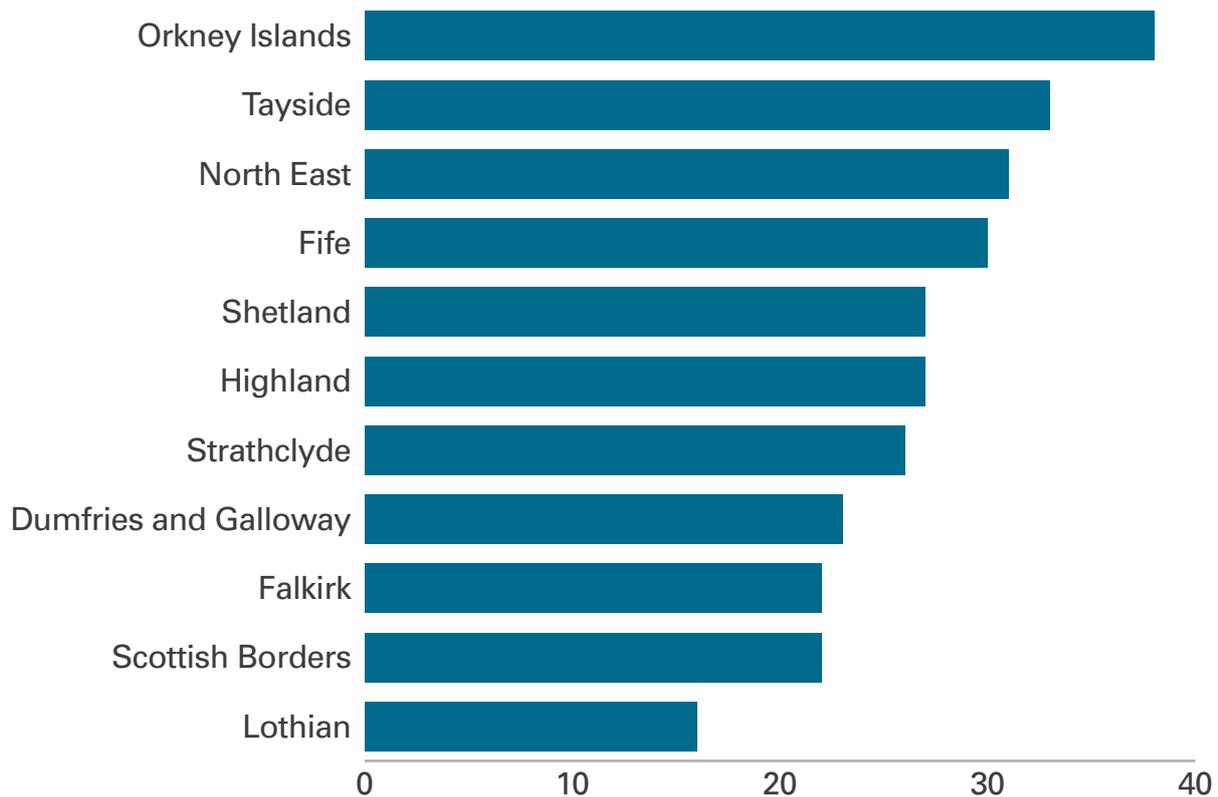
Pension fund investment returns improved in 2020/21 following initial market reactions to Covid-19 in the last quarter of 2019/20

48. The 11 main Scottish local government pension funds experienced positive investment returns in 2020/21. The annual return was between 15.6 per cent and 38.3 per cent in individual funds, based on the average assets position ([Exhibit 9](#)). The improvement in asset valuations during 2020/21 followed the global impact on investment values due to Covid-19 in the last quarter to 31 March 2020.

Exhibit 9.

Investment returns based on average assets in Scottish Pension Funds 2020/21

2020/21 investment returns were positive for all funds.



Source: Audited accounts of the Pension Funds 2020/21

Funds tended to outperform their benchmarks

49. In the majority of funds, the overall investment returns outperformed their individual annual benchmarks to 31 March 2021. Fund benchmarks and annual returns reflect the investment strategy of each fund. Funds' investment strategies and exposure to market volatility and risk will differ.

The triennial funding valuation at 31 March 2020 showed improved funding positions for most funds with a number showing funding levels of more than 100 per cent

50. The triennial funding valuation took place across Local Government Pension Scheme pension funds on 31 March 2020. The main purpose of the valuation is to review the financial position of each fund and to set appropriate contribution rates for each employer for the upcoming three-year period.

51. Overall, the funding position has improved across Scotland. Nine of the 11 pension funds showed an improved funding position compared with 2017, with the biggest increase noted at Lothian Pension Fund (98 per cent funded in 2017; 106 per cent funded in 2020).

52. Seven funds show funding levels of more than 100 per cent. These range from 118 per cent in Orkney Islands Council Pension Fund to 100 per cent at Highland Pension Fund. Not all pension funds were fully funded, however. Funding levels of 92 per cent were noted at Dumfries and Galloway Pension Fund and at Shetland Islands Council Pension Fund.

Financial management and transparency

Management commentaries in councils accounts have improved, but many are still not complying with previous recommendations on transparency

53. In previous Local government in Scotland: Financial overview reports we highlighted three key aspects in assessing whether financial reporting is transparent in the management commentaries:

- Is the outturn against budget position for the year clearly shown, and are the reasons for significant variances obvious?
- Is the outturn reported in the narrative reconciled to the movement in the general fund contained in the financial statements, and are major differences explained?
- Is progress against agreed savings reported?

54. Our review of 2020/21 management commentaries found that:

- Argyll and Bute Council, City of Edinburgh Council, Comhairle nan Eilean Siar, Fife Council, South Lanarkshire Council, Stirling Council and West Dunbartonshire Council included these key aspects of transparency in their management commentaries.
- Nearly all councils reported their year-end outturn, but six councils did not explain significant variances from budget.
- Only nine councils reported progress against agreed savings.

Recommendation

We recommend again that councils review and improve how they comply with these key expectations of transparency

Most councils identified the financial impact of Covid-19 in their management commentaries

55. We also considered the extent to which management commentaries for 2020/21 included detail of the impact of Covid-19 on councils' financial positions and governance arrangements. Most councils included good coverage of this in the management commentary, particularly on the total cost of Covid-19, additional funding provided and the distribution of business support grants on behalf of the Scottish Government.

3. Councils' financial outlook

Key messages

- 1** Uncertainty over the amount of funding available for Covid-19 recovery at the end of 2020/21 led to difficulties in setting budgets, and many councils established updated Covid-19 budgets in autumn 2021.
 - 2** Initial Scottish Government revenue funding in 2021/22 has increased by 1.1 per cent in real terms.
 - 3** Covid-19 resulted in revised medium-term financial plans, but longer-term planning will need to be updated as Covid-19 uncertainty diminishes.
 - 4** Scottish Government capital funding in 2021/22 is expected to fall again. This may have a significant adverse impact on councils' investment plans.
 - 5** The long-term funding position for councils remains uncertain, with significant challenges ahead as councils continue to manage and respond to the impact of Covid-19 on their services, finances and communities.
 - 6** In the longer term, uncertainty creates challenges for councils as they seek to address cost and demand pressures that existed before the impact of Covid-19, as well as develop long-term plans with their partners to address complex issues such as child poverty and inequalities, to improve economic growth and to deliver Scotland's net zero ambitions.
-

Budgets for 2021/22

The uncertainty over the funding position for Covid-19 at the end of 2020/21 led to issues in budget setting and many councils established Covid-19 budgets in autumn 2021

56. Councils approved net expenditure budgets of £13.8 billion for 2021/22, including a budget gap of £0.2 billion (or 1.5 per cent). Many budgets were set before the full impact of Covid-19 funding was known in 2020/21, and some councils set their budget over more than one meeting due to changing financial position on funding.

57. As Covid-19 funding was not incorporated into initial council budgets for 2021/22, many councils presented additional 'Covid-19 budgets' in autumn 2021. Of a sample of 22 councils, only five (or 23 per cent) reported that they have updated their reserves policy because of changes resulting from Covid-19.

Recommendation

We expect councils to agree spending plans and timescales for Covid-19 recovery reserves with the relevant decision-making committee.

All councils froze council tax for 2021/22

58. The Scottish Government made a grant offer conditional on all councils agreeing to freeze their council tax at 2020/21 levels. All councils agreed to accept this offer and froze council tax for 2021/22.

Many councils continue to present multi-year indicative budgets

59. Sixteen councils presented multi-year indicative budgets in 2021/22. In four councils (Aberdeen City, Aberdeenshire, Scottish Borders and Stirling) budgets cover the next five years, and the others cover two or three years.

Financial pressures in 2021/22 budgets

The 2021/22 budget papers contained some common themes in the pressures that councils identified

60. Councils consistently identified short- and long-term cost pressures in their initial 2021/22 budget papers, including:

- costs associated with restarting services after restrictions have ended
- inflation
- increased pay awards
- demand pressures, particularly population and demographic changes
- pressure on capital budgets
- financial sustainability challenges for ALEOs.

61. Further commentary on the future funding position of councils and the associated challenges is included at [paragraphs 70 to 73](#).

2021/22 funding settlement

Excluding Covid-19 funding, initial Scottish Government revenue funding in 2021/22 has increased by 1.1 per cent in real terms. However, when non-recurring Covid-19 funding is included, total revenue funding has fallen by 7.4 per cent in real terms

62. The initial local government revenue settlement from the Scottish Government in 2021/22, excluding non-recurring Covid-19 funding, increased by 3.4 per cent (cash terms) from 2020/21 to £11.0 billion. This was a real terms increase of 1.1 per cent ([Exhibit 10](#)).

63. Non-recurring funding related to Covid-19 has fallen from £1.3 billion in 2020/21 to £0.3 billion in 2021/22. As a result, total revenue funding has fallen by 7.4 per cent in real terms from £11.9 billion in 2020/21 to £11.3 billion in 2021/22.

Exhibit 10.

Changes in Scottish Government initial revenue funding in 2021/22

	2020/21 £ million	2021/22 £ million	Cash change %	Real terms change %
General revenue grant and non-domestic rate income	9,967	10,267	3.0	0.6
Specific revenue grants	710	776	9.3	6.8
Revenue funding excluding Covid-19	10,677	11,043	3.4	1.1
Non-recurring Covid-19 funding	1,254	259	-79.3	-79.8
Total revenue funding	11,931	11,302	-5.3	-7.4

Source: Finance circulars 05/2021 and Scottish Government Budget documents

Medium- and long-term financial planning

Covid-19 resulted in revised medium-term financial plans, but longer-term planning will need to be updated as Covid-19 uncertainty diminishes

64. Auditors have reported greater uncertainty in current financial planning arrangements at councils because of Covid-19. All councils will now need to revise medium-term financial plans to reflect additional financial pressures and updated funding arrangements and to account for updated savings requirements and financial assumptions.

65. Of a sample of 22 councils, all have a medium-term financial plan in place that covers a 3-5 year period. Only 19 councils review the plan annually.

66. Fifteen of the 22 councils sampled have a longer-term financial plan in place (covering a period of over five years), but many now need updated. The continuing uncertainty and related challenges created by Covid-19 mean that councils have concentrated on revising medium-term financial plans during the recovery from the pandemic. As the uncertainty created by Covid-19 diminishes, councils should update their longer-term financial plans to reflect this. It is also important that councils take account of their overarching recovery strategies in the longer term.

67. Most medium-term financial plans included in our sample contained details of savings and targets, cost pressures, updates on Scottish Government funding levels and scenario planning for the future. We noted gaps, however, in some medium-term financial plans in that key areas and risks, such as Scottish Government settlement updates, staff costs, demographics and inflation, are set out but not quantified.

Recommendation

All councils will now need to revise medium-term financial plans to reflect additional financial pressures and updated funding arrangements and to account for updated savings requirements and financial assumptions.

Councils should also review longer-term planning as Covid-19 uncertainty diminishes.

Capital funding

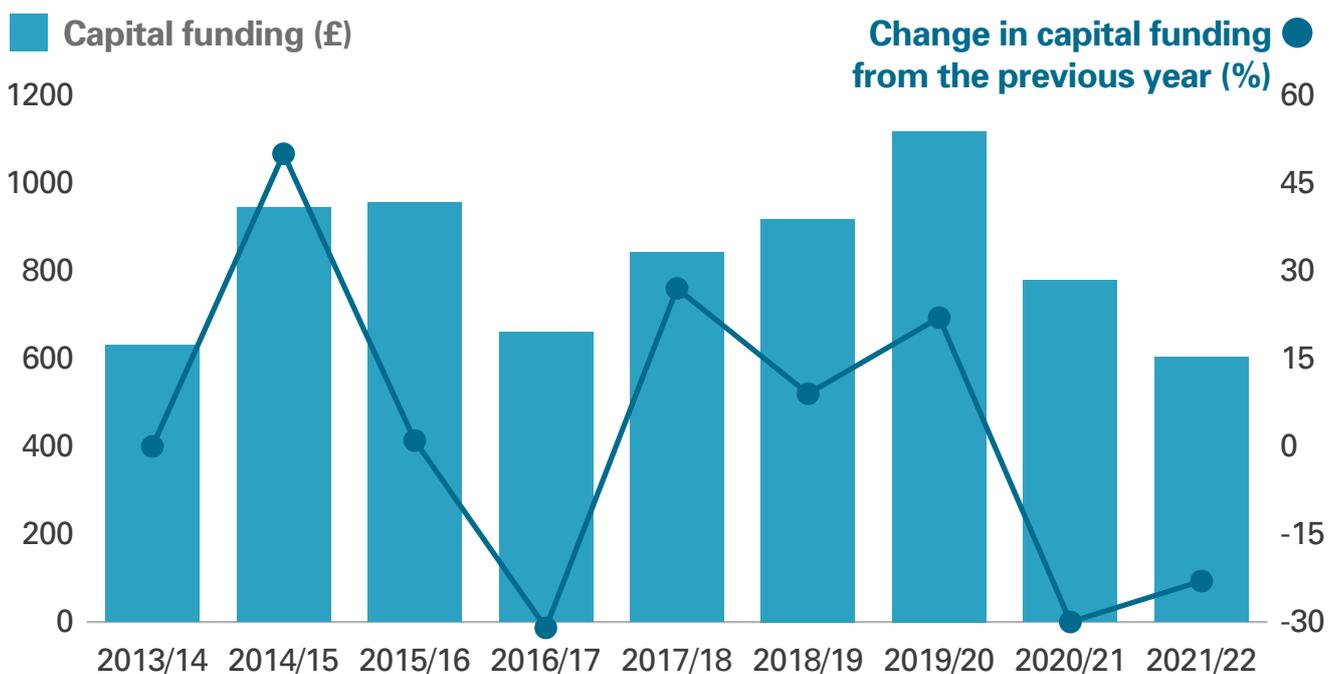
Scottish Government capital funding in 2021/22 is expected to fall again

68. The local government capital settlement in 2021/22 decreased from £0.8 billion in 2020/21 to £0.6 billion. Capital funding increased significantly up to 2019/20 before falling in 2020/21 and 2021/22 (33 per cent increase between 2017/18 and 2019/20 when capital funding was £1.1 billion). Total capital funding has fallen to a level below that in 2013/14 in real terms ([Exhibit 11](#)).

Exhibit 11.

Real terms capital funding between 2013/14 and 2021/22

Scottish Government capital funding in 2021/22 is decreasing by 23 per cent



Source: Finance circulars 05/2021 and Scottish Government budget documents

The fall in capital funding may have a significant impact on councils' investment plans

69. Reductions in capital funding may have a significant adverse impact on councils' investment plans. This may create a risk that the progress of crucial transformation activity will be restricted. This is of significant concern at a time when councils will face challenges in supporting communities and local economies to recover from the impact of Covid-19, as well as taking on other local priorities and national policy commitments.

Longer-term financial challenges

Councils' future funding position remains uncertain, with many challenges ahead

70. The funding settlement from the Scottish Government to councils continues to be provided on an annual basis. This makes it challenging for councils to plan and budget effectively for the medium and longer term and creates uncertainty over future funding. COSLA expects that the impact of the Covid-19 pandemic will last for many years and that continuing loss of income and additional expenditure will be a concern for all councils. Managing reserves and medium and longer-term financial planning will continue to be key to maintaining financial sustainability.

71. COSLA also expects that uncertainty over the continuity of Covid-19 funding in future years will bring substantial challenges to councils in developing effective medium and longer-term financial plans. As Covid-19 funding reduces, councils will need to accelerate progress with transformation programmes that have stalled, address issues in delivering recurring savings and bring forward proposals to reduce costs to maintain financial sustainability.

72. Although councils' reserves increased significantly in 2020/21, large parts have been earmarked for specific purposes, such as economic recovery, business transformation and, in some cases, balancing budgets, as part of a longer-term financial strategy. This therefore limits councils' flexibility to respond to unforeseen challenges and circumstances that may arise.

73. The requirement for councils to plan and deliver new ways of working across services, the need to meet carbon reduction targets to mitigate climate change and the potential impact of a national care service on councils' finances and service viability further exacerbate this challenge. We intend to comment further on this as part of our Local government in Scotland: Overview 2022 report, due for publication in May 2022.

The Scottish Government and COSLA are discussing the extent of ring-fencing in the local government budget

74. The provisional Scottish local government finance settlement for 2022/23 was published on 20 December 2021. This set out that a total of £12.5 billion will be distributed to local authorities in 2022/23. However, a final figure has yet to be established as the Scottish Budget process continues.

75. Almost £1.4 billion of the local government settlement is being transferred from other portfolios. As noted in our recent Scottish Budget 2022/23 briefing, the Scottish Government regards this funding as general revenue grant, available to allocate to local needs and priorities, and considers specific revenue grants the only element of the revenue

settlement that is ring-fenced. COSLA contests this view and claims that revenue funding transferred from other portfolios is ring-fenced for implementing a specific policy and comes with conditions setting out how it should be used.

76. The [Scottish Parliament Information Centre notes](#) that, if specific revenue grants are the only part of funding that is considered ring-fenced, then ring-fenced funds as a proportion of total revenue grew from 2.7 per cent in 2018/19 to 6.6 per cent in 2022/23. However, if COSLA's definition of ring-fencing is used, namely specific revenue grants plus revenue transferred from other portfolios, then ring-fenced funding as a proportion of total revenue grew from 4.0 per cent in 2018/19 to 17.9 per cent in 2022/23.

77. As we have noted earlier in the report, ring-fenced funding helps support the delivery of key Scottish Government policy initiatives but constrains a proportion of councils' total funding and removes any local discretion over how these funds can be used. The Scottish Government and COSLA continue to discuss this.

**Local Government
Finance: Budget
2022-23 And
Provisional
Allocations to
Local Authorities**

Scottish
Parliament
Information Centre

January 2022



Local government in Scotland

Financial overview

2020/21

Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit: www.audit-scotland.gov.uk/accessibility

For the latest news follow us on social media or [subscribe to our email alerts](#).



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

ISBN 978 1 913287 73 3

The National Fraud Initiative in Scotland 2022

**EMBARGOED UNTIL
00.01 HOURS
THURSDAY
18 AUGUST 2022**

 **AUDIT SCOTLAND**

Prepared by Audit Scotland
August 2022

Key messages

The National Fraud Initiative (NFI) is a counter-fraud exercise which aims to prevent and detect fraud. The exercise operates across the UK public sector and includes 132 public bodies in Scotland. The NFI shares and matches data held by public bodies and helps confirm that services and payments are provided to the correct people. See [Appendix 1](#) for more information about the NFI exercise.

- 1 The 2020/21 NFI exercise has identified **outcomes** valued at £14.9 million ([see page 4](#)).
- 2 The cumulative outcomes from the NFI in Scotland since 2006/07 are now £158.5 million. Across the UK, the cumulative total of NFI outcomes are now £2.4 billion ([see page 4](#)).
- 3 The overall level of fraud identified by the NFI has fallen since our last report. Outcomes from the Scottish NFI exercise fell by £0.4 million in 2020/21, from £15.3 million in 2018/19. The reduction in outcomes could be due to less fraud and error in the system, strong internal controls or due to some key data sets from previous exercises not being included in the latest exercise ([see page 4](#)).
- 4 Data sharing enables matches to be made between bodies and across national borders. Data submitted by Scottish bodies for the 2020/21 NFI exercise helped other organisations in Scotland and across the UK to identify outcomes of £1.2 million ([see page 17](#)).
- 5 Most bodies that participate in the NFI continue to demonstrate a strong commitment to counter fraud and the NFI ([see page 18–19](#)). However, a lower percentage of participating public bodies managed their roles in the 2020/21 NFI exercise satisfactorily compared to the 2018/19 NFI exercise.
- 6 Pilot work to look at potential data matches for future NFI exercises identified £2.2 million in incorrect non-domestic rates relief. The pilot work also identified one £25,000 fraudulent Covid-19 grant payment and 1,737 national entitlement travel cards which should have been cancelled ([see pages 20–23](#)).

An NFI **outcome** describes the overall amounts for fraud, overpayments and error that are detected by the NFI exercise as well as an estimate of future losses that it prevents ([see Appendix 3](#)).



Recommendations

1. Maximise the benefits

All participating bodies in the NFI exercise should ensure that they maximise the benefits of their participation. This includes reviewing matches timeously and prioritising high-risk matches.

NFI users should review the guidance within the NFI secure web application, to help ensure the most effective use of limited resources when reviewing and investigating NFI matches.

2. Self-appraisal

The [NFI self-appraisal checklist](#) should be reviewed by the audit committee, or equivalent, and staff leading the NFI process. This is to ensure that their organisation's planning, approach, and progress during the next NFI exercise is appropriate.

3. Take improvement action

Where local auditors have identified specific areas for improvement, participating bodies should act on these as soon as possible.

Outcomes from 2020/21 National Fraud Initiative

Trends in overall outcomes between 2018/19 and 2020/21 NFI exercises



The number of public bodies participating in the NFI exercise has increased by eight since the last exercise, to 132 bodies.



Outcomes in Scotland have fallen by £0.4 million since the last exercise, from £15.3 million to £14.9 million.



The number of matches generated has fallen by over 73,000 since the last exercise, to 507,354.

NFI participants include all councils, NHS bodies, colleges and all larger central government bodies, for example, the Scottish Government, Revenue Scotland and Transport Scotland. In addition, 14 councils include data from Arm's-Length External Organisations (ALEOs), joint boards or subsidiaries within their NFI submissions. A list of all participating bodies is available on our [website](#).

Reduced levels of outcomes could be due to less fraud and error in the system, strong internal controls or some key datasets from previous years not being included in the latest exercise. Residential care home data, direct payments and social care customers' data were not matched in the 2020/21 exercise due to a legal question being raised around the definition of patient data. Immigration data was also not included in the 2018/19 and 2020/21 exercises due to restrictions placed on it by the Home Office.

NFI participants have identified pressures on staffing and services particularly because of the Covid-19 pandemic, and the strengthening of controls where previous fraud or error has been identified, as contributing to reduced outcomes in the 2020/21 exercise.

NFI outcomes



£14.9 million

NFI outcomes in Scotland from the 2020/21 exercise



£158.5 million

NFI outcomes cumulatively in Scotland since 2006/07

UK NFI outcomes



£442.6 million

from the 2020/21 exercise

£2.4 billion

cumulatively since 2006/07



4 cases

referred for prosecution in Scotland

Having fewer outcomes provides some assurance there does not appear to be significant problems in the areas covered by the exercise. However, participants still benefit from the deterrent effect the NFI creates.

The fall in the number of matches is mainly due to the matches between housing benefit and payroll or pensions not being included in the matches returned to councils during the 2020/21 NFI exercise. Instead, this data was matched in Department for Work and Pensions (DWP) systems ([see page 11](#)). In addition, the removal of immigration, residential care home, direct payments and social care customers' data has also reduced the number of matches.

Four cases were referred to the Crown Office and Procurator Fiscal Service for prosecution. One resulted in Police Scotland issuing a caution and the offender is now repaying the money. The outcomes from the other three cases are not yet known.

Although the main purpose of the NFI is to ensure funds and services are provided to the correct people, the review of NFI matches may also identify that a customer is entitled to additional services or payments.

A breakdown of the recorded outcomes for Scottish participants is on our [Counter-fraud hub](#).

Results

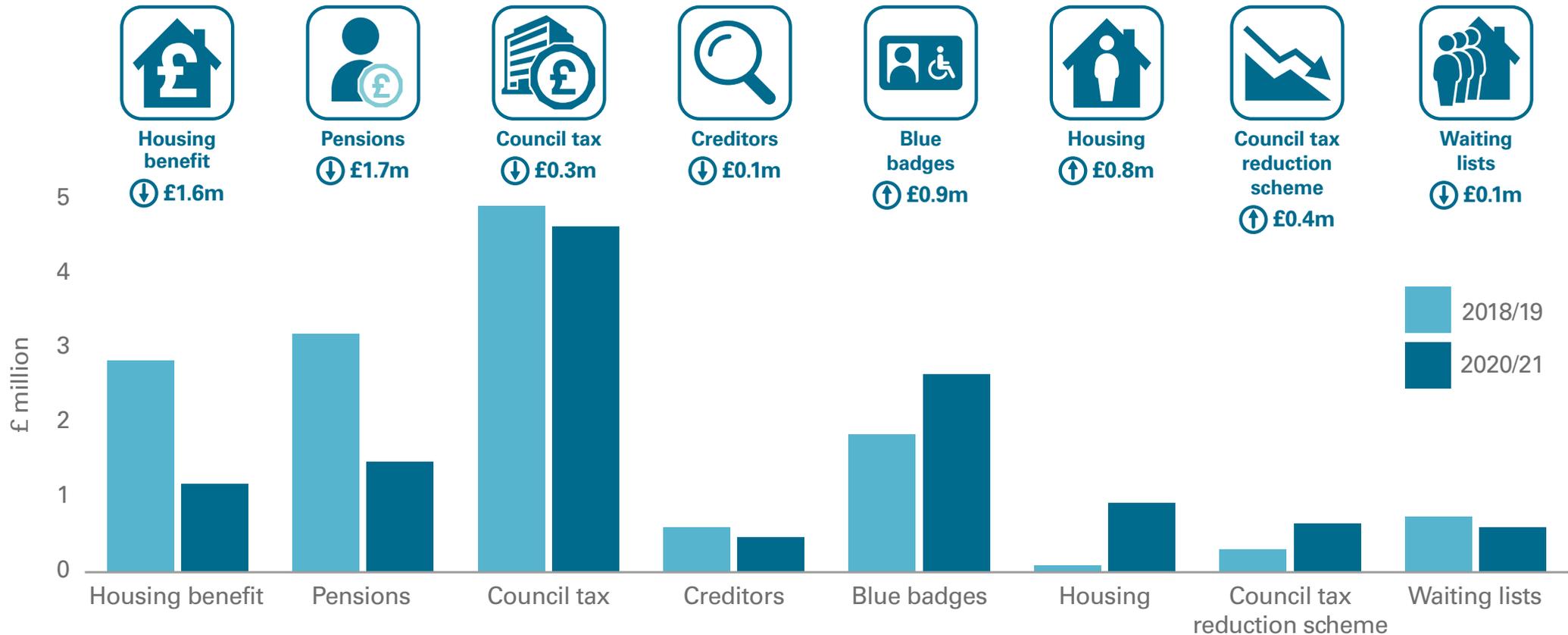
Overall outcomes

How the latest outcomes compare to the last exercise

The areas with significant changes are:



NFI outcomes in Scotland have fallen by £0.4 million, to £14.9 million in the 2020/21 exercise



NFI participants have cited the following reasons as to why outcomes are less in the 2020/21 exercise:

- staff have had less time available to commit to NFI because of the added pressures on services caused by the Covid-19 pandemic
- external agents were used instead of the NFI to carry out certain data matching such as the council tax single occupant discounts
- new controls were introduced because of previous errors identified through the NFI
- a new system was introduced for reporting the death of customers.

More information about the outcomes for each category is provided on [pages 8 to 15](#).

A full breakdown of outcomes for each participating body is available on our [Counter-fraud hub](#).

Once overpayments have been identified, public bodies can take appropriate action to recover the money.



At 31 March 2022

£4.3 million

(95%) of cash overpayments were being recovered

How NFI matches help to identify areas for improvement

The NFI exercise has helped participants to identify system weaknesses and to make improvements. These include the introduction of:

- a more robust control environment in the creditors system. This includes monthly purchase ledger reviews, improved checks on new suppliers, and controls to identify duplicate payments and duplicate suppliers
- revised procedures when setting up new suppliers
- a review and cleansing of data held in systems
- strengthened controls in the blue badge system
- improved controls around the change of bank details
- a review of policies aimed at supporting good governance such as declaring interests, registering of conflicts of interest and checks for identifying potential related parties.



Council tax discounts

People living on their own, or with no countable adults in the household, are eligible for a 25 per cent single person discount (SPD) on their annual council tax bill.

The 2020/21 NFI exercise found that the total council tax discount incorrectly awarded across Scottish councils totalled £4.6 million.

Four councils reported that they did not use the NFI and instead used alternative data matching or verification arrangements to review SPD cases during 2020/21. The graphs below include outcomes from the other 28 councils.

£4.6 million

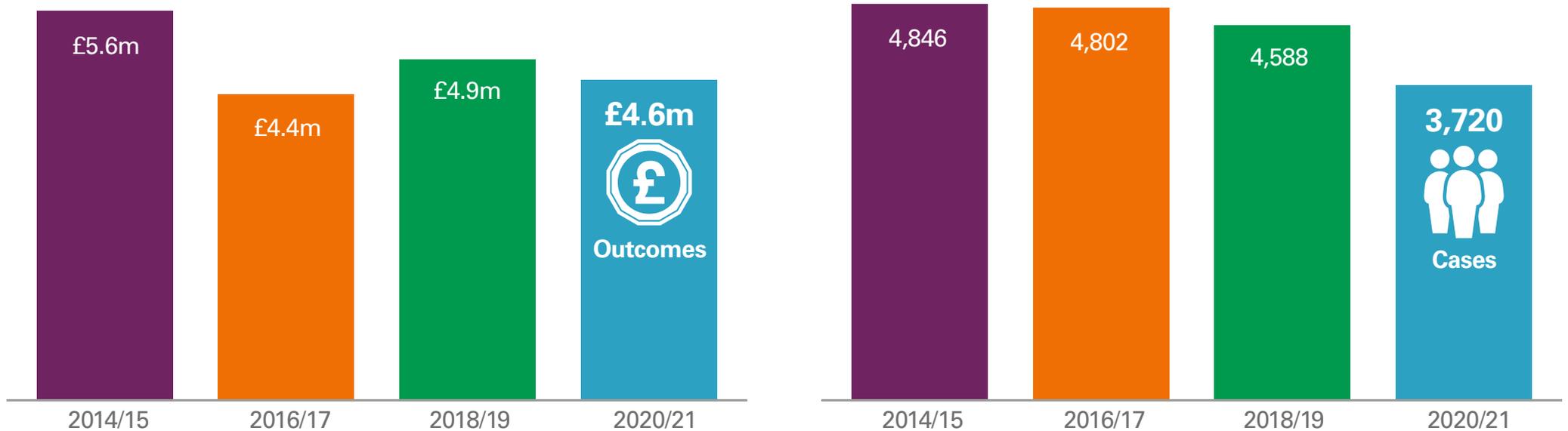
Total outcomes in 2020/21 exercise

£1,248

Average outcome

3,720

Cases



Council tax data is matched to:

- Electoral register
-

Note. Due to an error with the data deletion schedule in the Cabinet Office, some supporting evidence for 11 councils was inadvertently deleted. Therefore, full supporting documentation is not available for these councils. The Cabinet Office has taken steps to prevent this error from re-occurring.



Blue badges

The blue badge parking scheme allows people with mobility problems to park for free at on-street parking meters, in 'pay and display' bays, in designated blue badge spaces, and on single or double yellow lines in certain circumstances.

The 2020/21 NFI exercise identified 4,616 blue badge outcomes, an increase of 1,401 (44 per cent) since the last exercise. The estimated value of these outcomes is £2.7 million.

£2.7 million

Total outcomes in 2020/21 exercise

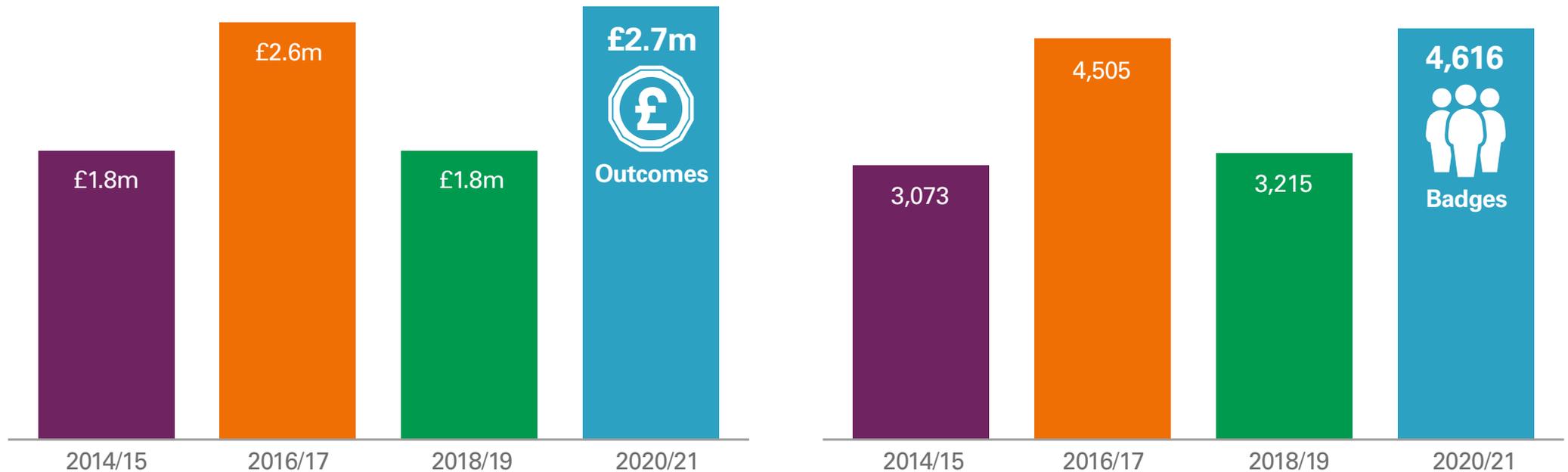
4,616

Total number of blue badge outcomes in 2018/19 exercise

1,401

Increase from NFI 2018/19 exercise

Blue badges are sometimes used or renewed improperly by people after the badge holder has died. It is an offence for an unauthorised person to use a blue badge.



Blue badge data is matched to:



Deceased persons



Amberhill data¹

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



Pensions

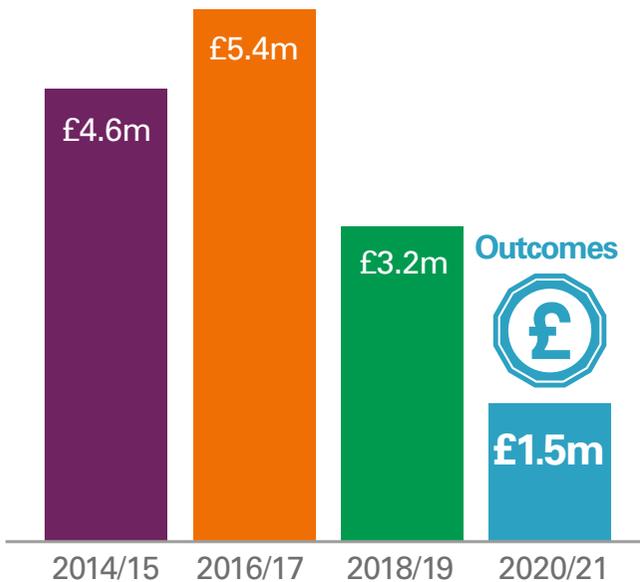
The NFI provides both councils that administer pensions and the Scottish Public Pensions Agency (SPPA) with an efficient and effective way of checking that they are only paying people who are alive.

£1.5 million

Total outcomes in 2020/21 exercise

£1.7 million

Reduction on the 2018/19 NFI exercise



In total, pension outcomes for the 2020/21 NFI exercise are £1.5 million, down £1.7 million (53 per cent) from the 2018/19 NFI exercise. This includes two outcomes identified through the pre-application screening (AppCheck)² part of the NFI system.

Pension outcomes may have fallen due to the 'tell us once'³ reporting process and to controls working effectively within pension bodies.

Case study



An NFI match identified one fraud with a gross annual pension amount of £10,560 which was stopped and resulted in an overpayment of £6,601. The fraudster had notified Fife Pension Fund of a change of bank details for receipt of the pension after the pensioner had died. The council reported the fraud to Police Scotland which identified the person who submitted the fraudulent bank mandate. Following a police caution, the full amount was repaid. This case was reported as part of a 2020/21 NFI Progress Update to both the council's Standards and Audit Committee and the Superannuation Fund & Pensions Committee in December 2021 for their consideration.

Pension data is matched to:



Deceased persons



Payroll



Housing benefit



Injury benefits



Amberhill data

² AppCheck is an NFI data matching service used at point of applications for a service or benefit.

³ 'Tell us once' is a service that lets you report a death to most government organisations when registering the death.



Housing benefit

Housing benefit helps people on low incomes pay their rent. The NFI provides councils and the DWP with the opportunity to identify a wide range of benefit frauds and errors.

£1.2 million

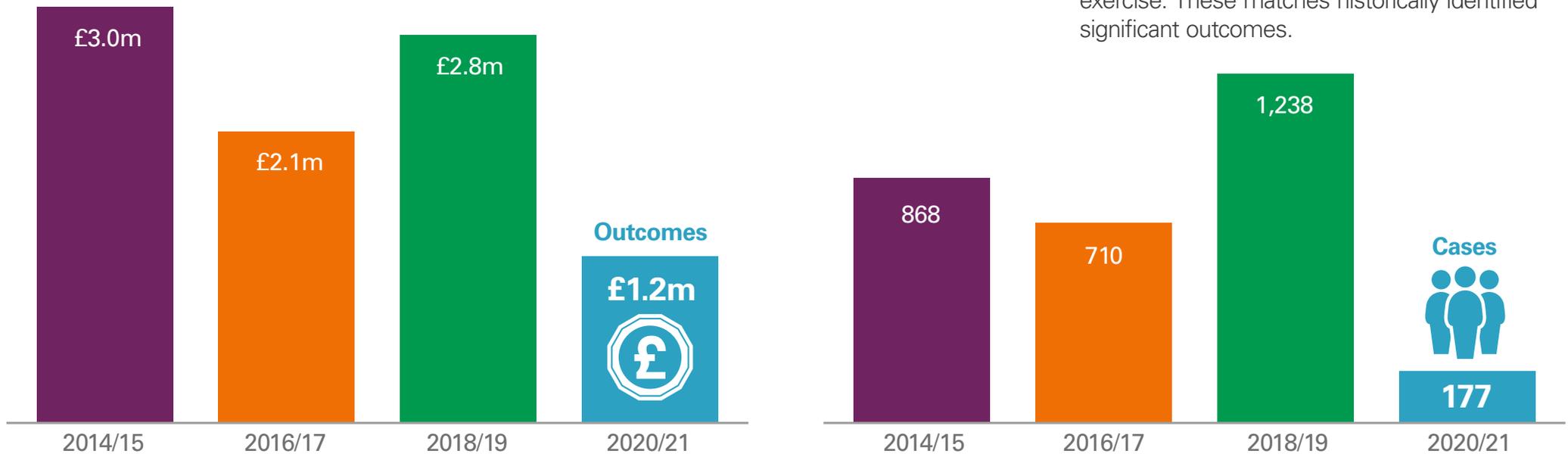
Total outcomes in 2020/21 exercise

£6,663

Average individual value of overpayments

177

Cases



The value and number of housing benefit cases recorded with overpayments has significantly reduced, from £2.8 million from 1,238 cases in the 2018/19 NFI, to £1.2 million from 177 cases in the 2020/21 NFI. Over the same period, the average individual value of overpayments has risen from £2,292 in 2018/19 to £6,663 in 2020/21.

The fall in outcomes is mainly due to the matches between housing benefit and payroll or pensions not being included in the 2020/21 NFI exercise. These matches historically identified significant outcomes.

Housing benefit data is matched to:

- Student loans
- Housing benefit
- Housing tenants
- Right to buy (in England)
- Licences
- Deceased persons
- Amberhill data

These matches were not included in the 2020/21 NFI exercise as similar data matching is undertaken by the DWP's Verify Earnings and Pensions (VEP) Alerts service which identifies discrepancies between payroll and pension details held by HM Revenues & Customs and council benefits services. Alerts from VEP are sent to councils to investigate discrepancies.



Housing tenancy

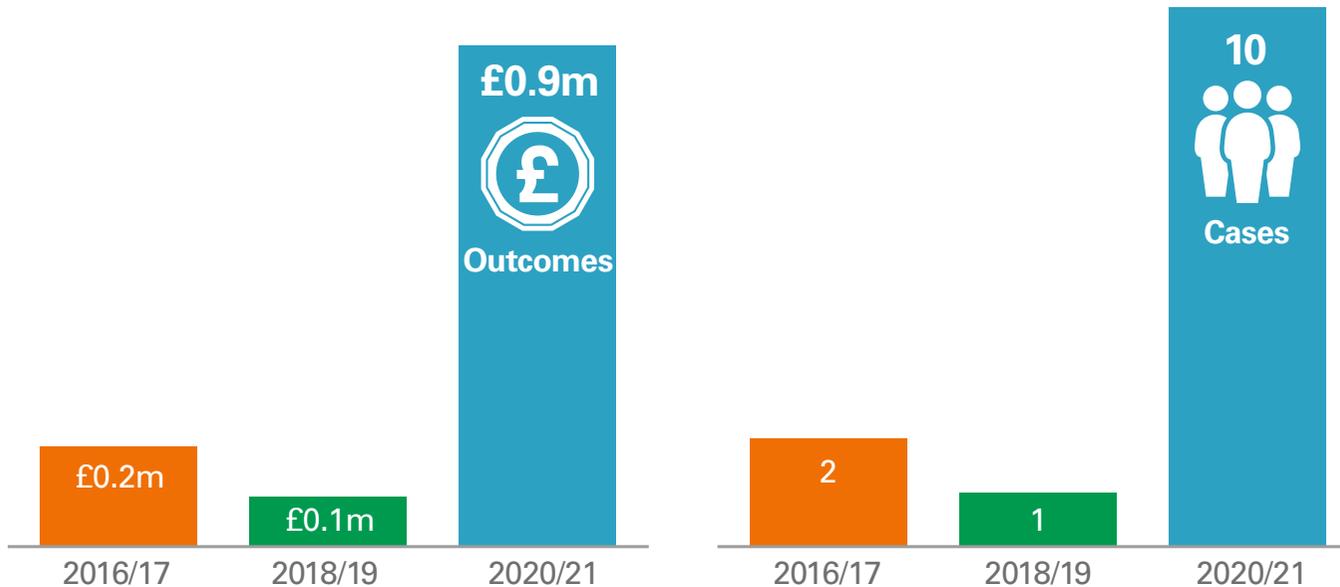
The NFI uses housing tenants' data to identify possible cases of tenancy fraud. This may happen when a tenant has sublet their property. It also helps identify cases where the tenant has died, and the property is either empty or has other individuals living in it.

£0.9 million

Total outcomes in 2020/21 exercise

10

Cases



Case study



An NFI match identified a Midlothian Council tenant who had failed to disclose that they had purchased a property within another council area at the same time they had been allocated a council house. Enquiries established the tenant moved into the owned property ten years ago and sublet their council house to a family member. The council has recovered the property.

NFI matches resulted in councils recovering ten properties as part of the 2020/21 NFI exercise, compared to one property in 2018/19.

The estimated value of these cases is £0.93 million, based on a calculation of the average four-year fraudulent tenancy.

Housing tenancy data is matched to:

- Waiting list
- Housing benefit
- Housing tenants
- Right to buy (in England)
- Deceased persons
- Amberhill data
- Council tax reduction



Council tax reduction

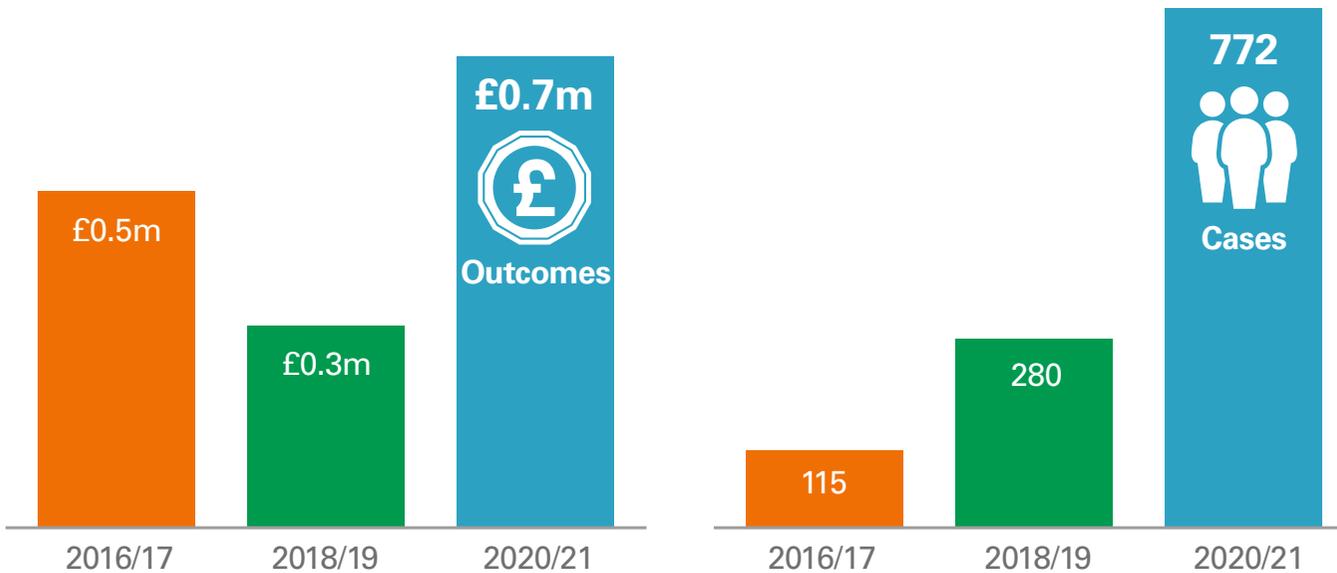
Council tax reduction helps people on low incomes to pay their council tax bills. The NFI provides councils with the opportunity to identify a range of council tax reduction frauds and errors.

£0.7 million

Total outcomes in 2020/21 exercise

772

Cases



Case study



An NFI match identified that a council tax reduction claimant in Renfrewshire Council had failed to declare their company pension and pension lump sum. This resulted in the claimant fraudulently receiving £14,450 council tax reduction. This amount is being recovered by the council.

This is a relatively new match which has been included in the NFI since 2016/17.

Outcomes of £0.7 million were identified in the 2020/21 NFI, an increase of £0.4 million from the £0.3 million reported in 2018/19.

Councils have identified 772 cases in 2020/21, more than 2.5 times the number of cases in 2018/19 (280).

One council advised that the increase in outcomes was directly caused by the Covid-19 pandemic. For example, an increase in mortality rates for those with underlying health conditions disproportionately impacted on people in receipt of disability benefits, council tax reduction and blue parking badges. In addition, there was an increase in the number of un-notified increases in the hours worked by those in lower paid service jobs who are more likely to be in receipt of council tax reduction.

Council tax reduction data is matched to:



Council tax reduction



Payroll



Pensions payroll



Housing benefit



Housing tenants



Right to buy (in England)



Licences



Deceased persons



Amberhill data



Housing waiting lists

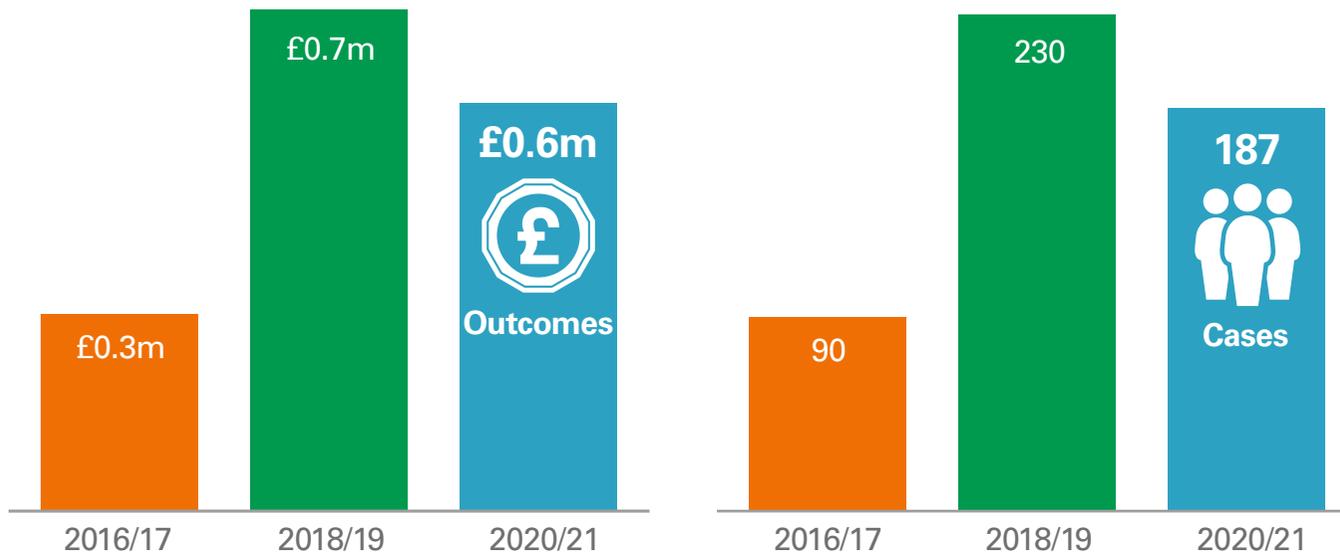
The NFI uses housing waiting list data to identify possible cases of waiting list fraud. This may happen when a person has registered on a council's waiting list but there are possible undisclosed changes in circumstances or false information has been provided. Social housing provides affordable accommodation, allocated according to need. It usually provides a more secure, long-term tenancy when compared to private renting.

£0.6 million

Total outcomes in 2020/21 exercise

187

Cases



Councils identified 187 cases in 2020/21 where applicants were removed from waiting lists (230 in 2018/19).

The estimated value of these cases is £0.6 million. This is based on a calculation of the annual estimated cost of housing a family in temporary accommodation and the likelihood a waiting list applicant would be provided a property [\(see Appendix 3\)](#).

Housing waiting list data is matched to:

-  Waiting list
-  Housing benefit
-  Housing tenants
-  Right to buy (in England)
-  Deceased persons
-  Amberhill data



Creditors

The NFI provides an efficient way to check for duplicate payments and that payments are only made to appropriate creditors. A creditor is a person or an organisation that a public body pays money to for a good or service.

£0.5 million

Total outcomes in 2020/21 exercise

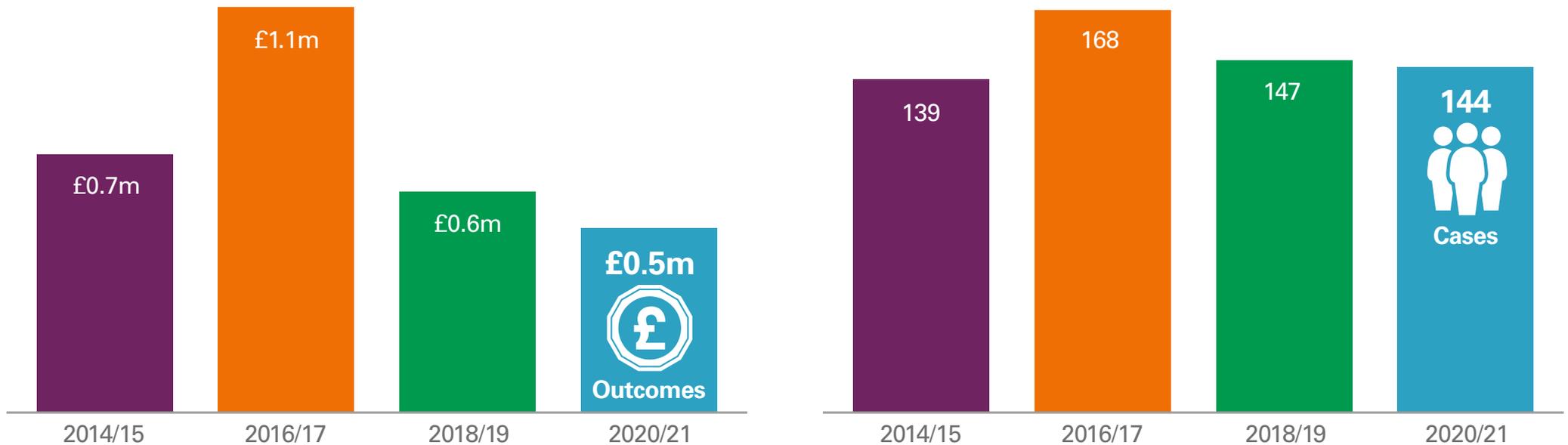
100%

Recovery action is taking place

144

Cases

The 2020/21 NFI exercise identified 144 creditor outcomes of £0.5 million, a fall of three outcomes and £0.1 million from 2018/19. Recovery action is taking place for these overpayments.



Creditor data is matched to:



Creditor data



Payroll



Other data matches

Payroll

The NFI also matches all participating bodies' employee payroll data as well as those of MSPs and councillors to identify cases of potential payroll fraud. The 2020/21 NFI exercise identified three outcomes valued at £27,000 compared to eight outcomes valued at £20,000 in the 2018/19 exercise.

Past NFI exercises have identified larger outcomes for payroll. This fall in outcomes is partly due to immigration data not being included in the 2020/21 exercise due to restrictions placed on it by the Home Office.

2018/19



eight outcomes valued at

£20,000

2020/21



three outcomes valued at

£27,000

Case study



An NFI match identified an employee who left Fife Council in September 2019 and who continued to be paid their salary until February 2021. The council overpaid a total of £20,288 to the ex-employee. Recovery of the overpayment is in progress and internal audit services have investigated the circumstance surrounding the overpayment. Recommendations for improvements have been discussed with management and an audit on the council's leavers process is part of the 2022/23 Internal Audit Plan. This case was reported as part of a 2020/21 NFI Progress Update to the council's Standards and Audit Committee in December 2021 for consideration.

Case study



New NFI matching of non-domestic rates small business bonus scheme (SBBS) in East Dunbartonshire Council identified a case where a ratepayer had failed to declare other business premises in another council area. This resulted in almost £11,000 in SBBS relief being claimed from April 2018. The case is being referred to the Crown Office and Procurator Fiscal Service for prosecution. We understand this is the first business rates case to be reported for prosecution in Scotland.

Matches benefiting other public bodies

A key benefit of a UK-wide data matching exercise is that it enables matches to be made between bodies and across national borders. For those public bodies taking part in the NFI which may not always identify significant outcomes from their own matches, it is important to appreciate that other bodies and sectors may do so.

Data provided by Scottish participants for the 2020/21 NFI exercise helped other public bodies, both within and outwith Scotland, to identify outcomes worth £1.2 million (a reduction of £0.5 million from 2018/19).

Most of these outcomes relate to housing benefits, housing waiting list and council tax reductions where, for example, payroll data from an NHS board may allow a council to identify a council tax reduction fraud or error.



Councillors

£601,591



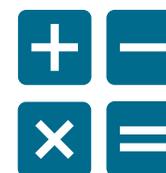
Central government

£483,943



NHS

£100,456



Colleges

£0



Total

£1,185,990

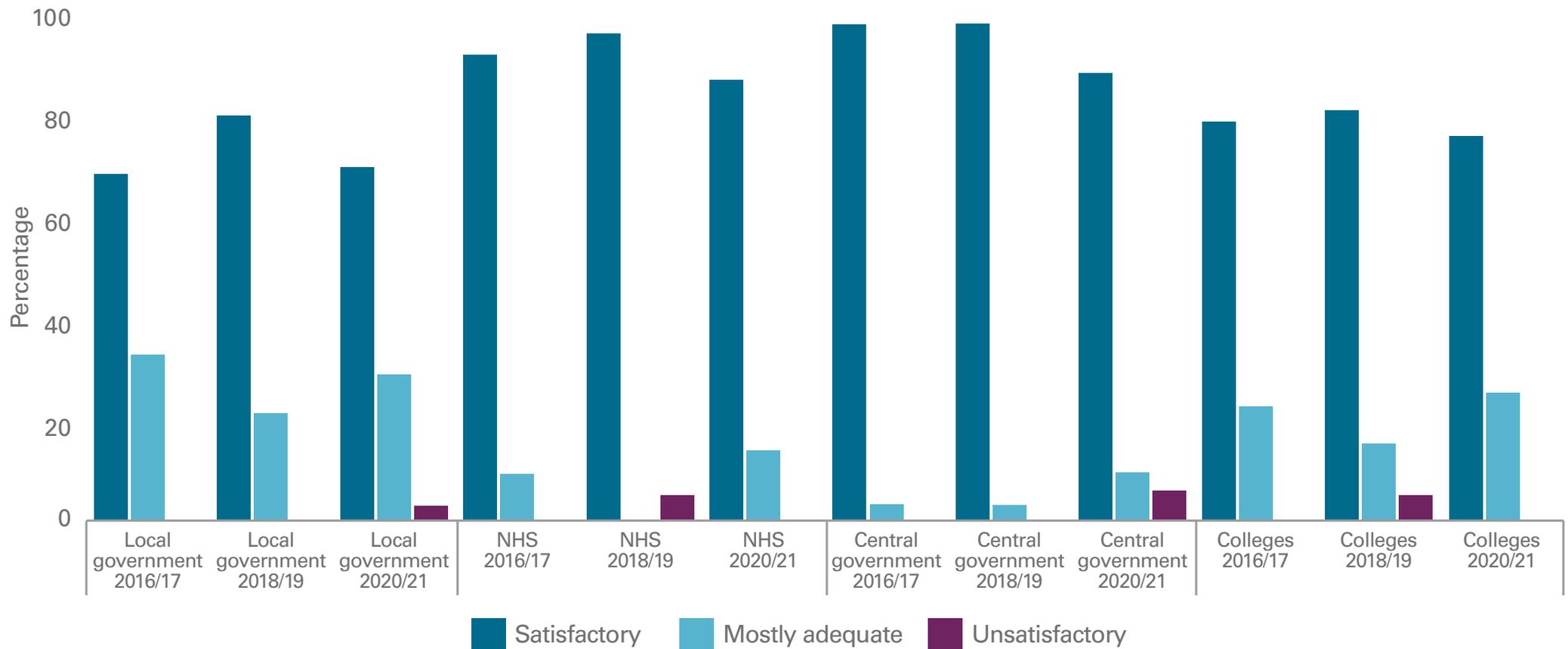
2018/19	2018/19	2018/19	2018/19	2018/19
£854,760	£759,879	£120,408	£12,672	£1,747,719

How bodies worked with the NFI in 2020/21

How bodies work with the NFI

Overall rating of NFI arrangements by year

Auditors reviewed each participating body's planning and progress with the NFI and provided recommendations for improvement where appropriate.



Most participating bodies continue to demonstrate a strong commitment to counter fraud and the NFI. However, across all sectors, a smaller percentage of participating bodies managed their roles in the 2020/21 NFI exercise satisfactorily compared to the 2018/19 NFI exercise.

Auditors identified that some bodies could be more pro-active in their approach to the NFI. One central government body was unable to review matches due to a cyber-attack, one council did not review matches citing resource issues as the reason, and a central government body was unable to action matches due to the impact of reallocating resources to the provision of Covid-19 grant funding to organisations.

Six **key contacts** felt they did not have sufficient time and/or resources to allow them to oversee the NFI exercise. In four bodies, the key contact considered that they lacked sufficient authority to seek action across the relevant departments.

The Covid-19 pandemic created additional pressures for public bodies and impacted upon the resources available to support the NFI exercise. Auditors reported that 15 bodies reduced their participation in the NFI exercise due to resourcing issues including staff vacancies, sickness absences or changing priorities as a result of Covid-19.

We recommend that all bodies use our [checklist](#) to self-appraise their involvement in the NFI before and during the 2022/23 NFI exercise. For the 2020/21 NFI exercise, 64 per cent of bodies completed the checklist, although not all presented it to their audit committee; ten per cent reviewed it but did not complete it; and just over a quarter did not review it. This was reported as being because either the key NFI contact had changed and was unaware of the checklist, staff had prior experience of the NFI process, and Covid-19 pressures.

A **key contact** is appointed by the NFI participating body. They are responsible for coordinating and monitoring the overall NFI exercise, ensuring outcomes from investigations are accurately recorded and nominating appropriate users of the NFI system.



Public bodies usage of our NFI checklist



64% completed the checklist

26% did not review it

10% reviewed it but did not complete it

Pilots help identify the value of extending the NFI exercise

Audit Scotland undertakes new areas of data matching on a pilot basis to test their effectiveness in identifying fraud.

Only pilots which achieve matches that demonstrate a significant level of success are extended nationally and included in the main NFI exercise going forward. A small number of serious incidents of fraud or a larger number of less serious ones may both be considered successful.

The NFI pilots undertaken or under way over the last two years are shown on the following pages.

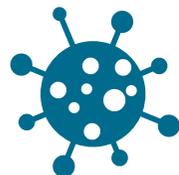
Exemptions for NHS dental and ophthalmic charges



Data matching was undertaken to help identify NHS patients who have claimed to be exempt from NHS dental and ophthalmic charges, when they are not entitled. Patient exemption claims were matched to payroll data to ensure that dental and ophthalmic exemptions, eg for glasses or dental treatment, are only awarded to those patients qualifying for exemptions.

NHS Scotland Counter Fraud Services (CFS) received the matches in the second half of 2019. It worked to identify the highest-risk matches and then started verifying payroll details before undertaking investigations. As part of this investigative work, CFS asked dentists and opticians to supply the original exemption claim signed by the patient. However, CFS was unable to progress this part of the investigation due to dentists, opticians and the CFS being required to close down due to Covid-19 lockdown restrictions. CFS then decided not to use the matches as originally intended but instead use them as intelligence, for example, as an alert if the same people claim again. CFS considered it not worthwhile re-doing the pilot in 2021 as there were very few exemptions claimed between April to December 2020. This was due to opticians and dentists initially being closed and then only able to do emergency treatment which was free of charge. CFS intends to re-run the exercise after new payroll data goes into NFI in autumn 2022.

Covid-19 grants for businesses



Following a Covid-19 grants data matching pilot exercise in England in the summer of 2020, it was decided to expand the English pilot to cover Covid-19 business grants paid to Scottish businesses.

These grants were paid under the Small Business Grant Fund (SBGF) and the Retail, Hospitality and Leisure Grant Fund (RHLCF). Scottish councils submitted data from early in 2021. Initial matches were released in April 2021, however, match numbers were low. The Scottish schemes were more complex than similar schemes in other parts of the UK, eg in respect to second and subsequent properties held by each ratepayer. As a result, the algorithms were rechecked and additional matching was undertaken.

Additional matches were released in September 2021. Despite the data having been rematched, only one fraudulent grant payment of £25,000 was identified. Due to Covid-19 grant payments having stopped, it is not expected that this matching will be required again. However, the systems are in place should the matching be required for any similar grants or payments in the future.



Only one fraudulent grant payment of £25,000 was identified

Additional counter-fraud measures introduced by NFI participants in respect of Covid-19 grant funding



Auditors identified that around 43 per cent of NFI participating bodies awarded Covid-19 funding during the pandemic.

Almost three-quarters of these bodies introduced additional counter-fraud measures such as new internal controls. This included actively working through national networks, such as the Scottish Local Authority Investigators Group, the Institute of Revenues Rating and Valuation, the National Anti-Fraud Network, and with Police Scotland as well as strengthening internal controls. This resulted in, for example, Dundee City Council preventing 143 attempted fraudulent applications valued at £381,500 from being paid in 2020/21. It also resulted in Aberdeenshire Council identifying eight fraudulent grants totalling £107,000 plus 14 attempted frauds totalling £151,000. The bodies that did not take additional counter-fraud measures reported these were not necessary as for some, payments were made to existing customers using the existing controls whereas others relied on existing controls around the setting up of new suppliers and associated payments.



Aberdeenshire Council identified eight fraudulent grants totalling £107,000

Non-domestic rates – Small Business Bonus Scheme



In 2019/20, a pilot was undertaken with the Scottish Government and seven Scottish councils to help identify businesses inappropriately claiming Small Business Bonus Scheme (SBBS) relief. The SBBS provides rates relief to owners of non-domestic properties with rateable values under certain thresholds.

The seven participating councils provided 81,827 ratepayer records to the NFI system, which were then matched across the councils and with data from Companies House in order to identify SBBS fraud. The pilot identified £412,974 in incorrect awards.

Due to the success of this pilot, a national roll-out of this data matching exercise was carried out in 2021/22.

The 2021/22 pilot identified 17,676 matches which resulted in £2.2 million in incorrect SBBS relief being identified in 208 SBBS awards. Councils will now try to recover SBBS which was incorrectly awarded. Recovery is already in progress for 119 cases with a value of almost £745,000 in incorrectly awarded relief.

Given the success of the 2021/22 pilot, consideration is now being given as to how this data match can be repeated on a regular basis as part of the main NFI exercise. The pilot report is available on [our website](#).



The pilot identified £412,974 in incorrect awards

National entitlement cards for travel



The National Entitlement Card (NEC) is Scotland's National Smartcard. Supported by the Scottish Government to deliver national and local services, the NEC makes it convenient for people to access various public services and facilities with only one card. The NEC can be used for services such as a travel pass, a library card, a leisure membership card and a Young Scot card as well as providing access to other local services.

In 2021/22, a pilot was undertaken with Fife Council, to match travel passes for elderly and disabled customers with deceased customer records. Fife Council provided a total of 112,044 NEC records for matching against deceased person records. This resulted in 1,737 matches being identified for review by Fife Council (a return rate of 1.6 per cent).

Following Fife Council's review, all 1,737 cards (100 per cent) were cancelled on the NEC system as it was established that the customers had died. This means no further cards can be requested for these customers, and the card will be blocked should someone attempt to use it. No matches were identified where the customer was still alive.

Thirteen matches showed cause for concern as the NECs appeared to have been used after the death of the cardholder. Two of these cards were used for journeys to the value of almost £2,300 for one, and £240 for the other. The value of the journeys for the other 11 cards varied from £3.10 to £69.00.

Given the success of this pilot, consideration will be given as to how this data match can be expanded to other councils in Scotland and included in the main NFI exercise in the future. The pilot report is available on [our website](#).

Case study

A new NFI pilot matching National Entitlement cards in Fife Council against deceased person records identified one card that had been fraudulently used for bus travel valued at almost £2,300 after the cardholder had died. Investigations are continuing into the individual(s) who used this card.



Applications for student awards

A pilot was undertaken with Student Awards Agency Scotland (SAAS) to help confirm residency and address details for students applying for awards for tuition fees, grants and bursaries. SAAS funds students from Scotland and as such it is interested in verifying the address of student applicants and flagging where students are potentially fraudulently misrepresenting their address to benefit from the more attractive financial support offered to Scottish students.

Student applications were matched against data held in the NFI system. An initial batch of 50 applications was processed which SAAS found very helpful in verifying and querying address details. One known fraud was put through the NFI pre-application screening service (AppCheck) to test the system. A match was highlighted, demonstrating the benefit AppCheck can bring in preventing fraud.

SAAS is now looking to expand the pilot to allow the upload of a large batch of applications to the NFI system quickly, securely and easily.



Social security benefits

A pilot is under way with Social Security Scotland to identify any instances where claimants received support but were not residing in Scotland, or where claimants appear to have claimed benefits more than once, eg from more than one Scottish address. Claimant data was matched to data already in the NFI system from across the UK. Data was submitted in March 2022, with matches released to Social Security Scotland in May 2022. Social Security Scotland is currently reviewing the matches.



Police Scotland's use of AppCheck

Police Scotland's Serious and Organised Crime Interventions Team deals with vetting applications, eg for landlord registration and pre-contract procurement check requests from public bodies such as councils and the NHS. These checks aim to prevent and detect fraud within public procurement and other public services such as landlord registration and taxi licencing. Police Scotland is undertaking a pilot to identify if data in the NFI data base can be used to help its vetting processes to prevent and detect fraud. Data has yet to be shared.



A match was highlighted, demonstrating the benefit AppCheck can bring in preventing fraud

Future developments

The 2022/23 NFI exercise is due to start in late summer 2022. Datasets have been reviewed and updated as necessary.

Audit Scotland continues to work with the Cabinet Office in developing new ways to prevent and detect fraud. This includes piloting new data matching opportunities.

[The Scottish Parliament](#) approved [The Digital Government \(Scottish Bodies\) Regulations 2022](#) in March 2022. These Regulations name Audit Scotland under Regulation 3 - 'Scottish bodies for the disclosure of information in relation to fraud against the public sector'. This allows Audit Scotland to access HM Revenue & Customs income and savings data for Scottish residents for future NFI exercises. This will help identify outcomes where customers have received benefits and services above what they are entitled to.

Audit Scotland continues to work with the Scottish Government in promoting and enhancing participation in the NFI across Scotland.

The Scottish Parliament's Public Audit Committee (PAC) is considering the expansion of legislative powers around the NFI. This may include expanding the NFI to bodies in receipt of significant amounts of public funding that do not fall under the audit remit of the Auditor General for Scotland or the Accounts Commission.

[The Cabinet Office](#) recently consulted on extending its legal powers around the purposes for which data matching can be used. It is looking to potentially extend its legal powers in the following areas:

- to assist in the prevention and detection of crime other than fraud
- to assist in the apprehension and prosecution of offenders
- to assist in prevention and detection of errors and inaccuracies. The NFI data could be used to help public-sector bodies to ensure citizens get access to their full benefit entitlements. For example, a number of passported benefits across the welfare system entitle recipients to help with housing costs, free school meals, etc. A match could identify citizens entitled to additional help they are not claiming
- to assist in the recovery of debt owing to public bodies. Public bodies may need to trace individuals with outstanding overdue debt and with no arrangement to pay in place. In some instances, these individuals may be difficult to trace. The NFI data could be used to help identify where a debtor was living or working, for example.

The Cabinet Office is considering the responses and will publish a formal consultation response in due course.

[Section 97 of the Criminal Justice and Licensing Act 2010](#) already permits Audit Scotland to use data matching for the first two purposes. We will monitor developments.

Appendix 1. Background to the NFI

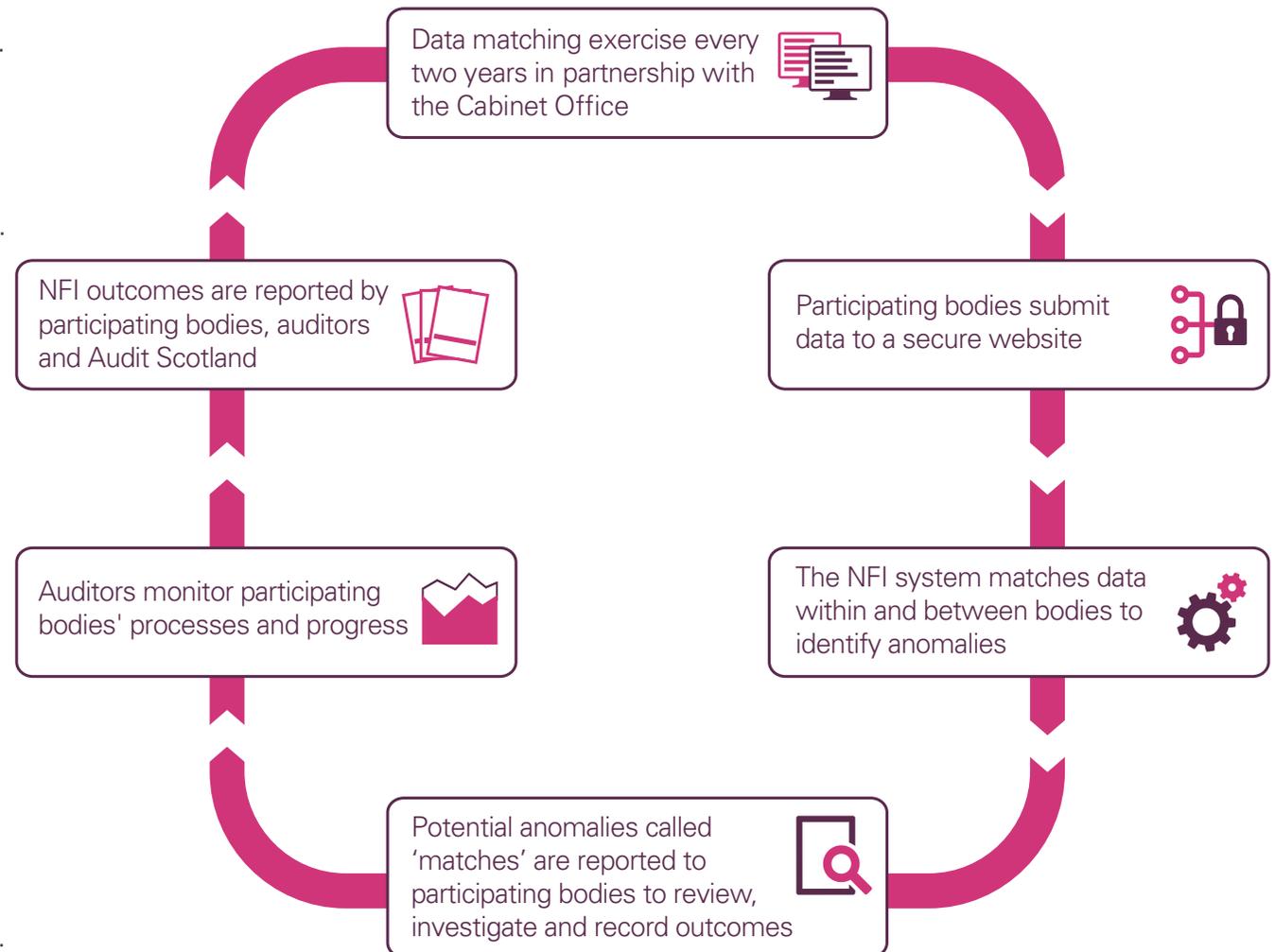
The NFI is a counter-fraud exercise across the UK public sector which aims to prevent and detect fraud. The Cabinet Office oversees it, and Audit Scotland leads the exercise in Scotland, working with a range of Scottish public bodies and external auditors.

The NFI uses data sharing and matching to help confirm that services are provided to the correct people. The NFI takes place every second year. 132 public-sector bodies in Scotland participated in the 2020/21 exercise including councils, NHS bodies, colleges and larger central government bodies such as the Scottish Government, Revenue Scotland and Transport Scotland. A full list of participants is available [here](#).

The NFI enables public bodies to use computer data matching techniques to detect fraud and error.

We carry out the NFI under powers in The Criminal Justice and Licensing (Scotland) Act 2010. It is important for all parties involved that this exercise is properly controlled, and data is handled in accordance with the law. [The Audit Scotland Code of Data Matching Practice](#) includes a summary of the key legislation and controls governing the NFI data matching exercise.

Although the main purpose of the NFI is to ensure funds and services are provided to the correct people, the review of NFI matches may also identify that a customer is entitled to additional services or payments, eg housing benefit matches may identify customers entitled to council tax discount or reduction.



Appendix 2. Costs and benefits of participating in the NFI

The Scottish Parliament provides funding to Audit Scotland to cover public-sector participants' NFI fees for the biennial data matching exercise.

Participating bodies incur costs following up matches and investigating. Participating bodies also incur costs for pilot work and additional services such as the AppCheck pre-application screening and the ReCheck⁴ flexible data matching service.

Many bodies do not keep separate records for NFI costs as it is just one of many counter-fraud activities they are doing. Those that do have records were able to estimate that their costs ranged from £500 to £71,000. This compares favourably with the average outcome for each public body in Scotland of £113,000 for the 2020/21 NFI exercise.

Overall, the £14.9 million of outcomes from the 2020/21 NFI outweigh the costs.

⁴ ReCheck is a flexible data matching service that complements the NFI biennial national exercise. It allows NFI participants re-perform the existing NFI data matching at a time that suits them.



£8,416

Average reported cost of NFI (total of 25 bodies)



£204,500

Audit Scotland costs

	No. of bodies reported	Cost range
 Councils	0	£0
 Other local government bodies	●● 2	£1,397 – £5,000
 NHS bodies	●●●●●●● 7	£1,277 – £71,000
 Central government bodies	●●●●●●●●●●● 11	£590 – £20,000
 Colleges	●●●●● 5	£500 – £6,000

Appendix 3. Estimation bases

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

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

Data match	Basis of calculation of estimated outcomes
Council tax single person discount	Annual value of the discount cancelled multiplied by two years.
Housing	£93,000 per property recovered, based on average four-year fraudulent tenancy. Includes: temporary accommodation for genuine applicants; legal costs to recover property; re-let cost; and rent foregone during the void period between tenancies.
Housing benefit	Weekly benefit reduction multiplied by 21 weeks.
Pensions	Annual pension multiplied by the number of years until the pensioner would have reached the age of 85.
Payroll	£5,000 for each employee dismissed or resigns as a result of NFI matching, or £10,000 for each resignation or dismissal for employees who have no right to work in the UK.
Council tax reduction scheme	Weekly change in council tax discount multiplied by 21 weeks.
Housing waiting lists	£3,240 for each case based on the annual estimated cost of housing a family in temporary accommodation, the duration a fraud may continue undetected and the likelihood a waiting list applicant would be provided a property.
Blue badges	Number of badge holders confirmed as having died multiplied by £575 to reflect lost parking and congestion charge revenue.

The National Fraud Initiative in Scotland 2022

Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit: www.audit-scotland.gov.uk/accessibility

For the latest news follow us on social media or [subscribe to our email alerts](#).



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

ISBN 978 1 913287 91 7