

BACKGROUND / SCOPE OF RESPONSIBILITY

Argyll and Bute Council's (the Council) governance framework includes the systems, processes and culture by which the Council is controlled, engages with communities and monitors the achievement of strategic objectives. The Council conducts its business in accordance with the law and proper standards. The Council has a duty to make arrangements to secure continuous improvement in the way which its functions are exercised, having regard to the economic, efficient and effective use of public money.

The system of internal control is a key part of the framework, and is designed to manage risk to an acceptable level.

In discharging these responsibilities, the Council has put in place proper arrangements for the governance of its affairs and the stewardship of the resources at its disposal. The Council has approved and adopted a Local Code of Corporate Governance (the Code), which is consistent with the principles and requirements of the CIPFA/SOLACE Framework Note for Scottish Authorities – Delivering Good Governance in Local Government (2007). This Statement explains how the Council has complied with the Code and meets the requirements of current good practice.

A copy of the Code may be obtained from the Head of Legal and Regulatory Services, Argyll and Bute Council, Kilmory, Lochgilphead, PA31 8RT and is also available on the Council's website.

THE GOVERNANCE FRAMEWORK

The Code details how the Council will demonstrate compliance with the fundamental principles of corporate governance for public sector bodies. The six key principles of our governance arrangements in 2020/21 are described in the Code, along with our supporting principles and key aspects of our arrangements to ensure compliance. Key features of our arrangements are summarised below.

1. Focusing on the purpose of the Council and on outcomes for the community, and creating and implementing a vision for the local area

Our Corporate Plan sets out our, and our community planning partner's, vision for Argyll and Bute's economic success to be built on a growing population. It also defines our mission "*To make Argyll and Bute a place people choose to live, learn, work and do business*" and establishes our outcomes, priorities and approach to delivering on our shared ambition with our community partners.

We have a Performance Improvement Framework (PIF) that ensures performance is integral to the work of the Council. The PIF is focused not just on measuring what we do but on measuring the difference we make in terms of our outcomes.

Councillors and senior managers review and scrutinise the Council's performance at all levels to ensure our services are having the desired impact on our communities and customers. At a strategic level, performance is scrutinised through our strategic committees and, more locally, at our area committees. The Audit and Scrutiny Committee, which meets four times a year, has a key role in reviewing and scrutinising how we are meeting our strategic objectives. They also promote good internal control, financial and risk management, governance and performance management, in order to provide reasonable assurance over the effective and efficient operation of the Council, and compliance with laws and regulations, including the Council's Financial and Security Regulations, Contract Standing Orders and accounting codes of practice.

2. Members and officers working together to achieve a common purpose with clearly defined functions and roles

The Council's constitution defines the roles and responsibilities of the administration, committees, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication. The constitution is updated on an annual basis with the last update carried out in September 2020.

The constitution includes collective and individual roles and responsibilities of the Leader, Provost, Policy Lead Councillors, other councillors and officers. It also includes a protocol for the role of the Monitoring Officer (the Executive Director for Customer Services).

Best Value (BV) is assessed by the Council's external auditors over the five year audit appointment, as part of the annual audit work and, additionally, a Best Value Assurance Report (BVAR) for each Council will be considered by the Accounts Commission at least once during this five year period.

Audit Scotland completed their BV Audit of the Council in January 2020. The Accounts Commission then published the final report with their findings on 21 May 2020. The Commission welcomed the progress made by the Council since the last inspection in 2015, highlighting the significantly improved relationships amongst elected members and between members and officers, which provide a sound basis for tackling future challenges and the Council's sound approach to financial planning and budgeting which has allowed it to achieve financial balance in the short term.

As for all councils, the Accounts Commission also identified areas for the Council to focus its continued improvement upon such as improve how we manage and report performance and deliver more significant transformation and redesign of service, and engage staff fully in planning and implementing change,

The Accounts Commission presented the Report to Council at their June meeting and the associated Action Plan was also considered and agreed at that meeting. Work is underway to deliver the actions in this plan and progress was reported to the Audit and Scrutiny Committee on 16 March 2021. Audit Scotland will commence follow up BV Audit work in June 2021.

The Standards Commission Advice Note for Councillors on Distinguishing between their Strategic Role and any Operational Work has previously been included in an Elected Member Seminar and is hosted on the Members Resource page on the Hub for ease of reference.

3. Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour;

We have four values, which underpin all that we do and provide a sound basis to achieve transformation to ensure we meet the challenges of the future and deliver quality services. These values are that we have a workforce which is:

- Caring
- Committed
- Collaborative
- Creative

We have developed and communicated an Ethical Framework within the Council's Constitution, which defines standards of behaviour for members and staff. Protocols for Member/Officer relations are also detailed within the Constitution.

The Councillors' Code of Conduct is set out at a national level, applying to all members in Scottish local authorities. A register of members' interests is available on the Council's website.

4. Taking informed and transparent decisions which are subject to effective scrutiny, and managing risk; ensuring effective counter fraud and anti-corruption arrangements are developed and maintained

Our standing orders, financial instructions, scheme of delegation and supporting procedure notes/manuals clearly define how decisions are taken and the processes and controls in place to manage risks. These are reviewed and updated on an annual basis. We ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful. The Council's Monitoring Officer advises on compliance with our policy framework, ensuring that decision making is lawful and fair.

Our financial management arrangements conform to the CIPFA Statement on the Role of the Chief Financial Officer and we ensure that our independent Audit and Scrutiny Committee undertakes the core functions identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities. The Audit and Scrutiny Committee receive an annual Strategic Risk Assurance Mapping report which helps inform their consideration of potential scrutiny topics. This is supported by the Council's Scrutiny Framework and Manual which continues to be refreshed on an annual basis as the Council's approach to scrutiny evolves and matures.

The anti-fraud strategy ensures there are effective arrangements for whistle-blowing and for receiving and investigating complaints from the public and partners. During 2020/21 the Council implemented a new counter fraud team on a two year pilot basis. The team is working to further enhance the Council's zero tolerance approach to fraud and to protect the public purse.

5. Developing the capacity and capability of members and officers to be effective

Elected Member Development

The Council has signed up to the Improvement Service's Continuing Professional Development Framework for Elected Members. All Elected Members are provided with opportunities to progress personal development plans so that individual training needs and aspirations are identified and support provided as appropriate. This is complemented by a comprehensive seminar and workshop programme which addresses a wide range of topics and strategic issues. Since the introduction of new ways of working and operating in a virtual environment in response to the Covid-19 pandemic this programme has moved on-line and since March 2020 a regular programme of webinars and workshops have taken place on-line with a positive effect on member participation levels with an average attendance level of 64%. Additionally with the move to on-line committees additional development support has been provided to Chairs in terms of process and guidance notes to facilitate the transition to operating on a virtual basis and enhance effectiveness in this regard.

A review of the arrangements for supporting Elected Member Development has been undertaken and a revised programme has been developed for implementation which supports a strategic focus and provides Members with access to information and development opportunities which facilitate effective decision making, scrutiny and challenge. It recognises there is an existing nationally agreed framework for Elected Member continuous professional development but seeks to ensure this is effectively aligned in supporting development within Argyll and Bute and ensures appropriate arrangements and resources are in place to encourage and facilitate development activity. It further seeks to capitalise on the opportunities presented by on-line and virtual means to increase access to development activities for all members.

The Elected Member Induction Programme has also undergone a review and a comprehensive virtual induction programme was put in place to support new elected members appointed through by-elections in this period.

Officer Development

The Council supports officer development through a structured approach, driven by the values set out in the Corporate Plan and a behavioural competency framework. This is underpinned by a systematic approach to identifying core and mandatory training requirements in all council job descriptions and the annual Performance Review and Development (PRD) process.

The Council has Argyll and Bute Manager and Leadership Programmes, which ensure that all employees who have management responsibilities are knowledgeable and effective in delivering services within the priority management policies and procedures of the Council, including finance, performance and people management. The Leadership Programme ensures that senior and aspiring leaders in the organisation have support to develop their leadership behaviours and to improve their overall impact and performance across the organisation.

The Council is committed to delivering an annual PRD programme, which in turn informs the annual corporate training programme.

6. Engaging with local people and other stakeholders to ensure robust public accountability

We have established clear channels of communication with the community and other stakeholders through our Communication Strategy. Key mechanisms include:

Annual Budget Consultation

The Council undertakes a wide ranging budget consultation exercise each year, using a range of channels including written, face to face, online, Community Councils and through partner organisations and community groups in the Community Planning Partnership. The results of the consultation inform the members' budget decision making process and are reported to the Council as part of the budget reports pack.

Consultation Diary

The Council has developed a consultation section on its website which hosts all consultations run by the Council, both current and historic. This includes a section which publicises the results and/or outcome of the consultation and the resultant decisions that have been taken, showing how they were informed by the consultation process. This is part of our commitment to You Said, We Did information sharing for the public.

Keep in the Loop Service

2019/20 was the first full year that the pro-active Keep in the Loop Service was deployed. It proved hugely popular as a customer engagement tool and the 7927 customers subscribed to receive notifications across the range of services. In 20/21 this has increased to 10549. For customers it meant that they have been kept up to date with topical council information and opportunities to provide valued input on matters that affect them.

MyAccount

Myaccount is the simple and secure sign-in service for accessing online public services in Scotland. It provides people living in Scotland with the ability to set up an online account and use it to access a growing range of online public services, Scotland-wide, including Argyll and Bute Council. 11,079 customers have signed up to this service, which includes:

- Fill in forms automatically with your details
- Save forms for finishing later
- Track the progress of your reports and requests
- Access to council services that require proof of identity
- Access your council tax account and sign up for e-billing
- Find out when your bins are collected at a glance
- Manage your email subscriptions and alerts
- Avoid having to re-register with local council services when you move to a new part of Scotland
- Bookmark useful pages to make them easier to find

Public Performance Reporting

The Council's website makes all performance information available to the public within the performance section. This includes information on performance scorecards, budgets and other service related information. This ensures the Council is openly accountable to the public for its performance against agreed policies and standards. Public Performance Reporting is being reviewed and improved as part of the Performance Excellence Project, an action in the BV3 Action Plan.

Accessibility

Online service provision is only effective if it is easy to access. In order to ensure maximum accessibility for everyone and meet our equalities responsibilities, the Council's website has been revised and refreshed to improve its rating for accessibility in the national Silktime accessibility score. The website now has a 98% rating (excellent) and is the 13th highest ranking Council in the UK.

Community Engagement

The Council supports good community engagement with the resourcing of community development officers in the Community Planning and Community Development Service and the work of the community learning officers (Youth Work and Adult Learning). Both teams have resources and expertise to support children and young people, hard to reach groups and remote communities to have a voice in local service planning, delivery and evaluation, as well as best community engagement practice for any other requirement.

The Council's Community Development Team can also assist community organisations with developing new projects, exploring income generation opportunities, identifying sources of funding and evaluation techniques.

Local community development officers also support community groups, organisations and individuals, particularly those who do not traditionally engage in community issues, to participate in local area community planning groups.

The Council's Governance section supports community engagement by providing the staff resource to support Area Community Planning Groups which act as a forum to enable local groups and organisations to participate in community planning and partnership working at a local area level throughout Argyll & Bute. The section has put arrangements in place across the partnership members to ensure these groups have had the ability to continue to meet on a virtual basis during the Covid19 pandemic response period. It also plays a key role in supporting the Community Safety Partnership which is an integral part of the Community Planning Partnership and takes a lead in relation to Outcome 6 of the Argyll and Bute Outcome Improvement Plan:

People live in safer and stronger communities. This group has produced its first Community Safety Strategy which sets out strategic priorities and how the partnership will work together to focus resources in support of agreed actions.

It also supports community engagement by resourcing community council liaison activities, including training and support activity, which helps to build the capacity of community councils. During the Covid 19 response period the Scheme for the Establishment of Community Councils was amended to facilitate community councils being able to meet on a virtual basis during this period to fulfil their representative role and advice and support was provided to facilitate this development.

The Council actively seeks to ensure that young people are engaged in Community Planning and has implemented the following initiatives:

- The 3 local Members of the Scottish Youth Parliament (MSYP's) attend the Community Planning Partnership Management Committee meetings on a rotational basis.
- The Area Community Planning Groups invite members of local Youth Forums to attend meetings when they are held in their local areas & information is passed on to young people by Youth Workers who are kept updated on any developments. One ACPG currently has a young person in the Vice Chair role.
- The revised Scheme of Establishment for Community Councils outlines the requirement to encourage young people to attend and participate in community council meetings” and the age to become a Community Councillor was lowered to be 16 to encourage more young people to become involved.

The Council continues to promote the Community-Led Action Planning Toolkit (developed in partnership with Scottish Community Development Centre). Communities are being supported to consider use of the online toolkit in developing action plans that the community can lead on to address issues and needs in their communities. There are a number of existing community-led action plans and these are recognised as important community contributions to area community planning.

The Community Planning Partnership undertook a Place Standard Engagement exercise to inform the next phase of Area Community Planning Action Plans to enable the community to shape the CPP priorities locally from 2021. This information has also been shared with communities to be used to develop community led action plans.

A strong Community Planning Partnership (CPP) is in place with partners leading on each of the outcomes. This ensures a shared sense of accountability and ownership of working towards realising the CPP priorities.

During the Covid pandemic, the council engaged with local community response groups, making sure that groups were underpinned with good practice – lone volunteering policies, safe medication delivery process, insurance, confidentiality guidance etc. Fortnightly online drop-in sessions were set up for the groups to receive updates and to enable them to highlight needs/challenges and ask questions

As part of the Argyll and Bute Covid-19 Recovery Planning, the Building Back Better (Communities) work stream spoke to the local community groups who have been supporting people during the Covid-19 pandemic, to find out their experience and areas that could be built

upon or strengthened moving forwards. The digital participation platform CONSUL was used to engage the wider community and encourage them to have their say. CONSUL is a platform being supported by COSLA and is being trialled by a number of local authorities.

In the first stage of the consultation, the community groups involved in the response were asked to share their views in online sessions that were independently facilitated by the Scottish Community Development Centre. For the second stage, the overall themes that emerged from these discussions were then uploaded onto the CONSUL online consultation platform. The consultation was opened up more widely and the community were invited to share their thoughts and add to the existing comments.

The comments on the platform were available for anyone to read. To “like” a comment or add to the discussion, people had to sign up and provide a user name and contact email address. Paper forms were available for those who needed them and could be requested by phone or email. The consultation was open between 7th and 28th October 2020.

A summary of the comments was shared with all who participated. The Building Back Better (Communities) Group then reviewed the findings and identified key themes to help take forward actions. An update on progress to date was sent out to participants in March to keep them informed.

Council/Committee Meetings

Meetings are always held in public, unless one of the statutory exemptions in the Local Government (Scotland) Act 1973, schedule 7A applies to the content of the report. When this is the case papers are adjusted to ensure that the maximum amount of content is in the public domain.

GOVERNANCE ROLES AND RESPONSIBILITIES

The Council has appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is adequate and effective in practice. The legislative framework of local government defines a number of posts which are primary to the Council’s governance arrangements. These include the Chief Executive, fulfilling the role of Head of Paid Service. As Monitoring Officer, the Executive Director Douglas Hendry:

- oversees the implementation of the Code and monitoring its operation
- reports annually to the Council on compliance with the Code and any changes required to maintain it and ensure its effectiveness.

Account has been taken of the results of reviews of internal control that have been carried out within each council service.

Specific responsibilities are assigned to the Executive Director Kirsty Flanagan as the Council’s Chief Financial Officer (S95 Officer), to ensure that public funds are properly accounted for. In recognition of the significant role that the Chief Financial Officer has in relation to financial performance and the financial control environment, CIPFA has set out key principles that define the core activities and behaviours that belong to the role. These include, being a key member of the Leadership Team, being actively involved in and influencing decision making, and leading the delivery of good financial management across the whole organisation.

The Council have appointed a Data Protection Officer in line with the requirements of the General Data Protection Regulations (EU) 2016/679 and the Data Protection Act 2018 which came into force on 25 May 2018.

IMPACT OF COVID-19 ON GOVERNANCE

In response to the Covid 19 pandemic the Council took a decision on 31 March 2020 to put on hold scheduled meetings and constitute a temporary committee, known as the Business Continuity Committee to exercise all of the powers of the council for a finite period of time. All decisions taken by the Leadership Group were reported to this Committee as were key actions taken by services in responding to the pandemic. In the initial phases of the response all Members also received a daily bulletin to keep them apprised of the situation.

In May 2020 the Planning, Protective Services and Licensing Committee (PPSL) and the Licensing Board commenced operating on a virtual basis in recognition of the quasi-judicial requirements of these functions and that planning and licensing would have a crucial part to play beyond the immediate emergency with a high performing planning and licensing system supporting future economic and societal recovery.

Council subsequently agreed at their meeting in June 2020 that all Area Committees and Strategic Committees (with the exception of the Policy and Resources (P&R) Committee scheduled for August/September would resume on a virtual basis. The position was reviewed in September 2020 and again in April 2021 where it was agreed all committees would continue to operate on a virtual basis with a further review scheduled for September 2021.

Although the Coronavirus legislation provided for meetings not to be held in public members of the press have been invited to attend all meetings to facilitate openness and transparency and public access has been provided on request and for all PPSL meetings and associated hearings. Revised protocols were developed to support members and participants operate on a virtual basis and ensure ongoing adherence to standing orders and governance frameworks. Arrangements were also put in place to align the programme of elected member virtual seminars with providing information and discussion forums in relation to key strategies and policies in advance of Committees decisions e.g. Budget, Climate Change & Landfill ban, economic recovery.

COVID-19 also impacted on governance across services during 2020/21 and this has been assessed against four broad categories:

1. Impact on business as usual in the delivery of services

Some specific areas where service delivery has been impacted are:

- restrictions on travel and social distancing requirements impacted on the ability of planning officers to visit application sites and enforcement complaints – this required the use of remote verification inspections to be implemented
- air services converted to essential travel only or cargo to the islands from Oban Airport
- a wide range of services within Roads and Infrastructure Services were significantly impacted including, but not limited to, burials, cremations, refuse collection, civic amenity sites, home to school transport and ferry transport
- School closures meant learning and teaching delivery was delivered across Argyll and Bute by distance learning.

2. New areas of activity as part of the national response to COVID-19 and any governance issues arising

Some specific examples of new areas of activity are:

- move to flexible online home working for 1400 employees with access via secure vpn to all files, processes and telephony
- establishing procedures for estates staff to work safely, carry out remote marketing and arrange premises for COVID related projects
- additional cleansing of buildings such as schools, public conveniences, crematoria chapel, and a variety of vehicles including ferries and refuse vehicles.
- providing business support through the administration of COVID specific Scottish Government grants to local businesses and self-employed people
- a Community Food Programme team to ensure vulnerable people can access food and provision of doorstep delivery of free school meals
- a Caring for People partnership bringing together the Health and Social Care Partnership, Third Sector Interface and the Council to work together with a focus on helping people affected by COVID-19 to receive essential support where no other support exists
- redeployment of staff from substantive posts to provide support in critical areas of response activity
- establishment of HUB schools for children of keyworkers.

3. The funding and logistical consequences of delivering the local government response

The Council's Financial Services team have worked in conjunction with all services to capture and monitor the financial impact of COVID-19 in terms of creating new cost pressures and its impact on the delivery of agreed savings options.

4. Assessment of the longer term disruption and consequences arising from COVID-19

The Council established a 'Recovery Strategy and Framework' which is focused on considering the actions and priorities required to return the Council, and the services it delivers, to 'business as usual'. An Argyll and Bute Overarching Recovery Group has been established with thematic groups established focusing on recovering the Council, community strengthening, economic and social recovery, infrastructure and transportation and financial management.

FINANCIAL SUSTAINABILITY

It is anticipated the Scottish public sector will continue to face a very challenging short and medium term financial outlook with significant uncertainty over the scale of likely reductions in funding. The one year financial settlements do not provide any degree of medium term certainty and ring-fencing of monies limits as well as additional policy commitments not always fully funding creates additional financial pressures.

The financial outlook is significantly exacerbated by the extent to which COVID-19 will continue to impact on expenditure, loss of income and future years funding levels. The additional funds made available by the UK and Scottish Government to combat the impact of COVID-19, and the agreement of financial flexibilities, have been sufficient to combat the financial impact of COVID

on the Council in 2020/21 and the current estimated cost pressures in 2021/22 however it is difficult to estimate future years funding and it is likely that the Chancellor will have to increase taxes or cut spending in the future in order to pay for the significant borrowing that has been taken out in the response to the COVID pandemic.

The Council continues to provide financial estimates for future years with their medium term financial outlook covering a five year window to provide a longer term view of the Council's estimated budget gap. Preparing any forward looking financial outlook is challenging due to the levels of uncertainty however the assumptions are reviewed regularly and updated with the outlook prepared to reflect a best case, worst case and mid-range scenario.

The Council has a strong track record in financial management as recognised by previous year's annual external audit reports and the Council's Best Value report issued in May 2020. The Best Value report also recognises that the Council's medium to long term financial strategy helps support financial planning arrangements whilst noting it could be further enhanced when it is next reviewed. The ten year strategy was first developed in 2017/18 and was to be updated in October 2019 however this was delayed as the Council was expecting a three year budget settlement. It was then further delayed due to the General Election in early 2020 and the outbreak of COVID-19. In April 2020 the Business Continuity Committee agreed to delay the review until the impact of COVID-19 has been managed and there is greater clarity over its financial impact. The review will take on board the recommendations made by our external auditors and will be presented to the Policy and Resources Committee in August 2021.

In 2020/21 Council officers embarked on programme of themed reviews to as part of a three year service redesign programme to generate savings options to help deliver a balanced 2021/22 revenue budget and contribute toward reducing the budget gap in future years. This work is continuing in 2021/22 with regular updates on the themed reviews reported to the Strategic Management Team. 2020/21 also saw the introduction of a cross party budget working group whose role was to engage with theme leads and provide a sounding board to assist in the development and identification of savings options and provide a degree of scrutiny over options as they are being developed. This proved to be very beneficial to both Elected Members and Council officers and will be retained in 2021/22.

INTERNAL FINANCIAL CONTROL

The Council has a system of internal financial control designed to manage risk to a reasonable level. It is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability.

Development and maintenance of the system is undertaken by officers within the Council and the named bodies mentioned below.

In particular the system includes:

- comprehensive budgeting systems
- regular reviews by the Council and the named bodies (mentioned below) of periodic and annual financial reports which indicate financial performance against forecast

- setting targets to measure financial and other performance
- the preparation of regular financial reports which indicate actual expenditure against forecast
- clearly defined capital expenditure guidelines
- project management disciplines
- guidance relating to financial processes, procedures and regulations
- an effective Internal Audit section.

Internal controls cannot eliminate risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

This annual review also covers the other bodies whose activities are incorporated into our Group Accounts and reliance is placed on the formal audit opinion contained in the financial statements of each individual body.

- Dunbartonshire and Argyll and Bute Valuation Board
- Strathclyde Partnership for Transport
- Strathclyde Concessionary Travel Scheme Joint Committee
- Live Argyll
- Argyll and Bute Integration Joint Board

RISK MANAGEMENT

The Council's risk management processes are well developed. In particular the:

- Strategic Risk Register is updated twice a year and approved by the SMT
- Chief Executive presents the Strategic Risk Register to the Audit and Scrutiny Committee on an annual basis
- Operational Risk Registers are updated quarterly by departmental management teams.

Internal Audit performed an audit of risk management in 2019/20 to assess whether the revised processes are operating effectively. The audit provided high assurance over the Council's risk management arrangements. In 2019/20 the Chief Internal Auditor introduced a new strategic risk assurance mapping exercise which was presented to the Audit and Scrutiny Committee on 24 September 2019, and again on 22 September 2020. This mapping exercise will continue to be performed annually and Internal Audit will perform an audit of compliance with risk management arrangements every three years unless issues are brought to the attention of the Chief Internal Auditor which would suggest a review is required outwith that cycle.

INTERNAL AUDIT

The Council and its Group bodies have internal audit functions, which operate to Public Sector Internal Audit Standards. The work of internal audit is informed by an analysis of the risk to which the Council and its Group bodies are exposed, with annual internal audit plans prepared based on that analysis. The Council's Audit and Scrutiny Committee endorses the preparation methodology and annual internal audit plan and monitors the performance of Internal Audit in completing the plan.

The COVID-19 pandemic meant the 2020/21 audit plan needed to be revised and this revision was approved by the Audit and Scrutiny Committee on 22 September 2020. This was due to a

need to redeploy audit resource to priority tasks required to support the Council's response to the pandemic. This resulted in six audits being removed from the 2020/21 plan.

The Chief Internal Auditor provides the Audit and Scrutiny Committee with an annual report on internal audit activity in the Council and this confirms that reasonable assurance can be taken that the systems of governance and internal control are operating effectively.

Internal audit provides members and management of the Council with independent assurance on risk management, internal control and corporate governance processes. External audit has, and continues to, place reliance on the work of internal audit. The Chair of the Audit and Scrutiny Committee is an independent lay member.

During 2020/21, four of the sixteen audit reports presented to the Audit and Scrutiny Committee had an overall audit opinion of 'limited' assurance. The four audits related to the legionella improvement plan, disaster recovery planning, warden services and a special investigation into school funds. For these and all other audit reports, an action plan has been agreed and progress against their delivery is routinely monitored by Internal Audit. Management have accepted 100% of audit recommendations and a robust follow-up system is in place with progress reports presented to the SMT on a quarterly basis.

During 2020/21 the following developments were made within Internal Audit:

- a new counter fraud team was implemented on a two year pilot basis with that team working alongside internal audit to ensure there is cross team learning
- the CIA engaged with members of the Audit and Scrutiny Committee as part of the planning process for the 2020/21 audit plan
- the internal audit team were successful in a tender to deliver internal audit services to the Argyll and Bute Health and Social Care Partnership for a three year period

HEALTH AND SOCIAL CARE INTEGRATION

The Argyll and Bute IJB has been established as a separate legal entity from either Argyll and Bute Council and NHS Highland, with a separate board of governance. The IJB comprises eight voting members with four Elected Members nominated by Argyll and Bute Council and four Board members of NHS Highland. In addition there are a number of non-voting appointees representing other sectors and stakeholder groups, such as the Third Sector, Independent Sector, Patients and Service Users, Carers and Staff.

The arrangements for the operation, remit and governance of the IJB are set out in the Argyll and Bute Integration Scheme which has been prepared and approved by Argyll and Bute Council and NHS Highland. This was revised and formally signed off by the Scottish Government on 23 March 2021. The IJB, via a process of delegation from the Health Board and Local Authority as outlined in the Scheme of Integration has responsibility for the planning, resourcing and operational delivery of all integrated health and social care services within Argyll and Bute.

The Council places reliance on the IJB's framework of internal controls and similarly the IJB places reliance on the procedures, policies and operational systems of the Council and the Health Board. The IJB operates within an established procedural framework. The roles and responsibilities of board members and officers are defined within Standing Orders, the Integration Scheme, Financial Regulations and Standing Financial Instructions.

The IJB has proportionate internal audit arrangements in place to provide independent assurance on risk management, corporate governance and the system of internal control. A risk based internal audit plan was carried out in 2020-21 and the IJB's internal auditor has issued a formal annual report providing their independent opinion on the effectiveness of the IJB's risk management, internal control and governance processes.

During 2020-21 the IJB has progressed a number of initiatives to develop its governance arrangements including developing committee terms of reference and introducing a new annual reporting process from committees, progressing an induction and development programme for staff, re-tendering the internal audit service, revising its risk management strategy and providing training to all IJB members on the use of Directions.

The IJB has continued to face a number of financial challenges during 2020-21 and received support from Scottish Government towards the costs of the Covid-19 pandemic including assistance for undelivered savings. The final outturn position was an underspend of £1.089m, much improved from the previous year's overspend of £2.446m which is a considerable achievement. The operating environment going forward remains challenging. The IJB approved a balanced budget for 2021-22 which should provide reassurance to the public, staff and stakeholders that the HSCP is determined to work within budget. That said, there remains a number of risks to deliver the services within the budget resource and to deliver the agreed savings, both the ones newly agreed for 2021-22 and also the remaining undelivered savings from 2020-21. 2 additional project manager posts were agreed as part of the budget to increase the focus of delivery of transformation projects and will add to the small team of service improvement officers already in post. Work on transformation was set aside whilst the IJB was on an emergency footing but recommenced in February 2021.

UPDATE ON AREAS FOR DEVELOPMENT IN 2019/20 ANNUAL GOVERNANCE STATEMENT

The 2019/20 Annual Governance Statement identified a number of areas for further development. A summary update for each area is provided in the table below.

Area	2020/21 Update
Digitalise all document and evidence exchanges for Local Development Plan 2 'Examination in Public'	Digital systems in place and will be monitored for effectiveness during 2021 when document exchange will occur and things are submitted to the reporter for Examination.
Develop an integrated production process for the SHIP and Local Housing Strategy	System is now in place and can begin to be utilised. Over time it will be populated with more information and its effectiveness can be monitored and the system adapted as required. This will be ongoing as opposed to having a fixed end date
Procure and implement enhanced logistical software that will facilitate route optimisation for many transport related functions	The market was tested in terms of availability of systems and suppliers but due to the pandemic and the fact that many potential suppliers had furloughed staff, the response was disappointingly low. As we are now easing out of lockdown in a new financial year, a further procurement exercise will be carried out to enable service improvements and efficiencies through technology achieved.
Continued to develop an automated interface between Concerto and Oracle	This element of work was delayed due to the impact of Covid. The interface for capital payments was further scrutinised at the past two financial year end. Work will continue with Strategic Finance to finalise an automated interface for the processing of contractor payments for revenue. It is anticipated this will be completed by September 2021.
Improve quality and accuracy of asset information which will benefit asset valuations, calculations for utilities costs and asset management	Approximately 50% of buildings being reviewed have been completed. Delayed due to COVID as site visits were not able to take place. Will be completed by March 2022.
Develop the provision of governance and committee support to the Integration Joint Board	Governance processes put in place to support pre-agendas and committee meetings and all meetings hosted on ModGov. Facilitated move to on-line meetings in response to Covid-19 pandemic. Arrangements working well and development ongoing in response to organisational requirements.
Develop further self-evaluation tools to improve self-evaluation processes and monitoring of quality provision within 1140 hours	Learning and Development self-evaluation resource updated and shared electronically to ensure it is accessible to all in settings. Established calendar of self-evaluation activities in place

<p>Work with the Quality Improvement Group to develop GIRFEC procedures and processes to improve children and young people's experiences of Child's Planning Processes</p>	<p>In the context of Argyll and Bute's Children and Young People's Service Plan 2020-23, Education, Social Work and Health have been working in multi-agency partnership, employing a newly-developed auditing tool to ensure that 75% of Child Plans are rated 'good' or better. Plans will contain a clear set of SMART outcomes, and up-to-date assessments of Risk and analyses of need for each child or young person. The small audit sample has produced encouraging data, and is being expanded to include a higher number of Plans from more than one geographical area</p>
<p>Implementation of a self-billing approach using CareFirst for payments to social care providers to further improve payment efficiency and simplify monthly budget monitoring work</p>	<p>During April 2020, improvements were implemented to improve the efficiency of payment generation to care providers through the extended use of an electronic interface between the CareFirst and Payables systems to partially automate the processing of payments for non-residential care. Exploratory work was undertaken informally to establish if a suitable technical environment was available to further enhance the care provider payment process through the establishment of a self-billing approach. Unfortunately, it was found that a suitable and robust environment was not currently available however the Council and Health and Social Care Partnership are currently working on projects to replace the current Payables and Social Care systems and the intent to develop a self-billing approach has been fed into both projects with discussion underway on potential solutions offered by the new systems</p>

ISSUES FOR FURTHER DEVELOPMENT (LAURENCE)

The review of governance and internal control has identified the following areas for consideration during 2021/22, particularly in the context of continuous improvement within the Council:

- Continue to engage with the Scottish Government and other local authorities to determine the most efficient and effective way of ensuring the Council can provide a waste solution which complied with the 2025 Bio-degradable Municipal Waste Ban (Head of Roads and Infrastructure Services – March 2022)
- Further develop the Council's Counter Fraud Team (Head of Financial Services – March 2022)
- Progress the project to upgrade the Council's general ledger system with an anticipated go live of 1 April 2022 (Head of Financial Services – March 2022)
- Complete the development an automated interface between Concerto and Oracle (Head of Commercial Services – September 2021)
- Review of the scheme of delegation in relation to property matters to ensure decisions are taken at the correct level (Head of Commercial Services)
- Enhance reporting of workforce planning to the Strategic Management Team and Elected Members (Head of Customer Support Services – 31 December 2021)
- Further progress the work to digitalise all document and evidence exchanges for Local Development Plan 2 'Examination in Public' (Head of Development and Economic Growth – March 2022)

- Respond to the findings of the Scrutiny Review of the Strategic Housing Fund which is to be reported in June 2021 (Head of Development and Economic Growth – March 2022)
- Continue to improve quality and accuracy of asset information which will benefit asset valuations, calculations for utilities costs and asset management (Head of Commercial Services – March 2022)
- Further progress the implementation of a self-billing approach using CareFirst for payments to social care providers (Head of Financial Services – March 2022)

ASSURANCE

The annual review of the effectiveness of the system of governance and internal financial control is informed by:

- the work of officers within the Council
- the work of Internal Audit as described above
- the work of External Audit
- the Statements of Governance and/or Internal Control provided by the bodies incorporated into our Group Accounts
- statements of assurance provided by the Council's Chief Executive, Executive Directors and Heads of Service
- external review and inspection reports; and
- recommendations from the Audit and Scrutiny Committee.

It is the Council's view that the systems for governance and internal control are operating effectively within Argyll and Bute Council and the aforementioned bodies during 2020/21 and that there are no significant weaknesses. This assurance is framed within the context of the work undertaken during the year and the evidence available at the time of preparing this statement.