

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 revised Framework for 'Delivering Good Governance in Local Government 2016 and the Guidance Notes for Scottish Authorities 2016'. 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 seven key principles of our governance arrangements in 2021/22 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. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

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 and is incorporated into the Council's Constitution as part of the ethical framework which also includes a protocol for the monitoring officer. A register of members' interests is available on the Council's website.

The Constitution has a section on conduct at meetings and meeting agendas require declarations of interest to be made where appropriate.

Anti-fraud and whistleblowing policies are in place and the Council has adopted the SPSO's Model Complaints Handling Procedure.

Standing orders for meetings are included within the Council's constitution and training and

support is provided to members on their role in Council committees.

The Council complies with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government.

2. Ensuring openness and comprehensive stakeholder engagement.

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

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 21/22 the number of subscribers is 10489. 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. 13,021 customers have signed up to this service, which is an increase from 11,079 in 2020/21. It allows customers to:

- 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 was reviewed in 2021 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 Silktide accessibility score. In April 2022 the website had a 99% rating (excellent) and was the 13th highest ranking Council in the UK.

In 2022 the website will be getting a major upgrade to Drupal 9 Content Management System and has procured expert input from Inspire Ltd to help with this

Community Engagement

The Council supports good community engagement with the resourcing of community development officers in the Community Planning and Community Development Team, part of the Chief Executives Unit. The team has resources and expertise to support hard to reach groups, community organisations and remote communities to have a voice in decision making. The team also provides best community engagement practice for any other requirement. The Council also oversees the work of Community Learning (Youth Work and Adult Learning) through its collaboration with its Arms-length External Organisation (ALEO) partner Live Argyll.

The Council's Community Development Team can also assist community organisations with developing new projects, funding opportunities, training needs and support with 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. Further to this the team has a Gaelic Development Worker to support and engage Gaelic learning and Gaelic speaking communities.

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 help shape the CPP priorities 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 and emerging cross-cutting thematic working groups. 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 supported with good practice and resources where required such as – lone volunteering policies, safe medication delivery process, insurance, confidentiality guidance etc. Regular online drop-in sessions were established and ran for a period of 2 years for the groups to receive updates and to enable them to highlight needs/challenges and ask questions of Council and its partners.

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. Agendas for and minutes of meetings are detailed on the Council's website. When schedule 7A applies papers are adjusted to ensure that the maximum amount of content is in the public domain.

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 October 2021.

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.

The Council's Chief Executive presented an update on the Action Plan to the Council's Audit and Scrutiny Committee on 16 March 2021 who accepted the progress to date.

Audit Scotland followed up with the Council in May 2021 to review evidence against the progress listed in the Action Plan and stated in their Annual Report (December 2021) that the Council has made good progress.

A further progress report was submitted to the Audit and Scrutiny Committee 15 March 2022 which illustrates how 22 of the 36 actions are complete and that a further report will come back in 12 months to provide a further update on the 14 actions remaining.

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

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.

All services have plans containing an agreed set of quality standard measures which feed into the overall Corporate Plan.

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.

The Council's Capital programme and capital investment strategy is considered by the Executive Management team and approved by the Council at the budget meeting.

4. Determining the interventions necessary to optimise the achievement of the intended outcomes.

The Council's Executive leadership team meet regularly with the administration to discuss their key priorities and requirements for decision making in addition there is regular survey and feedback on their needs and a regular review of governance arrangements to ensure that decision making is fully supported.

The Council's complaints process ensures that service and operational issues are picked up and improvements are undertaken when required. Services carry out consultations and public surveys on various projects and service improvement areas across the Council which inform reporting and decision making on these.

The Council's performance management framework has KPI's allowing the monitoring of service outcomes which are reported to the ELT and Members enabling management decision and appropriate interventions to be taken.

Business outcomes are mapped to the corporate plan and the budget consultation process ensures that service priorities are affordable within resource constraints.

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

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 during 2021/22 a regular programme of webinars and workshops have taken place on-line which has facilitated a higher level of attendance. Additional training was undertaken by Elected Members in relation to the technology, knowledge and skills necessary to support the transition to a virtual environment including webcasting of strategic Committee meetings and the operation of meetings on a hybrid basis, enabling a mixed attendance of members being physically or virtually present. 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.

During this period a review of Elected Member Induction was undertaken in advance of Local Government Elections in May 2022. The programme was redesigned to focus on the whole geographical area of Argyll and Bute and to enable Members to gain a perspective on both local and strategic issues across the Council area whilst ensuring they have the opportunity to gain the knowledge and skills necessary to facilitate effective decision making, scrutiny and challenge in the early days of the new term. Following the 3 by-elections that took place in 2021-22 there was the opportunity to pilot some of the induction material on a virtual basis.

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.

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.

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

Internal Financial Control

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 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 Council has a designated Data Protection Officer and all services have Information Asset Registers along with appropriate guidance on how data should be managed.

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.

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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

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 has a key role in relation to the Council's governance to provide assurance over the effective management of risk. In September 2019 the Audit and Scrutiny Committee agreed that the CIA would perform an annual strategic risk assurance mapping exercise with this replacing a previous annual requirement for a risk management report. This was presented to the Audit and Scrutiny Committee in September 2019, September 2020 and September 2021. This exercise has confirmed that for all the risks in the Council's strategic risk register there are either sufficient assurances in place or internal audit currently have scheduled work to fill identified gaps. 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.

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

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 2021/22 audit plan needed to be revised and this revision was approved by the Audit and Scrutiny Committee on 15 March 2022. This was due to a need to redeploy audit resource to priority tasks required to support the Council's response to the pandemic and support Financial Services. This resulted in three audits being removed from the 2021/22 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 2021/22, one of the seventeen audit reports presented to the Audit and Scrutiny Committee had an overall audit opinion of 'limited' assurance. The audit related to Contract Management Roads and Amenity Services. 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 2021/22 the following developments were made within Internal Audit:

- the counter fraud team worked 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 2022/23 audit plan
- the internal audit team delivered internal audit services to the Argyll and Bute Health and Social Care Partnership, undertaking 3 audits which were presented to the Audit and Risk Committee.

Clear reports on a common format which are publically available and the Council has developed a hybrid meeting facility enabling physical and virtual attendance at meetings with a public broadcast function so that members of the public can see and hear meetings of the Council's strategic committees live increasing openness and transparency.

The Council prepares an annual report and an annual governance statement.

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.

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, Pippa Milne 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 UK-General Data Protection Regulations and the Data Protection Act 2018.

IMPACT OF COVID-19 ON GOVERNANCE

Throughout the period 2021-22 the Council continued to operate Council and Committee meetings on a virtual basis in response to the Covid 19 pandemic. The Council has invested significantly in the technology to enhance the virtual meeting environment with the transition from Skype to the increased functionality offered by MSTeams and by providing the additional option to operate on a hybrid basis, where attendance can be on a virtual or in person basis. The hybrid option was introduced in the first quarter of 2022 and is scheduled to be rolled out to Area Committee Meeting later in 2022. During this period the Council also commenced recording strategic meeting of the Council and hosting these for the public on the Councils website. This has now progressed to webcasting for strategic committees with the first webcast meeting being the Policy and Resources Committee in December 2021. This approach facilitates a greater reach in terms of Public access to meetings and underpins our commitment to transparency and accessibility. The Council Constitution and associated protocols were amended to incorporate these developments in October 2021.

COVID-19 also impacted on governance across services during 2021/22 and this has been assessed against four broad categories:

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

While the Council returned to a more business as usual footing during the period, some specific areas where service delivery has been impacted are:

- restrictions on travel and social distancing requirements continued to impact on the ability of planning officers to visit application sites and enforcement complaints – this required the use of remote verification inspections to be implemented
- a wide range of services within Roads and Infrastructure Services continued to be impacted to some extent, but not limited to, burials, cremations, refuse collection, civic amenity sites, home to school transport and ferry transport
- Learning and teaching moved from distance learning and returned to classroom teaching across Argyll and Bute.

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. Recovery and reinstating services post COVID-19

The Council agreed a 'Recovery Strategy and Framework' in 2020 focused on considering the actions and priorities required to return the Council, its services and wider issues including economic and social recovery, to the "new norm". An Argyll and Bute Overarching Recovery Group was formed to lead this process with specific thematic groups focused on Council recovery, building back stronger communities, economic and social recovery, infrastructure and transportation, financial management and public health. This work recognised the impact of the pandemic on widening inequalities and is considering longer term social and economic impacts. Good progress has been made and the Councils published its Recovery document "Recovery, Renew and Restart" outlining its achievements and current priorities.

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 and additional policy commitments which are not always fully funded limit financial flexibility and create 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 on financial flexibilities to date, have been sufficient to combat the financial impact of COVID to the Council in 2021/22 and 2022/23. However there

is likely to be ongoing pressure on the Capital Programme as a result of increasing costs that is difficult to accurately quantify at this stage and while an element of COVID-19 funding has been allocated to the programme relating to current works, increases could continue for some time and result in further overspends across the life of the programme. It may be that we will need to re-prioritise some of our capital spending.

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 continues to be committed to developing multi-year savings proposals with a focus on longer term planning. The additional work and pressure on teams as a result of COVID during 2021-22 meant that there had to be more of a focus on balancing the 2022-23 budget, however, some of the savings options impact on future years. The Scottish Government Resource Spending Review published on 31 May 2022 is hoped to provide sufficient information to allow Councils to plan with more certainty as it will set out the spending plans for the remainder of the parliament term 2023-24 to 2026-27. As with previous years, it is the intention to establish a cross party Budget Working Group who would meet early August to commence the budget discussions for 2023-24 and beyond.

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. This strategy was updated in August 2021 as recommended in the Best Value report and now covers the period 2020-21 to 2029-30. In addition to providing revenue and capital projections the Strategy also sets out the position in relation to the Council's general fund reserve, the approach to managing the financial impact of COVID-19, approach to Treasury Management and the strategy to address budget gaps.

HEALTH AND SOCIAL CARE INTEGRATION

The Argyll and Bute IJB has been established as a separate legal entity from Argyll and Bute Council and NHS Highland, with its own separate governance arrangements. 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 approved by Argyll and Bute Council and NHS Highland. This was most recently 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

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risk based internal audit plan was carried out in 2021-22 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 2021-22 the IJB has further progressed a number of initiatives to develop its governance arrangements including embedding board development events within its governance structures, its committee annual reporting and evaluation process, progressing an induction and development program for staff and implemented its revised risk management strategy. It has also established a new Contingency Risk and Resilience Committee to reflect its status as Category 1 responder.

The IJB has faced substantial financial challenge since its inception. However, during 2020/21 and 2021/22 it has been able to deliver savings, operate within its budget and generate a small general reserve from its' underspend for the year. The HSCP delivered an underspend of £1.738m against the resources available to it, these totalled £307m for the year. During 2021/22 the IJB was able to repay the final £2.8m that it owed to Argyll & Bute Council relating to previous overspends.

The IJB has welcomed the recent increases in funding from Scottish Government and this has enabled it to set a balanced budget with a realistic savings program. Like all public bodies, the HSCP is required to continually improve its efficiency and the value for money associated with the services it provides. It will do this through its Transformation agenda and its savings plans. It is now also seeking to develop longer term plans for investment in its physical and digital infrastructure in the coming years. The HSCP also anticipates that it faces a period of significant structural change as the National Care Service is introduced.

UPDATE ON AREAS FOR DEVELOPMENT IN 2020/21 ANNUAL GOVERNANCE STATEMENT

The 2020/21 Annual Governance Statement identified a number of areas for further development. A summary update for each area is provided in the table below.

Area	2021/22 Update
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	Specialist economic consultants now engaged on an options appraisal exercise to help inform the decision. This is to be reported to September's ED&I committee.
Further develop the Council's Counter Fraud Team	The Counter Fraud Team (CFT) have submitted a report to Strategic Management Team which will be considered at the beginning of July which outlines the actions, rebilling and recovery to date. The pilot is due to end in September and there is a proposal for the team to be made permanent.
Progress the project to upgrade the Council's general ledger system with an anticipated go live	This has now been pushed back to 6 June 2022 at the earliest due to issues which have surfaced during the implementation of the automated interface between Concerto and Oracle.

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<p>of 1 April 2022</p>	
<p>Complete the development of the automated interface between the Property Management System (Concerto) and the Financial System (Oracle) to process contractor payments</p>	<p>The capital Oracle/Concerto interface has been completed. The revenue interface has been delayed because of the need for Oracle to be updated as advised above.</p>
<p>Review of the scheme of delegation in relation to property matters to ensure decisions are taken at the correct level</p>	<p>Further review of property delegations will be included in the next review of the constitution.</p>
<p>Enhance reporting of workforce planning to the Strategic Management Team and Elected Members</p>	<p>Operational Workforce plans are reviewed on a six monthly basis and each team in the council are assigned a WFP risk rating. Data from these discussions are collated and analysed in a report which is presented to SMT. HROD team highlight any common themes that would benefit from a revised corporate approach. Quarterly health of the organisation reports are presented to DMT and SMT which cover a number of workforce indicators.</p>
<p>Further progress the work to digitalise all document and evidence exchanges for Local Development Plan 2 'Examination in Public'</p>	<p>Complete and DPEA have complimented D&EG on the provision of information in the required format</p>
<p>Respond to the findings of the Scrutiny Review of the Strategic Housing Fund which is to be reported in June 2021</p>	<p>All identified actions have been completed</p>
<p>Continue to improve quality and accuracy of asset information which will benefit asset valuations, calculations for utilities costs and asset management</p>	<p>Contract let and work underway to gather updated asset information for major buildings – new plans being drawn. Estates has continued to improve records with the property measurement contract providing new plans for properties. As part of the asset valuation process Estates also building up property records and will use the details for the insurance valuation updates to be completed in 2022/23.</p>

Further progress the implementation of a self-billing approach using CareFirst for payments to social care providers	This action has been suspended pending the implementation of two new key systems which would be integral to the revised process: The Oracle Fusion Financial Management System and the Eclipse Social Work Management System. Once the two systems are up and running and we know what the Eclipse system can do – the vendor is still writing the software - we'll be able to determine the actions necessary to implement this process.
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ISSUES FOR FURTHER DEVELOPMENT

The review of governance and internal control has identified the following areas for consideration during 2022/23, 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 2023)
- Further enhance reporting of workforce planning to the Strategic Management Team and Elected Members (Head of Customer Support Services – March 2023)
- Finalise the project to upgrade the Council's general ledger system with an anticipated go live of 6 June 2022 (Head of Financial Services – June 2022)
- Finalise the implementation of a self-billing approach using CareFirst for payments to social care providers (Head of Financial Services – March 2023)
- Complete the development of an automated interface between Concerto and Oracle (Head of Commercial Services – March 2023)
- Improve quality and accuracy of asset information which will benefit asset valuations, calculations for utilities costs and asset management (Head of Commercial Services – March 2023)
- Progress roll-out of Microsoft 365 (Head of Customer Support Services – March 2023)
- Develop data/analytics business intelligence tool (Head of Customer Support Services – March 2023)
- Undertake review of performance information (Head of Customer Support Services – March 2023)
- External Quality Assessment Framework (Head of Financial Services – March 2023)

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

Appendix 4

- 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 2021/22 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.