

Standards, Audit and Risk Committee

Committee Room 2, Floor 5, Fife House, North Street,
Glenrothes – Blended Meeting



Monday, 25 November, 2024 - 2.00 p.m.

AGENDA

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1. APOLOGIES FOR ABSENCE	
2. DECLARATIONS OF INTEREST – In terms of Section 5 of the Code of Conduct, members of the Committee are asked to declare any interest(s) in particular items on the agenda and the nature of the interest(s) at this stage.	
3. MINUTE – Minute of the meeting of the Standards, Audit and Risk Committee of 30 September 2024	3 – 6
4. BEST VALUE THEMATIC AUDIT - WORKFORCE INNOVATION – Report by the Head of Human Resources	7 – 41
5. ISSUED AUDIT REPORTS – Report by the Service Manager - Audit and Risk Management Services	42 – 45
6. CORPORATE FRAUD TEAM ACTIVITY AND PERFORMANCE UPDATE, INCLUDING WHISTLEBLOWING FOR 2023/24 – Report by the Service Manager - Audit and Risk Management Services	46 – 50
7. FIFE INTEGRATION JOINT BOARD (IJB) INTERNAL AUDIT REPORT – Report by the Service Manager - Audit and Risk Management Services	51 – 70
8. FIFE INTEGRATION JOINT BOARD (IJB) 2023/24 ANNUAL INTERNAL AUDIT REPORT – Report by the Service Manager - Audit and Risk Management Services	71 – 104
9. FIFE INTEGRATION JOINT BOARD (IJB) 2024/25 INTERNAL AUDIT PLAN – Report by the Service Manager - Audit and Risk Management Services	105 – 107
10. STANDARDS, AUDIT AND RISK COMMITTEE WORKPLAN – Report by the Executive Director, Finance and Corporate Services	108 – 111

Members are reminded that should they have queries on the detail of a report they should, where possible, contact the report authors in advance of the meeting to seek clarification.

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18 November, 2024

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BLENDED MEETING NOTICE

This is a formal meeting of the Committee and the required standards of behaviour and discussion are the same as in a face to face meeting. Unless otherwise agreed, Standing Orders will apply to the proceedings and the terms of the Councillors' Code of Conduct will apply in the normal way

For those members who have joined the meeting remotely, if they need to leave the meeting for any reason, they should use the Meeting Chat to advise of this. If a member loses their connection during the meeting, they should make every effort to rejoin the meeting but, if this is not possible, the Committee Officer will note their absence for the remainder of the meeting. If a member must leave the meeting due to a declaration of interest, they should remain out of the meeting until invited back in by the Committee Officer.

If a member wishes to ask a question, speak on any item or move a motion or amendment, they should indicate this by raising their hand at the appropriate time and will then be invited to speak. Those joining remotely should use the "Raise hand" function in Teams.

All decisions taken during this meeting, will be done so by means of a Roll Call vote.

Where items are for noting or where there has been no dissent or contrary view expressed during any debate, either verbally or by the member indicating they wish to speak, the Convener will assume the matter has been agreed.

There will be a short break in proceedings after approximately 90 minutes.

Members joining remotely are reminded to have cameras switched on during meetings and mute microphones when not speaking. During any breaks or adjournments please switch cameras off.

THE FIFE COUNCIL - STANDARDS, AUDIT AND RISK COMMITTEE – BLENDED MEETING

Committee Room 2, Fife House, North Street, Glenrothes

30 September 2024

10.00 am – 12.45 pm

PRESENT: Councillors David Dempsey (Convener), Tom Adams, David Alexander, Lesley Backhouse, John Beare, Al Clark, Gordon Pryde, Ann Verner and Ross Vettraino (substituting for Councillor Alycia Hayes).

ATTENDING: Ken Gourlay, Chief Executive; Eileen Rowand, Executive Director Finance and Corporate Services, Elaine Muir, Head of Finance; Les Robertson, Head of Revenue and Commercial Services, Laura Robertson, Pensions Service Manager, Pamela Redpath, Service Manager - Audit and Risk Management Services, Carolyn Ward, Audit Team Leader, Clare Whyte, Risk Management Team Leader, Hazel Hastie, Auditor, Audit and Risk Management Services, Anne Bence, Accountant, Paul Noble, Accountant, Tracy Hirst, Finance Operations Manager and Caroline Macdonald, Procurement Service Manager, Finance and Corporate Services; Martin Kotlewski, Service Manager (BTS Solutions and Service Assurance), Business Technology Solutions; Jacqui Cameron, Service Manager (Human Resources Policy and Reward), Human Resources; Alan Paul, Head of Property Services; Sinead O'Donnell, Policy and Delivery Manager (Communications and Engagement), Michelle Smith, Change and Improvement Consultant, David Paterson, Community Manager (Levenmouth Area), Communities and Neighbourhoods, Communities Directorate; Lindsay Thomson, Head of Legal and Democratic Services, Elona Thomson, Committee Officer and Wendy MacGregor, Committee Officer, Legal and Democratic Services.

ALSO ATTENDING: Andrew Ferguson, Amy Hughes and Karen Jones, Azets Audit Services.

APOLOGIES FOR ABSENCE: Councillors Aude Boubaker-Calder and Alycia Hayes.

113. DECLARATIONS OF INTEREST

No declarations of interest were submitted in terms of Standing Order No. 22.

114. MINUTE

The committee considered the minute of the meeting of the Standards, Audit and Risk Committee of 22 August 2024.

Decision

The committee agreed to approve the minute.

115. BEST VALUE CORPORATE SELF-ASSESSMENT

The committee considered a report by the Chief Executive presenting the corporate self-assessment report, demonstrating how Fife Council was delivering on Best Value requirements.

Decision

The committee: -

- (1) noted the first annual self-assessment of how Fife Council was delivering Best Value;
- (2) agreed that the Controller of Audit report would be submitted to this committee on 13 February 2025 and that officers would engage with members in relation to completion of the Best Value report, prior to submission of the report to this committee later in 2025; and
- (3) agreed the report would be made available to the public via the best value section of the council's performance pages on the Fife Council website.

116. FIFE COUNCIL AND CHARITABLE TRUSTS - ANNUAL AUDIT REPORT AND AUDITED ACCOUNTS 2023-24

The committee considered a report by the Executive Director (Finance and Corporate Services) containing the Audited Accounts for Fife Council and Charitable Trusts for 2023-24 as well as the Annual Audit Report. The report also provided a brief response to the External Auditor's report to Fife Council and the Controller of Audit.

Decision

The committee: -

- (1) agreed to approve the Fife Council and Charitable Trusts Audited Accounts for signature;
- (2) noted the report by Azets, the council's External Auditors, and the management responses from Fife Council;
- (3) agreed that a report on the findings from the Annual Audit - Best Value Thematic Review, carried out by Azets External Auditors, would be submitted to the next meeting of this committee on 25 November 2024; and
- (4) extended their thanks and appreciation to all staff across council services and to Azets Audit Services for their contributions and assistance during the accounting and auditing process.

The committee adjourned at 11.30 am and reconvened at 11.45 am.

117. ISSUED AUDIT REPORTS

The committee considered a report by the Service Manager, Audit and Risk Management Services providing a summary of findings from the Internal Audit reports that had been finalised since the previous meeting of the committee on 22 August 2024. The report also highlighted areas of concern and, if applicable, instances where services were not taking appropriate action.

Decision

The committee noted the contents of the report, including the summary of findings detailed at Appendix 1 in the report.

118. RISK MANAGEMENT UPDATE

The committee considered a report by the Service Manager, Audit and Risk Management Services in relation to the updated council's Risk Management Policy and Strategy document and provided an update on progress made towards implementing the Risk Management Improvement Plan (RMIP) and Roll Out Plan.

Decision

The committee:-

- (1) approved the council's revised Risk Management Policy and Strategy which included the risk appetite and roles and responsibilities as detailed within Appendix A to the report;
- (2) noted the contents of the RMIP and status of actions as detailed within Appendix B to the report;
- (3) noted the summarised contents and progress of the Roll Out Plan as detailed within Appendix C to the report; and
- (4) noted that further updates on Risk Management arrangements would be provided throughout 2024/25 in line with the Policy and Strategy document.

119. NATIONAL FRAUD INITIATIVE (NFI) SCOTLAND

The committee considered a report by Service Manager Audit and Risk Management Services providing a copy of Audit Scotland's national report on the 2022/23 National Fraud Initiative (NFI) exercise, and an update on local planning and preparations for the 2024/25 NFI exercise.

Decision

The committee:-

- (1) noted Audit Scotland's national report summarising the outcomes from the 2022/23 NFI exercise, published August 2024 and detailed within Appendix A to the report;

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- (2) noted progress towards planning and preparations for the 2024/25 NFI exercise; and
- (3) reviewed the completed NFI Self-Appraisal Checklist, for those charged with governance, detailed within Appendix B to the report.

120. **STANDARDS AUDIT AND RISK COMMITTEE WORK PLAN**

The committee considered a report by the Executive Director (Finance and Corporate Services) for the committee's consideration of the workplan for future meetings of the committee.

Decision

The committee:-

- (1) noted the content of the workplan of the Standards, Audit and Risk Committee;
- (2) agreed that the committee meeting scheduled for 31 October 2024 would be cancelled as it was not required following the committee's approval of the accounts;
- (3) agreed the Best Value Controller of Audit Report (including the Best Value Thematic Review) would be submitted to the 24 April 2025 committee meeting;
- (4) requested if reports on Member Officer Protocol and Whistle Blowing Procedures could be submitted to a future meeting of this committee for consideration and review; and
- (5) agreed a report on Corporate Fraud Activity would be submitted to the next meeting of the committee on 28 November 2024.

28 November 2024
Agenda Item No. 4

Best Value Thematic Audit - Workforce Innovation

Report by: Sharon McKenzie, Head of Human Resources

Wards Affected: N/A

Purpose

This report on workforce innovation is the second of the best value thematic audits which are undertaken each year as part of the annual audit of the Council.

Recommendations

The Standards, Risk and Audit Committee are asked to note the report from the External Auditors, Azets on how Fife Council is responding to current workforce challenges through building capacity, increasing productivity and innovation.

Resource Implications

None

Legal & Risk Implications

There are no legal and risk implications.

Impact Assessment

An EqIA is not required as this report does not propose any changes to policies or services

Consultation

Consultation is not required as the report does not propose a change to existing policies or practices.

1.0 Background

- 1.1 Best Value was introduced on a voluntary basis in 1998 and became a statutory duty following the Local Government in Scotland Act 2003. The Act places a duty on all Councils to secure Best Value, which is defined as the delivery of continuous improvement in the performance of all the Council's functions and activities
- 1.2 Best Value matters because it focuses on:
 - Ensuring good governance
 - Managing resources effectively
 - Improvement
 - And, delivering the best possible outcomes for local people
- 1.3 From 2022/23 Auditors have been reporting annually to the Commission on specific themes, with the intention that this will facilitate the exchange of ideas and performance data, as well as offering a detailed analysis of a specific aspect of the work of all councils.
- 1.4 The first audit theme was leadership (2022/23), and this report was presented to the Standards, Audit and Risk Committee on 28th September 2023. The theme for 2023/24 is workforce innovation, the subject of this report. The theme for 2024/25 has been confirmed as transformation.
- 1.5 Azets have been appointed by Audit Scotland as the external auditor for Fife Council for the period 2022/23 to 2026/27.

2.0 Best Value Thematic Audit of Workforce Innovation

- 2.1 Workforce innovation is the focus of this year's annual Best Value thematic work, and this will be covered in all council Annual Audit reports published in Autumn 2024.
- 2.2 The scope of the audit notes that councils have never faced such a challenging situation. Service demands have increased, and funding is forecast to reduce in real terms. Workforce pressures including recruitment in a competitive market, employee retention and high sickness absence levels are putting councils under continued pressure.
- 2.3 As part of the audit process, Fife Council was asked to undertake a self-assessment of how well we are doing in respect of workforce innovation and responding to workforce challenges against the following areas:
 1. How effectively are the council's workforce plans integrated with its strategic plans and priorities?
 2. How effectively has digital technology been used to support workforce productivity and improve service quality and outcomes?
 3. How effectively is the council using hybrid and remote working and other innovative working practice such as a four-day week to achieve service and staff benefits?
 4. What innovative practice is the council using to develop its future workforce capacity and skills needs and manage staff reductions in line with its priorities?
 5. What progress has the council made with sharing roles or functions across its services and/or with other councils and partners?
 6. How effectively is the council measuring the impact of its workforce planning approach?

- 2.4 The report from the external auditors, Azets, concludes that there are 2 areas where there are effective and appropriate arrangements in place, with the remaining four areas having no major weaknesses in arrangements. Scope for improvement is highlighted in these four areas, and the pace and depth of improvements planned have been found to be adequate.
- 2.5 The report highlights the innovative work being undertaken across the Council to respond to the workforce challenges being faced. Overall, the report is a positive one with only one improvement action which is around annual reporting to the Cabinet Committee. An annual report was presented to Committee on 12th September 2024 and annual reports will be provided going forward.
- 2.6 Azets will continue to monitor the progress that the Council makes in the development and implementation of our work in respect of workforce innovation and responding to workforce challenges.
- 2.7 The full report – Fife Council: Workforce Innovation – how councils are responding to workforce challenges is attached in Appendix 1.

3.0 Looking Ahead

- 3.1 Over a five-year period, Audit Scotland will publish Best Value Controller of Audit reports focusing on specific councils. Fife Council will be subject to a Controller of Audit report in February 2025. This will draw on information which has been collected through previous annual audits, including the best value thematic reviews of leadership (22/23) and workforce innovation (23/24), and the corporate Best Value self-assessment which has been undertaken.
- 3.2 In 2024/2025 transformation will be the focus of the Commission's annual Best Value thematic work.

List of Appendices

Appendix 1 - Report by Azets - Fife Council Best Value thematic audit - Workforce Innovation (September 2024)

Background Papers

None

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Fife Council

Workforce Innovation – how councils are responding to workforce challenges

Best Value thematic work in councils 2023-24

September 2024



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Key messages

How effectively are the council’s workforce plans integrated with its strategic plans and priorities?

Auditor judgement

Effective and appropriate arrangements are in place



Fife Council has a clear and comprehensive workforce strategy, Our People Matter (OPM), which is integrated with the Reform Agenda and the Digital Strategy, to deliver the Plan for Fife. There has been positive uptake and engagement with the current iteration of the OPM throughout the Council and with trade union representatives.

The Council is looking ahead towards preparations for development of the OPM 2025-2028. The refreshed OPM will include development of a Corporate People Plan to clearly set out the actions that are required to be taken at a corporate level to address the current and future gaps in workforce capacity and capability.

Planned engagement and consultation on the refreshed OPM 2025-2028 is due to begin in Autumn 2024.

How effectively has digital technology been used to support workforce productivity and improve service quality and outcomes?

Auditor judgement

Risks exist to the achievement of operational objectives



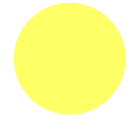
Appropriate arrangements are in place to enable the delivery of the Council's digital strategy. However, work is still required in developing the leadership and culture of the organisation which will drive digital change and progress. A key challenge for the Council is the creation of capacity within its workforce to enable the review, exploration and development of digital opportunities.

The Council continues to develop and implement its use of digital technologies. Specific actions have been taken to address digital exclusion including, for example, use your own device policies and the roll out of digital champions.

How effectively is the council using hybrid and remote working and other innovative working practice such as a four-day week to achieve service and staff benefits?

Auditor judgement

Risks exist to the achievement of operational objectives

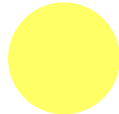



Fife Council has a well-established blended working approach which 94% of eligible employees have chosen to opt into. However, the Council has recognised that only 13% of the workforce are eligible to opt in for their blended working approach and that the majority of services operate through front line workers.

Resource and capacity challenges are limiting progress being made for a number of flexible working initiatives including exploration of flexible working opportunities for front line working groups and development of productivity measures for each of the Council’s workstyles.

The Council has recognised the challenges which a blended working approach can have on the wellbeing of its employees and has produced an appropriate range of guidance and tools to support the health and wellbeing of its employees. A strong culture and focus on support for employee wellbeing exists within services which has encouraged development of their own initiatives to meet the specific health and wellbeing needs of their teams.

Maintaining a sense of team culture under the blended working approach is a challenge that does not impact solely on Fife Council. Services have implemented well established methods to mitigate the risk of this challenge including through requesting that all team members are working in the office on the same days to increase collaborative working alongside maintaining weekly virtual team huddles and weekly team emails.

<p>What innovative practice is the council using to develop its future workforce capacity and skills needs and manage staff reductions in line with its priorities?</p>	<p>Auditor judgement</p> <p>Risks exist to the achievement of operational objectives </p> <hr/> <p>The Council has appropriate arrangements in place for building future capacity and has developed a range of innovative schemes and initiatives used across services to produce a resilient workforce.</p> <p>The Revenue Budget 2024-27 approved by the Council in February 2024, however, reflects a much more challenging financial landscape over the next three years than in previous years. It is essential that the Council is well prepared for the impact of future budget challenges on the workforce.</p>
<p>What progress has the council made with sharing roles or functions across its services and/or with other councils and partners?</p>	<p>Auditor judgement</p> <p>Effective and appropriate arrangements are in place </p> <hr/> <p>The Council works collaboratively with its partners and continues to explore opportunities. Through collaborative working, the Council shares knowledge and learns from partners, leading to enhanced service delivery and outcomes.</p>

How effectively is the council measuring the impact of its workforce planning approach?

Auditor judgement

Risks exist to the achievement of operational objectives



The Council has received positive uptake and feedback on the two workforce planning data tools that they have offered to services, HR and OD practitioners. We are satisfied that performance information and workforce data is being used effectively by services to populate Service People Plans and to identify and respond to workforce challenges.

Annual reports on the OPM are presented to the Reform Board and the Cabinet Committee. The December 2023 report to the Cabinet Committee however was delayed meaning that performance against the OPM has not been presented or scrutinised at a Committee level in nearly two years. We recommend that the Council reviews the timeliness of workforce performance reporting to ensure it allows for effective challenge and scrutiny of workforce planning at a Committee level.

Definition

We use the following gradings to provide an overall assessment of the arrangements in place as they relate to best value. The text provides a guide to the key criteria we use in the assessment, although not all of the criteria may exist in every case.



Scope of the audit

The [2023 Local Government Overview \(LGO\)](#) notes that councils have never faced such a challenging situation. Service demands have increased after the Covid-19 pandemic and funding is forecast to reduce in real terms. Workforce pressures including recruitment in a competitive labour market, employee retention and high sickness absence levels are putting councils under continued pressure.

This report sets out how the council is responding to current workforce challenges through building capacity, increasing productivity and innovation.

The [Accounts Commission's Strategy \(2021-26\)](#) sets out its priorities to focus on inequalities, funding, communities and recovery. The Code of Audit practice sets out the Best Value work required to report on these priorities.

Code of Audit Practice 2020 Best Value reporting requirements

Best Value reporting – extract from the Code

The Accounts Commission's approach to Best Value involves reporting on individual local government bodies and thematically across the local government sector through performance reports:

- As part of their integrated wider-scope annual audit work appointed auditors use a risk-based approach to assess and report whether the audited body has made proper arrangements for securing Best Value and is complying with its community planning duties, including reporting progress against previous Best Value findings and recommendations.
- The Accounts Commission also requires the Controller of Audit to report to the Accounts Commission on each council or Integration Joint Board (IJB) at least once over the five-year audit appointment on the body's performance on its Best Value duty. This enables the Accounts Commission to make findings for improvement where appropriate.
- The Accounts Commission reports nationally on thematic aspects of local government bodies' approaches to, and performance in, meeting their Best Value and community planning duties. Local government appointed auditors report locally on any such Best Value thematic work prescribed by the Accounts Commission.

This report covers the thematic aspect of the Best Value audit requirements. The Commission has directed auditors to report on workforce innovation and how councils are responding to workforce challenges. In carrying out the work auditors have considered the following questions:

- How effectively are the council’s workforce plans integrated with its strategic plans and priorities?
- How effectively has digital technology been used to support workforce productivity and improve service quality and outcomes?
- How effectively is the council using hybrid and remote working and other innovative working practice such as a four-day week to achieve service and staff benefits?
- What innovative practice is the council using to develop its future workforce capacity and skills needs and manage staff reductions in line with its priorities?
- What progress has the council made with sharing roles or functions across its services and/or with other councils and partners?
- How effectively is the council measuring the impact of its workforce planning approach?

An improvement action plan is included at Appendix 1 of this report. This sets out audit recommendations in key areas, and the Council’s planned response including responsible officers and dates for implementation.

The coverage of the work is in line with the expectations for council’s arrangements for the seven Best Value themes in the Local Government in Scotland Act 2003, Best Value Statutory Guidance 2020.

Workforce strategy and priorities

Workforce planning involves identifying and addressing future capacity and skills gaps, at operational and leadership levels. It requires strategic thinking, comprehensive workforce data and ongoing consultation and engagement with staff and trades unions.

A council focused on achieving Best Value will have a workforce strategy that sets out expectations on how the local authority's staff will deliver its vision, priorities and values.

To be effective, workforce planning must be integrated across the organisation. Workforce strategies need to support the council in achieving its strategic priorities. They must support other key plans including financial, asset, digital and transformation planning. They need to be under-pinned with detailed workforce plans within services.

The Council's workforce strategy is clear, comprehensive and supports achievement of the Plan for Fife

Fife Council has a clear and comprehensive workforce strategy, Our People Matter (OPM), which was launched in April 2022. The OPM was created in response to the Council's recovery following the COVID-19 pandemic and is integrated with the Reform Agenda and the Digital Strategy, to deliver the Plan for Fife.

To support the Council's current and future workforce needs, the workforce strategy sets out five priority themes:

- Culture & behaviours
- Leadership & management
- Employee experience
- Employee development
- Safety & wellbeing

The development of the current iteration of the OPM was informed by extensive engagement to both help shape the direction and content of the workforce strategy and to engage on the proposed strategy once it was developed. The consultation process involved a range of stakeholder groups including:

- managers at a range of levels who were expected to lead on strategy implementation;
- CLT Organisational Development (OD) Group – consisting of key OD stakeholders and champions at Head of Service level;
- OD and HR professionals and;
- Trade union representatives.

A mid-term review of the OPM was held in November 2023 to help the Council assess whether the workforce strategy remained fit for purpose. Overall, feedback received from this exercise was positive and provided the Council with clear feedback on what was working well and improvement actions to implement within the content and delivery of the OPM.

The Council has developed a further tool to support its workforce planning approach through the requirement for services to produce Service People Plans (SPPs). These plans are linked to the OPM and support the Council's approach to change planning through services identifying solutions and opportunities from their workforce profile. SPPs are reviewed annually to identify common threads or needs across services which are more representative of the Council's workforce challenges as a whole.

The Council is looking ahead towards preparations for the development of the OPM 2025-2028.

The Council is beginning to undergo preparations for the development of the OPM 2025-2028. A workforce insights report was presented to the Reform Board in May 2024 to inform the next cycle of workforce planning. A further report is due to be presented to the Cabinet Committee in September 2024. The report highlighted to members the Council's current workforce profile and key workforce challenges which included:

- Budgetary Pressures
- Ageing Profile
- Skills Funding
- Next Generation Workforce
- Recruitment Challenges
- Skills Shortage

Due to the positive uptake and engagement with the current iteration of the OPM, the Council is expecting that the OPM 2025-2028 will look very similar in structure and format to the current OPM. It will be updated to reflect current and future

organisational and people priorities, including emerging priorities identified from the refresh of the Plan for Fife.

Aligned with the refreshed OPM, and running over the same time period, the Council is looking to develop a Corporate People Plan for 2025 - 2028. This plan is aimed to build on the key insights from the Service People Plans to clearly set out the actions that are required to be taken at a corporate level to address the current and future gaps in workforce capacity and capability.

Planned engagement and consultation is due to begin in Autumn 2024 for development of a refreshed OPM 2025-2028. A report is due to be presented to the Cabinet Committee in September 2024 which focuses on organisational activity associated with the OPM and workforce planning including looking forward towards the development of the next iteration of the OPM.

Digital technology and the workforce

The 2023 Local Government Overview report notes that digital technology will make councils' future workforces look and work quite differently. In order to achieve the change required, councils need to make good use of digital technology and use the workforce in flexible ways.

Digital technology has a strong bearing on a council's workforce needs. It can be used to re-shape jobs to increase productivity and reduce back-office functions while improving service quality. Technology solutions include online services, customer relationship management systems, mobile digital services and more recently, artificial intelligence (AI) applications.

Councils need to be innovative in their use of technology and build on new working practices that emerged during the pandemic. In doing so, they must also consider service quality and the needs of people experiencing digital exclusion.

Appropriate arrangements are in place to enable the delivery of the Council's digital strategy. However, work is still required in developing the leadership and culture of the organisation which will drive digital change and progress. A key challenge for the Council is the creation of capacity within its workforce to enable the review, exploration and development of digital opportunities.

The Council's Digital Strategy sets out its vision for a digital council delivering for Fife. The Digital Strategy is currently being reviewed and is expected to reflect the current and future challenges facing the Council as well as exploiting opportunities which new and emergent technologies can bring.

The Council has established a Digital Portfolio Board (DPB) responsible for setting and overseeing the digital strategy. It is responsible for providing leadership, direction and advocacy to maximise the benefits of its digital infrastructure and data assets both internally and externally with partners.

In 2022, a Digital Skills and Learning Team was established in HR. This team brings together staff from Business Technology Solutions (BTS) and HR. The team's work focusses on increasing the digital skills and confidence of the Council's workforce and digital leadership.

Work is ongoing to develop the right leadership approaches to support change and innovation. Council policies on delivering systems in a re-designed way around People and Place mean a challenge to existing service-specific approaches and culture. Combined with shifts in the way technology is implemented and funded, the Council has recognised that leadership focus and culture will inevitably have to shift to a more holistic and joined-up approach.

Leadership teams within the Council are developing a greater awareness of digital opportunities as well as starting to address the leadership and cultural issues which drive digital change and progress. However, the Council recognises that more work needs to be done in this area. The current Digital Strategy references the organisational development work needed to achieve this. Joint work is underway with BTS and HR to progress this.

One key challenge, however, as identified by the Council, is over the engagement of services to support and trial innovation as digital opportunities arise. Capacity of staff and leadership is the main constraint. If the Council is to fully exploit and explore new opportunities, particularly in the emergence of data-driven approaches and AI and automation, this needs to be addressed.

The Council continues to develop and implement its use of digital technologies. Specific actions have been taken to address digital exclusion.

Prior to the pandemic, the Council had commenced migration of users to Microsoft Office 365 (M365). The original business case was based on providing employees with more flexibility and introduced the concept of being able to access email and documents from any device, anywhere, including personal phones, laptops, or PCs, referred to as Use Your Own Device (UYOD). This gave the Council a secure, robust platform with which to continue doing business during the pandemic.

Having a Use Your Own Device policy and guidance in place before the pandemic enabled the Council to adopt appropriate arrangements for remote working using Teams. Online and blended meetings via Teams are now part of its workforce culture.

The Council continues to develop its use of digital technologies and since the pandemic has for example, developed:

- A M365 based intranet that is accessible from personal and council mobile devices and PCs.
- Added 'field workers' to M365 allowing employees that previously had no digital footprint access to their payslips and the Intranet.
- Implemented Viva Engage allowing every employee to join communities and discussions.

The Council recognises that people remain at the centre of the development of digital approaches. It actively captures and acts on feedback from its workforce, citizens, pupils, communities, and partners.

The Council has rolled out, on a phased basis, a Digital Champions programme. This is a network of trained ambassadors to encourage digital take up, provide peer support and signposting. BTS has enabled, through the network of Digital Champions, services to fully exploit new capabilities such as Power BI to deliver appropriate technical solutions for themselves. This has proved successful, and the Council is seeking to further extend and develop this model, further opening up opportunities to develop technology around specific service needs.

A baseline digital skills survey was distributed to staff within ten services. The results have been analysed and shared. As well as starting to provide corporate intelligence of digital skill levels and gaps, the findings gives a focus for work at a service level and enables plans to be developed.

A digital training calendar has been launched on the Council's Technology Hub, including virtual, face-to-face, and self-directed training opportunities. The short virtual sessions have been well-attended, and feedback collected from sessions and the plans allows the team to adapt offerings to employee needs.

Dive into Digital

Dive into Digital 2023 marked the second year of the event for Fife Council. The event was a visible, highly promoted, and engaging week which revolved around three key principles:

- Enhancing digital literacy and encouraging the development of digital skills
- Raising awareness and celebrating digital transformations internally and externally
- Looking to the future of digital technology and how this might impact our working and personal lives

The event hosted a total of 32 sessions over five days. There were four in-person events, these sessions included the Digital Champions Networking Session, the Digital Champions and Leaders Gathering and 2 Device Set Up Sessions at Council Depots, one in Cupar and one in Dunfermline. This was in response to feedback from the event in 2022. This allowed the team to reach a wider audience and engage with individuals who may not have direct access to electronic devices.

Overall, feedback from both events was very positive with many generic and direct comments gathered during and after the events.

Source: HR Digital Skills and Learning Team: Dive into Digital 2023 report

Across council services there's a range of work to support digital inclusion for potential employees. As part of its community wealth building approach, for example, the Council is trying to remove digital barriers to recruitment. This has included, for example:

- testing simpler application processes for some roles
- providing digital support for applicants at our recent jobs fair

Flexible working and other innovative staff deployment

During the pandemic councils needed to make the best use of their existing workforce while continuing to monitor employee wellbeing. Councils continue to look to new ways of working to improve job satisfaction and reduce sickness absence and staff turnover.

Home-working and hybrid working (a combination of office and home-based working) have now become commonplace. Some councils are also considering more radical working practice such as a standard four-day working week. However, whatever the working practice, employers need to ensure that service quality and productivity are maintained.

The Council promotes a blended work approach as a staff benefit

Fife Council, in line with other Councils and organisations, had to change workstyles and work locations during the COVID-19 pandemic. The Council offers a blended working approach which allows eligible employees to work from a combination of home and office work, in line with the requirements of their specific team.

The Council worked closely with trade union representatives to develop and update its flexible working policies including the blended working approach.

As part of the Council's blended working approach, employees can opt in to spend up to 50% of their contracted hours in the office. Of the Council's eligible employees, 94% of those chose to opt into the blended workstyle.

The Council has carried out employee surveys in both 2022 and 2024 which focus on blended working issues. The results from both surveys present positive feedback on the blended approach to working, specifically in relation to work life balance.

The Local Government in Scotland Overview 2022 notes that hybrid working can allow a more flexible and adaptable workforce and for it to work well Councils need to provide staff with a wide range of support, including health and wellbeing support. The Council has recognised the challenges which a blended working approach can have on the wellbeing of its employees and in response, has produced a range of guidance and tools to support the health and wellbeing of its employees. The work undertaken during 2023/24 includes:

- Support Services: Access to physiotherapy, counselling (self-referral option), occupational health and a network of around 90 Mental Health First Aiders (MHFA).

- **Mental Health Training:** Network of in-house trainers delivering Mentally Healthy Workplace full day training for managers and supervisors with 750 completed training to date.
- **Financial Wellbeing:** Promote financial awareness and education sessions led by HR colleagues and delivered by employee benefits providers.
- **Wellbeing Training:** Wellbeing Information Adviser in post who has developed mental health awareness and self-care training which has been delivered 30 times in total to 285 people.

The results from the Council's 2024 Health, Safety & Wellbeing Matters survey highlighted a 11% increase in employee awareness of the internal support services available (counselling, physiotherapy, and mental health first aid) compared to previous years.

Services within the Council have also developed their own initiatives to meet the specific health and wellbeing needs of their teams. Positive feedback and uptake has been received from employees in relation to the introduction of Wellbeing Wednesdays in the Facilities Management service. These occur every second Wednesday and provide an opportunity for teams to come together through a combination of remote and in person attendance, to discuss wellbeing issues and concerns.

Maintaining a sense of team culture under the blended working approach is a challenge that does not impact solely on Fife Council. Services have implemented well established methods to mitigate the risk of this challenge including through requesting that all team members are working in the office on the same days to increase collaborative working alongside maintaining weekly virtual team huddles and weekly team emails.

The Council has committed to consider increased flexibility for all workstyles

The Council has recognised that only 13% of the workforce are eligible to opt in for their blended working approach and that the majority of services operate through front line workers.

In response to this workforce challenge, the Council has committed to consider degrees of flexibility for all workstyles. Extensive work has been carried out in recent years to understand the different workstyles which make up the Council's workforce. The Council identified six workstyles:

- A- Principal Customer Contact
- B- Principal Customer Contact and Service Facility Role
- C- Direct Care/Service Role

- D- Caseworkers; Fieldwork; Supervision, or Inspection Role
- E1 & E2- Support and Organisation Role

The Council worked with Flexibility Works to explore the impact of current working patterns and explore potential flexibility opportunities with a group of frontline workers in Adult Services, as detailed in the exhibit below.

Fife Council Adult Services working patterns review

In July 2023, Flexibility Works undertook a survey of Fife Council employees working within Adult Services to explore their views and experiences on their current working patterns as frontline workers.

The survey looked at the current working arrangements for this group of staff and what key things could make the most difference to support their wellbeing.

Recommendations from this work to be implemented by the Council include:

- Being clearer about flexible working opportunities during the recruitment process.
- Reviewing current staff needs at regular one-to-one meetings
- Reviewing shift patterns to ensure these balance staff preferences and need.

Source: Fife Council Adult Services Front-Line Workers Survey Findings Report and Fife Council response to Best Value Thematic Review

Based on the results of the pilot work with Adult Services, the Council is keen to roll out similar exercises to explore flexible working opportunities in more groups of front line workers. The Council's HR team currently faces resource and capacity challenges which has however delayed further development of work in this area.

The Council has not been able to demonstrate efficiencies through the impact on productivity

Services within the Council are facing the challenge of being able to measure productivity of workers that have opted into the blended working approach and to be able to conclude on whether employees are more or less productive under this style of working.

The Council's HR team is currently exploring productivity measures for each of the Council's six identified workstyles. A set of productivity principles have been drafted but the Council recognises that there is further work required in this area before an output to allow productivity of flexible working to be measured is available to be implemented across services. In line with the work on flexible working opportunities, resource and capacity challenges are cited as the main factor preventing further progress being made in this area of workforce planning.

Developing future skills and capacity

Councils need to find innovative ways to ensure the workforce capacity and skills they need to deliver services in the future. Training and development opportunities can help to attract and retain employees and ensure skills are in place. Many councils work with their partners to offer apprenticeship schemes or vocational qualifications. Succession planning is also important to develop future leaders and ensure that essential skills are in place.

Jobs can be re-designed to optimise the workforce and improve services. For example generic roles across health and social care disciplines. Leaders need to engage with staff and trade unions over fundamental workforce reform. This is particularly challenging in an environment of potential job losses.

The Council makes good use of its existing workforce and is developing the skills needed to deliver future services

The Council has effective and appropriate arrangements in place for building future capacity through schemes including:

- Life chances approach to recruitment
- Employability initiatives
- Workforce Youth Investment
- Foundation/Modern Apprenticeships
- Princes Trust
- Career Ready

In this section of our report, we have highlighted specific examples which demonstrate the innovative schemes and initiatives produced by the Council to develop a resilient workforce.

Life Chances Model

The Council's Life Chances approach to employability and recruitment was introduced in June 2023 as part of the Council's commitment to Community Wealth Building. The aim of the model is to provide employment opportunities and reduce poverty in difficult to reach areas of Fife.

The first phase of the approach has been completed which saw 20 life chances opportunities hosted across several services including, waste operations, grounds maintenance, contact centres, matrix fife, home care and housing. The

implementation of phase two of the model was approved by the Reform Board in April 2024 and evolves the first phase model beyond the current offer of a guaranteed interview to participants who successfully complete their programme to offering a ringfenced or guaranteed job.

The Council is expecting to continue to develop and realise the benefits of this programme over the next few years.

Apprenticeships

Fife Council has robust arrangements in place for delivering employability programmes including foundation and modern apprenticeships. The Council's employability team co-ordinate the Modern Apprentice contract for Fife Council, ensuring apprenticeships are available as a way to "Learn and Earn". The Council's Building Services has undertaken extensive work which looks at attracting potential apprentice applicants from early stages within their education, as detailed in the exhibit below.

Building Services Training Unit and approach to apprenticeships

The Council's Building Services Training Unit has been working closely with schools and colleges for the past two years to attract pupils who are keen to enter a trade.

As well as attending careers fairs, they organise apprentice workshops and carry out targeted work with S2 pupils to help them make subject choices for S3 and S4 for pathways into employment.

The number of successful trade apprenticeship candidates direct from school in 2023/24 has increased by 1.2% to 39.4%. Three years before starting this programme the percentage of pupils coming straight from school to be an apprentice was between 12-18%.

Source: Fife Council response to Best Value Thematic Review and meetings with service managers.

Grow your own

Grow your own schemes to develop new and existing employees is one of the most used methods by Council services for developing future skills and succession planning. The Council's Environmental Services has a high vacancy rate and is currently using grow your own schemes through working with the National Food Standards Scotland to grow its own and train existing staff, as detailed in the exhibit below.

Environmental Service and grow your own

The Environmental Health (Food & Workplace Safety) Team has a vacancy rate of approximately 23% for its current establishment. SPPs identified gaps in the team to be able to effectively carry out all activities.

During 2023, two Trainee Environmental Health Officers obtained their professional qualifications, and both took up Environmental Health Officer

positions. Despite this the Environmental Health (Food & Workplace Safety) Team has continued to experience difficulty in recruiting Environmental Health Officers as well as ongoing vacancies.

In recognition of the difficulty in recruiting, consideration was given to working on a proposal for an Alternative Delivery Model through upskilling and utilising other roles within the Environmental Health (Food & Workplace Safety) Team such as Environmental Health Technicians and Enforcement Officers to carry out food law activities. This has led to positive engagement with Food Standards Scotland, who are welcoming the opportunity to work with the Environmental Health (Food & Workplace Safety) Team, in developing a new route to authorisation for food law activities as a pilot, with the intention of providing updated guidelines for the training and authorisation of officers via an updated Food Law Code of Practice and Competency Matrix.

Source: Fife Council response to Best Value Thematic Review and meetings with service managers.

Partnerships with Education Bodies

Fife College, St Andrews University and the Department of Work and Pensions are all represented on the Fife Partnership Board and input to the Plan for Fife. The Council has relationships with universities for a range of its professional roles including Education, Social Work and Planning. In response to vacancies and retention challenges within health social care jobs, Fife Health and Social Care Partnership has developed a Care Academy with Fife College to look at innovative ways to support the social care workforce, as detailed in the exhibit below.

Fife Health and Social Care Partnership Care Academy

HR's Workforce Development Team (WDT) has engaged with Fife College Care Academy to facilitate further workforce development opportunities for the Health and Social Care Partnership workforce. This is funded externally and incurs no cost for Fife Council.

The Care Academy model delivers qualifications and training programmes aligned to the Health and Social Care sector needs. This arrangement facilitates council staff access to the Care Academy's programmes including:

- Funded provision of vocational learning programmes for relief staff and staff who are self-funded who do not meet eligibility criteria via the assessment centre
- Funded programmes at higher national level and not available via the assessment centre to support workforce retention and progression.

Source: Fife Council response to Best Value Thematic Review and meetings with service managers.

Premature Retirement

Directorates use SPPs to consider where they need to consider increasing skills and capacity in the workforce. The Council's Education service identified challenges through a lack of opportunities for newly qualified teachers due to an ageing workforce. The Council developed a scheme for premature retirement in response to these workforce challenges, as detailed in the exhibit below.

Education and premature retirement

Through the SPP process, the Council's Education service identified that teacher staffing levels in the primary school sector were saturated, meaning a lack of vacancies for newly qualified teachers. From the Council's workforce profile it was also identified that a considerable number of teachers were approaching normal retirement age, presenting a risk for the future.

Normally teachers retiring early would lose pension benefits through actuarial reduction, making it unattractive for staff. The Council therefore developed a scheme to fund the cost of the actuarial reduction so that eligible primary teachers could leave early without reduced benefits.

To date, payroll and finance have preliminarily assessed around 120 applications to check if costs of funding premature retirement in this way would be met by the salary saving from appointing newly qualified teachers at the lower of the main grade teaching scale.

This exercise is in its final stages, and the Council expects that 28 permanent primary teaching opportunities will be made available through this scheme, which will be built into Education's workforce planning process going forward.

Source: Fife Council response to Best Value Thematic Review and meetings with service managers.

In recent years Fife Council has managed its budget without the need to make any reductions to its workforce. It is important that the Council is prepared for future budget challenges.

Fife Council has managed its budget without needing to make workforce reductions in recent years. However, the Revenue Budget 2024-27 approved by the Council in February 2024 reflects a much more challenging financial landscape over the next 3 years. This presents the risk that options to close budget gaps will impact on the current workforce.

Change plans were re-introduced by the Council during 2022/23 with a shift of focus to a three-year planning horizon to ensure initiatives move away from 'salami slicing' and focus on service redesign and transformation. This process is still in development with finalised change plans expected to be in place by the end of March 2025. The Council has recognised that through the development of change

proposals, further workforce challenges will emerge. It is essential that the Council is well prepared for the impact of future budget challenges on its workforce.

The Council has appropriate arrangements in place for when workforce reductions are required. Any reductions are required to be actioned by services in accordance with the Council's Managing Change Procedure. This has been negotiated with recognised Trade Unions and reflects good practice and legislative requirements. The Council also has a robust redeployment procedure to support managers when considering appropriate alternatives to redundancy. To ensure transparent reporting of redundancies, the Council reports quarterly to its elected members on any redundancies across the workforce to ensure appropriate levels of monitoring and scrutiny.

Joint workforce arrangements across services and partners

Councils should look to work collaboratively with their partners to make the best use of their existing workforces and plan for the particular workforce needs in their areas. They should also work across traditional service department roles within councils to deliver improved services and outcomes.

Examples of this include generic working across health and social care, professional posts or functions between councils, and services delivered through empowered communities.

The Council works collaboratively with its partners and continues to explore opportunities. Through collaborative working, the Council shares knowledge and learns from partners, leading to enhanced service delivery and outcomes.

The Council recognises the benefits from working collaboratively with partners. Such workforce benefits include, for example:

- Resource savings particularly in respect of duplication of effort.
- Consistent approaches.
- Building communities of practice.
- Knowledge transfer, sharing, learning and supporting each other.

Systems are a key barrier to shared working. Where barriers can't be overcome easily, creative solutions are developed to overcome the barriers.

Examples of collaborative working

The Opportunities Fife Partnership has developed a commissioning framework which sets out the partnership's intentions, principles and priorities which underpin local commissioning of employability and skills provision over the period 2023 – 2025. The framework was developed from collaborative conversations under the banner of No One Left Behind. The partnership organisations are Fife Council, Fife College, Fife Health and Social Care Partnership, NHS Fife, Department of Work and Pensions, Skills Development Scotland, Fife Voluntary Action, Developing the Young Workforce and Fife Chambers of Commerce.

The Community Wealth Building Partnership Board works collaboratively with partners in Fife to support the development and delivery of community wealth building activities. This includes initiatives such as the Life Chances model, an approach which opens up pathways for those who have found it difficult to gain employment. Opportunities are focussed on our entry level posts, some of which can be hard to fill and this in turn creates a pool of candidates for jobs, supporting our workforce planning needs.

Source: Fife Council response to Best Value Thematic Review

Fife Council's Digital Skills and Learning collaboration work encompasses a variety of initiatives aimed at enhancing digital skills and fostering collaboration across different sectors and organisations. Examples include:

Tay Cities Deal Digital Leadership Programme: This initiative seeks funding from the Tay Cities Deal to establish a Digital Leadership Programme for public sector leaders in the Tay Cities Region, which includes Fife, Perth & Kinross, Angus, and Dundee. The proposed programme will focus on modernising local government services, enhancing efficiency, and fostering innovation through collaboration, sharing resources, knowledge, and best practice. Running over 24 months with flexible engagement levels, the programme includes a 6-month virtual mentorship program to match senior leaders with emerging digital talent within the councils for knowledge transfer and upskilling. This programme aims to facilitate digital evolution and provide specific support for senior managers who are facing similar challenges. It represents a concerted effort to tackle a gap in the public sector, where existing provisions cannot strategically target the distinct demands of the region's digital ecosystem.

SDPS Digital Portfolio Group: This is one of several Portfolio Groups set up by the Society of Personal and Development Scotland. The group's terms of reference focus on digital transformation and digital development of the local government workforce within Scotland. Members are HR and OD Professionals from across Scottish Councils. The SPDS Digital group holds meetings to discuss various aspects of digital development aligned with workforce strategy. A representative from HR (Digital Skills and Learning Team) is an active member of the group. As well as contributing to discussions on digital transformation within the workforce of Scotland, the group works with the Scottish Local Digital Office sharing experience with AI tools and their potential impact on different roles and sectors as well as the ethical considerations.

NES Digital and Data Skills Hub: The NES (NHS Education for Scotland) Digital and Data Skills Resource Hub has been launched to provide health and social care workers, including those in local authorities, charities, and the third sector, with access to over 200 free resources to enhance their digital and data skills. Working with NES and the Society for Personnel and Development Scotland (SPDS) Fife Council has signed up for full access to the hub and aims to roll it out

to Digital Champions and Leaders first and then to all Fife Council employees. A representative from HR (Digital Skills and Learning Team) is also part of the NES Digital Leader's Programme.

Source: Fife Council response to Best Value Thematic Review

In 2024 following a pilot programme, the Council was appointed as the host authority on the creation of a permanent Building Standards Hub.

Scottish Building Standards Hub (SBSH)

The SBSH is an independent stand-alone specialist unit hosted within Fife Council supporting local authority building standards services across all 32 Scottish local authorities and wider industry. The vision of the SBSH is to support transformation and improvement in building standards.

The service provided by the SBSH to local authority building standards services and wider industry is delivered across three areas:

- By delivering a range of building standards system services
- By supporting hubs of expertise and operational partnerships
- By supporting learning and development.

The SBSH operates and manages a web-based Learning Management System (LMS) containing digitised learning and training material specifically for building standards practitioners working for local authority building standards services in Scotland. It supports the provision of CPD and training either provided directly or in conjunction with industry partners and stakeholders.

The SBSH supports national workforce development and strategy, including LABSS ambassador's networks, modern and graduate apprenticeship schemes and delivering lectures.

The SBSH operates and manages a web-based validation of skills system specifically for building standards practitioners working for local authority building standards services in Scotland.

Source: Fife Council response to Best Value Thematic Review / Building Standards Hub SBSH Business Plan Draft

Measuring the impact of workforce planning

Councils should monitor the impact of their workforce planning and delivery approaches. This should include cost, service quality and productivity benefits as well as employee wellbeing. This in-turn should inform their workforce planning approach. Councils and their partners should also understand the wider impact of their employment practice on the local economy.

The Council actively monitors progress in implementing its workforce strategy and plans but timeliness of reporting to Committee could be improved

Annual reports on the OPM are presented to the Reform Board and the Cabinet Committee. The reports include an update on the Council's progress against the success measures and progress against both corporate and directorate actions set out within the OPM.

The Success Measures within the OPM are:

- Employee voice
- Recruitment and retention
- Personal performance
- Attendance and wellbeing
- Learning and development
- Equalities
- Health and safety
- Workforce flexibility

The Council has developed a suite of performance indicators which directly link to the success measures within the OPM. The indicators are included in the OPM annual reports and support capturing measurable progress of performance against each success measure.

Annual reports have been presented to the Reform Board in May 2023 and 2024. However, the latest report to Cabinet Committee was due to be presented in December 2023 and has been delayed to September 2024. The main reason for the delay in reporting is that in December 2023 the Council had not yet developed its

workforce insight and the date of reporting did not align with the directorates OPM self-assessment exercise, meaning that the full workforce picture for the Council could not be accurately presented at that point in time. We acknowledge that this is an appropriate reason for delaying performance reporting, however, this has meant that performance against the OPM has not been presented or scrutinised by the at a Committee level in nearly two years.

Improvement Action 1

We also raised concerns around the timeliness of the Council's performance reporting as part of our 2022/23 Annual Audit Report. The Council is currently working through our recommendations with a revised approach to performance reporting and service plans expected to be introduced in 2025. The Council is looking to integrate service workforce planning priorities and metrics as part of this process.

Services have access to a wide range of robust workforce data to aid in decision making

The Council has developed two key workforce planning data and analysis tools to support leaders at all levels, HR and OD practitioners. The tools are a specialist Oracle reporting functionality and a PowerBI dashboard. These are used to inform workforce planning considerations, monitor the effectiveness of SPPs and drive forward strategic initiatives.

Both tools are user friendly, interactive and searchable allowing users to filter and analyse data, for example by directorate, service, budget head, age, grade, gender, contract type and person status, in order to understand their current and future workforce profile. The Oracle reporting functionality also produces live data for users to analyse as part of this process.

The Council has received positive uptake and feedback on both of these workforce planning data tools. Work is ongoing to develop the functionality of the tools based on feedback received from services, to ensure that all workforce data needs are available to users in a timely manner.

A number of key staff surveys are issued by the HR team including a Heartbeat Survey, optional follow-up Pulse Surveys, Health, Safety & Wellbeing survey, iMatters within the HSCP and Staffwise within Education. These are regularly reviewed by HR to understand what is going well and areas of improvement against the Council's current workforce planning arrangements. Services also use the results of the surveys to inform the production of their SPPs and to allow them to identify and respond to workforce challenges.

Appendix 1- Improvement Action Plan

Issue / risk	Recommendation	Agreed management action / timing
<p>1. Timeliness of performance reporting against the OPM</p> <p>Annual reports on the OPM are presented to the Reform Board and the Cabinet Committee.</p> <p>The latest annual report was due to be presented to the Cabinet Committee in December 2023. This was delayed and is now expected to be considered in September 2024.</p> <p>There is a risk that the Council’s performance against its workforce strategy is not appropriately scrutinised on a timely basis.</p>	<p>We recommend that the Council reviews the timeliness of workforce performance reporting to ensure it allows for effective challenge and scrutiny of workforce planning at a Committee level.</p>	<p>A workforce strategy performance report will be considered by the Cabinet Committee at their meeting on 12th September 2024. Annual reports will be submitted to Committee going forward.</p> <p>Responsible officer: Head of HR</p> <p>Implementation date: September 2024</p>

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25 November 2024

Agenda Item No. 5

Issued Audit Reports

Report by: Pamela Redpath, Service Manager, Audit and Risk Management Services

Wards Affected: All

Purpose

To submit to Members of the Standards, Audit and Risk Committee a summary of findings from the Internal Audit Reports that have been finalised since the last meeting of the Standards, Audit and Risk Committee. The reports highlight any areas of concern and, if applicable, instances where Services are not taking appropriate action.

Recommendation(s)

Members are asked to note the contents of this report, including the summary of findings at Appendix 1.

Resource Implications

None.

Legal & Risk Implications

Without suitable internal controls, there is an increased risk that Services and / or the Council will not achieve their objectives.

Impact Assessment

An Equality Impact Assessment is not required because the report is not proposing a change or revision to existing policies and practices.

Consultation

Audit Services has consulted all subjects of the audit reports.

1.0 Background

- 1.1 Audit Services provides an assurance function that gives the Council an independent and objective opinion on the control environment by evaluating its effectiveness in achieving its objectives. It examines, evaluates and reports objectively on the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- 1.2 This report provides a summary of audit reports issued since the last report to this Committee. It describes key findings and highlights areas of concern.

2.0 Analysis of Issued Audit Reports

- 2.1 To enable the Standards, Audit and Risk Committee to form an opinion on the effectiveness of the internal control environment, to provide assurance where internal controls are working well and to highlight areas for concern, the Service Manager - Audit and Risk Management Services, prepares a report which provides a summary of the audit reports issued by Audit Services.
- 2.2 The reports issued in the current period relate to audits from the 2023/24 Internal Audit Plan. A short outline of each report is contained in Appendix 1.
- 2.3 Following each completed internal audit / fraud risk report, Services are asked to complete a Post Audit Review (PAR) exercise. This indicates:
 - the Service's progress in implementing agreed recommendations;
 - reasons for non-implementation; and
 - explanations for redundant recommendations.
- 2.4 The results of all PAR exercises are reported to Standards, Audit and Risk Committee separately.

3.0 Conclusions

- 3.1 This period's audits reveal some instances of non-compliance with the Council's governance arrangements. However, these are not systemic failings and, in general, satisfactory procedures are in place and being followed. Appropriate actions have been agreed in all instances to address these shortcomings.
- 3.2 I conclude that the findings do not pose a significant risk and implementation of all actions will improve the Council's control framework.

List of Appendices

1. Summary of Audit Reports Issued

Report Contact: Shona Slayford

Audit Team Manager, Audit and Risk Management Services

Email – Shona.Slayford@fife.gov.uk

SUMMARY OF FIFE COUNCIL AUDIT REPORTS	
<p>1. Corporate</p> <p>Purchasing Cards</p> <p>Report (17/23)</p>	<p>This audit reviewed the internal controls in place to manage and monitor the use of purchasing cards, including the authorisation of card transactions. It has been conducted in conformance with the Public Sector Internal Audit Standards (PSIAS).</p> <p><u>Audit Opinion:</u></p> <ul style="list-style-type: none"> • Level of Assurance Grade 3 • System Materiality Grade 3 • Overall Risk Medium <p><u>Findings:</u></p> <p>The following areas for improvement were identified:</p> <ul style="list-style-type: none"> • The Purchase Cards Good Practice Guide states that it is the responsibility of each Service to have specific documented procedures. Audit testing revealed that only some Services have these. • The Purchase Card Request Flowchart is incorrect in respect of authorisation of card applications by Business Partners / Accountants. • There is no guidance on the steps that should be taken where there is suspicion or discovery of fraud or misuse of a purchasing card. • Procurement does not have direct access to reports in the Enterprise Service Management application, Assyst, which would assist them to adequately monitor purchasing card applications and use. Currently Procurement is required to lodge a request through First Contact to obtain reports via BTS. • There are instances where credit limits on purchasing cards are unnecessarily high (e.g. £50k, £10k and £5K), and temporary increases in credit limits are not being utilised. • Services are not ensuring that new cardholders agree to the terms and conditions relating to the use of cards and, in line with the Purchase Cards Good Practice Guide, that the agreement is retained. • Audit testing confirmed there were instances where purchases were made by a purchasing card, where it would have been more appropriate to raise an order on Oracle Cloud. • In addition, a purchase was found where card details had been saved on a supplier's system, which resulted in improper use of the card. • There is a manual process for card holders to record and managers to review and approve purchasing card transactions. Card transactions can also be reviewed by Managers on the statements however this check is not always evidenced.

SERVICE, REPORT AND PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
	<ul style="list-style-type: none"> <li data-bbox="757 193 2101 264">• Audit testing identified some purchases were made contrary to the Council’s Procurement policies and Financial Regulations. <p data-bbox="757 304 2101 376">Satisfactory actions have been agreed to address the ten audit recommendations (7 Substantial and 3 Moderate) in the report by 31 March 2026.</p>
<p data-bbox="125 411 667 443">2. Finance and Corporate Services</p> <p data-bbox="125 499 573 531">Business Technology Solutions</p> <p data-bbox="125 571 689 643">Follow-Up to Report 04/22 - Information Security Management</p> <p data-bbox="125 683 338 715">Report (18/23)</p>	<p data-bbox="757 411 2101 555">The 2023/24 Internal Audit Plan contains an allocation of days for Audit Services to carry out formal follow-up reviews for a planned portfolio of audit reports. This allocation is used to assess, through the consideration of evidence, the extent to which recommendations previously agreed with management have been implemented.</p> <p data-bbox="757 579 2101 643">This audit is a follow-up review of Report 04/22, Information Security Management, which was issued on 2 February 2023.</p> <p data-bbox="757 667 2101 810">The Audit Opinion in the original internal audit report concluded that the system of controls scored 3 and the materiality of the area scored 4, making the overall risk Medium. A number of areas for improvement were identified and four recommendations, which BTS agreed to implement by 30 June 2023, were made to address them.</p> <p data-bbox="757 834 2101 930">From the follow-up work undertaken, Audit Services concluded that all four recommendations have been fully implemented and, consequently, the risks identified in the original report have been addressed.</p>

25 November 2024

Agenda Item No. 6

Corporate Fraud Team Activity & Performance Update, including Whistleblowing for 2023/24

Report by: Pamela Redpath, Service Manager, Audit and Risk Management Services

Wards Affected: All

Purpose

To provide Members of the Standards, Audit and Risk Committee with an update on the Corporate Fraud Team's (CFT's) activity and performance for the period 1 April 2023 to date, including annual whistleblowing activity for 2023/24.

This is the first report of its nature provided to Standards, Audit and Risk Committee. Going forward, the report will be presented annually.

Recommendation(s)

Members are asked to:

1. note the CFT's activity and performance for the period 1 April 2023 to date; and
2. note the results of the Council's whistleblowing activity for 2023/24.

Resource Implications

The CFT's activity is delivered utilising existing corporate resources. Some of that activity resulted in income generation for the Council.

The structure of the CFT was considered during 2023/24 and steps are being taken to establish a new Corporate Fraud Lead Officer post within existing budgets.

Legal & Risk Implications

If the Council does not have robust fraud governance arrangements in place, it may be exposed to an increased risk of fraud, financial loss and reputational damage that ultimately impacts on the effective delivery of services and undermines public trust.

In relation to Whistleblowing, the Public Interest Disclosure Act of 1998 (PIDA) provides legal protection for those making a disclosure about a prescribed wrongdoing that is made in the public interest. The protection applies to workers as well as employees and therefore applies to casual workers and agency staff.

Impact Assessment

An EqIA has not been completed and is not necessary as the report does not propose a change or revision to existing policies and practices.

The Head of Finance, Head of Legal and Democratic Services, Head of HR, Legal Services Manager and the relevant HR Service Manager have been consulted on the content of this report.

1.0 Corporate Fraud Team Activity & Performance

Awareness Raising, Training and Development

- 1.1 The CFT launched a mandatory Corporate Fraud e-learning module in December 2023. The module, which all members of staff are required to complete, should be repeated every two years. Management teams are responsible for ensuring staff complete the module and receive statistics around completion rates. As at November 2024, 51% of all Council employees had completed the module.
- 1.2 The team has compiled supplementary training resources based on the main content of the fraud e-learning module that can be used by managers to present to staff who do not have regular access to IT, including a summary document to issue at Toolbox Talks. The Digital Skills and Learning Team has reviewed the material with a view to producing a video in due course.
- 1.3 A presentation specifically around Procurement Fraud Risks was developed at the request of the Head of Revenue and Commercial Services. This was initially presented to the Procurement Team in February 2024. In-person sessions were then delivered in collaboration with Procurement staff, between June 2024 and September 2024, for colleagues within Building Services, Property Services and the Housing Service.
- 1.4 Training was also delivered to the teams dealing with Social Work Crisis Grants, Communities Hardship Grant Funds and the Scottish Welfare Fund, where controls have now been tightened to include the checking of specific details on applications and supporting documentation with a view to identifying potentially fraudulent applications, including duplicate applications.
- 1.5 Development of staff within the CFT is a continuous process, informed through the sharing of fraud cases nationally and related internal control weaknesses, fraud risk horizon scanning, technical reading and on the job training. Presentations delivered and updates provided at the Scottish Local Authority Investigators Group, SLAIG, (see para 1.8 below) also contribute to learning. Corporate Fraud Officers are also required to study for, and attain, the CIPFA Accredited Counter Fraud Specialist qualification or equivalent.

Advice, Guidance and Investigatory Support

- 1.6 In addition to maintaining regular liaison with Council directorates / services to ensure they are aware of formal local referral routes (in particular services in which the most common types of local authority fraud can take place e.g. procurement / creditors, building services, revenues, grant applications) and are abreast of fraud-related developments, cases and intelligence, the CFT has provided a diverse range of advice, guidance and investigatory support since 1 April 2023, including:
 - Ongoing liaison with colleagues in Legal Services, Financial Services and Kirkcaldy Sheriff Court to secure the return of £6,573.62 via a Proceeds of Crime (POCA) order that relates to a case involving an ex-employee who was prosecuted for the theft of monies from a number of vulnerable Fife Council clients.

- Working alongside colleagues in the Procurement Team and Shared Services Team to provide advice relating to a taxi company that had been overpaid because the controls in place to prevent overbilling had not been adhered to. Recovery of the £1,900.35 overpayment is underway and, to mitigate the risk of this happening again, staff have been reminded of the process to follow.
- Assisting Property Services when an insurance claim was received from an organisation leasing a Council site. The organisation provided false quotes for the remedial works required to make good flood damage due to burst pipes. Discussions with the Council's Insurance Team, Legal Services and Property Services surrounding the circumstances of the claim and the terms of the property lease, helped ensure that the appropriate level of remedial works was carried out by Fife Council. The CFT's involvement in this case resulted in a saving of £5,471, being the difference between the actual cost to the Council and that of the lowest private quote.
- Attending investigatory interviews alongside a Project Manager who had been tasked with meeting individuals from a Third Sector organisation that had potentially misspent grant funding provided by Fife Council. Steps are being taken to recover a total of £4,764.77 and update the grant application form to ensure it clearly stipulates what funds can be used for and what supporting records require to be retained / submitted.
- Assisting an Investigating Officer involved in a disciplinary case where staff had allegedly claimed for hours they had not worked. More specifically, advice surrounding the types of additional information that should be sought prior to interviews taking place and guidance regarding the types of questions that could be asked during interviews was provided.
- In conjunction with Internal Audit, liaising with colleagues in Council Tax to ultimately help them ensure that adequate fraud prevention measures are in place to mitigate the risk of a significant Council Tax-related fraud, similar to the £1m Council Tax-related fraud perpetrated against Aberdeen City Council, coming to fruition in Fife.
- Working with colleagues in HR and Legal Services after identifying a possible misconduct case when an individual, who had identified themselves as being a member of staff, had commented negatively about Fife Council in the media.
- Assisting the Adult Resource Service, through the provision of advice, regarding the possible misappropriation of funds at a supported accommodation establishment.
- Assisting colleagues in the Pensions Team through the provision of advice when someone with an overseas address requested a change of bank details and could not provide appropriate documentation to support the request.
- Providing ongoing support and assistance to Internal Audit colleagues who may identify instances of potential fraud during routine audit work.

Collaboration

- 1.7 Fife Council is represented at a national level on the Scottish Local Authorities Chief Internal Auditors Group (SLACIAG) and its sub-groups, including SLAIG, where best practice and knowledge of current and emerging corporate fraud risks are highlighted / discussed.

- 1.8 Since 1 April 2023, topics discussed at SLAIG, which is the main national forum for Scottish local authority fraud discussions, include:
- Case studies on frauds reported within other Scottish Local Authorities.
 - Speakers from other relevant organisations such as Social Security Scotland, Police Scotland and the NHS Scotland Counter Fraud Service.
 - National Anti-Fraud Network (NAFN) updates, provided by the SLAIG representative who attends NAFN meetings.
 - National Fraud Initiative (NFI).
 - Fraud-related legislation.
- 1.9 Fraud intelligence received via a number of sources, including NAFN, SLACIAG and SLAIG are shared timeously with key members of staff in the Council so that, if required, prompt action can be taken to protect the public pound.
- 1.10 New direct contacts within Police Scotland have recently been established. The CFT seeks advice and guidance from those contacts as and when required. The CFT will continue to develop this relationship.
- 1.11 Lastly, the CFT, HR and Legal Services have developed a collaborative, professional and supportive relationship that will continue to support the organisation to enhance its fraud governance arrangements in the year ahead.

NFI

- 1.12 As Standards, Audit and Risk Committee members are aware, the CFT oversees the Council's participation in the NFI, providing support and training to all of those involved in uploading datasets and reviewing returned matches. The Team ensures all required tasks are completed by the prescribed deadlines and reports separately on NFI progress to the Standards, Audit and Risk Committee and the Pensions Committee. The most recent reports were submitted in September 2024.
- 1.13 In addition to overseeing the NFI exercises, to help ensure compliance with the Council's Code of Conduct and Conflict of Interest Policy and guidance, the CFT is responsible for considering the matches contained in the following reports:
- Elected Members records to Companies House data; and
 - Staff records to Companies House.

2.0 Whistleblowing

- 2.1 As reported to Standards, Audit and Risk Committee on 14 March 2024, the Council's whistleblowing function is managed corporately within Audit & Risk Management Services, specifically the CFT.
- 2.2 The action taken by the Council in response to a reported concern will depend on its nature, but may include one or more of the following:
- carrying out an internal investigation (HR, Legal Services and / or CFT)
 - dealing with the matter through an internal procedure
 - referring the issue to Police Scotland and / or to external audit
 - referring the issue to an external public or regulatory authority
 - bringing in external specialists to investigate where required
- 2.3 In line with the policy, all whistleblowing allegations received are shared with the Head of Human Resources, the Head of Legal and Democratic Services and the Service Manager - Audit & Risk Management Services. These managers (or an appropriate delegated officer) determine how best to proceed with, and who should lead on, an investigation. A decision may also be taken that no formal investigation is required.

- 2.4 Employees can report concerns in a variety of ways e.g. speak to their supervisor, send a letter, complete an anonymous form or email the dedicated email address.
- 2.5 For the period from 1 April 2023 to 31 March 2024, the Council received 13 whistleblowing allegations across all Directorates and the Health and Social Care Partnership. A breakdown of this figure between named and anonymous whistleblowers is provided in the table below:

No. of Allegations	Named	Anonymous
13	7	6

- 2.6 The number of whistleblowing allegations received continues to increase gradually.

3.0 Audit Scotland’s Fraud and Irregularity 2022/23 National Report

- 3.1 Audit Scotland published a national report entitled Fraud and Irregularity 2022/23 on 13 July 2023. The full report was submitted to Standards, Audit and Risk Committee on 17 August 2023.
- 3.2 Public bodies were encouraged to consider whether the internal control weaknesses highlighted in the report, which facilitated each of the fraud cases, could exist within their own organisations and take corrective action if required.
- 3.3 With the above in mind, where relevant, the CFT reviewed the Council’s arrangements in conjunction with a number of services, including Education, BTS and Transactions (payroll). In addition, some specific areas highlighted in Audit Scotland’s report were included in the 2023/24 and 2024/25 internal audit plans e.g. Purchasing Cards and Goods Receipting for ICT equipment.

4.0 Conclusions

- 4.1 The CFT has made steady progress in preventing and addressing fraud through awareness-raising activities, including focussed training and the provision of advice and guidance.
- 4.2 Collaborative efforts, including intelligence sharing at a national level, co-ordination of the Council’s participation in the NFI exercise and management of the corporate reporting arrangements for whistleblowing have helped strengthen the Council’s resilience against fraud risks.
- 4.3 Work will continue to develop throughout the year ahead, with a focus on further enhancing preventative measures and support mechanisms. The CFT remains committed to maintaining robust processes and helping the Council to continue to foster a culture of integrity, transparency, accountability and vigilance.
- 4.4 Going forward, the CFT’s activity and performance will be reported to the Standards, Audit and Risk Committee on an annual basis.

Report Contact:

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25 November 2024

Agenda Item No. 7

Fife Integration Joint Board (IJB) Internal Audit Report

Report by: Pamela Redpath, Service Manager, Audit and Risk Management Services

Wards Affected: All

Purpose

To submit to Members of the Standards, Audit and Risk Committee an internal audit report from the Fife IJB's 2022/23 Internal Audit Plan on Contract / Market Capacity.

Recommendation(s)

Members are asked to note, for assurance purposes, the information contained within the Contract / Market Capacity internal audit report at Appendix 1.

Resource Implications

None.

Legal & Risk Implications

Without proper corporate governance, risk management and internal controls in place, the risk increases that the IJB, and its Health and Social Care Partnership, will not achieve its objectives and may suffer financial loss and / or reputational damage. Obtaining independent assurances around the IJB's framework of governance, risk management and control through delivery of internal audits in the IJB Internal Audit Plan are of fundamental importance to the Council.

Impact Assessment

An Equality Impact Assessment is not required because the report is not proposing a change or revision to existing policies and practices.

Consultation

No consultation required.

1.0 Background

- 1.1 The Integrated Resources Advisory Group guidance states that it is the responsibility of the IJB to establish adequate and proportionate internal audit arrangements for review of the adequacy of the arrangements for risk management, governance and control of the delegated resources. This responsibility includes determining who will provide the internal audit service for the IJB and nominating a Chief Internal Auditor.
- 1.2 The IJB formally took over operational responsibility of the delegated functions with effect from 1 April 2016. Fife, Tayside and Forth Valley Audit and Management Services (FTF) was appointed as the Internal Auditors for Fife IJB for financial year 2021/22 onwards, including the role of Chief Internal Auditor. Prior to that, Fife Council's Audit Services provided those services.
- 1.3 The Internal Audit Output Sharing Protocol sets out principles in relation to the sharing of key internal audit outputs between the IJB, Fife Council and NHS Fife, including Internal Audit plans, individual audit reports and annual audit reports. In the context of Fife Council and in relation to individual audit reports specifically, the Internal Audit Output Sharing Protocol requires relevant IJB internal audit reports to be presented to Fife Council's Standards, Audit and Risk Committee for assurance purposes.
- 1.4 Under the arrangements detailed above, a review of Contract / Market Capacity was undertaken by FTF on behalf of the IJB. A copy of the audit report is attached at Appendix 1. The scope / objective of the audit and corresponding level of assurance can be found in the Executive Summary of the audit report at paragraphs 7 and 10 respectively. The audit report was submitted to the IJB's Audit and Assurance Committee in June 2024.

2.0 Conclusions

- 2.1 FTF was appointed as the Internal Auditors for Fife IJB for financial year 2021/22 onwards, including the role of Chief Internal Auditor. Prior to that, Fife Council's Audit Services provided those services.
- 2.2 The Internal Audit Output Sharing Protocol requires relevant IJB internal audit reports to be presented to Fife Council's Standards, Audit and Risk Committee for assurance purposes.

List of Appendices

Appendix 1 - Fife IJB Internal Audit Report No. F04/23 – Contract / Market Capacity

Report Contact:

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FTF Internal Audit Service

Fife IJB Contract/Market Capacity Report No. F04-23

Issued To: Nicky Connor, Chief Officer and Director, Fife Health and Social Care Partnership
Audrey Valente, Chief Finance Officer

Fiona McKay, Head of Strategic Planning, Performance & Commissioning

Lesley Gauld, Team Manager, Strategic Planning

Alan Adamson, Service Manager (Quality Assurance)

Pamela Redpath, Service Manager, Audit & Risk Management

Vanessa Salmond, Head of Corporate Services

Audit and Assurance Committee

External Audit

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Draft Report Issued	10 June 2024
Management Responses Received	18 June 2024
Target Audit & Risk Committee Date	28 June 2024
Final Report Issued	20 June 2024


CONTEXT AND SCOPE

1. The Fife IJB Strategic Framework includes the following objectives which are relevant to this review:
 - *Local – A Fife where we will enable people and communities to thrive.*
 - *Sustainable – A Fife where we will ensure services are inclusive and viable.*
 - *Wellbeing – A Fife where we will support early intervention and prevention.*
 - *Outcome – A Fife where we will promote dignity, equality and independence.*
 - *Integration – A Fife where we will strengthen collaboration and encourage continuous improvement.*
2. The Health & Social Care Partnership (HSCP) is heavily reliant on services commissioned externally from the independent and third sectors for the provision of services, including homecare, residential and day care, to service users in the Older People, Mental Health and Learning Disabilities sectors.
3. Commissioning of reliable, sustainable good quality service provision is fundamental for the safe care and effective treatment of service users, and the on-going development and planning of services.
4. Effective management of the risks associated with reliance on commissioned services is vital. The failure of a major service provider would have serious implications for service users and could have major financial and reputational risks for the IJB and its partners.
5. The Fife IJB Board Strategic Risk Register describes the following risk which could threaten the achievement of this strategic objective – ‘SRR 21 Contractual / Market Capacity – *There is a risk of significant partner failure in the third or independent sector leading to reduced ability to provide care services. This risk may be compounded by the impacts of Brexit, Covid 19 and winter pressures and cost of living and fuel cost pressures.*’
6. The current actions recorded in the Strategic Risk Register to mitigate this risk include:
 - *Ongoing robust market and relationship management with the 3rd and independent sector and their representative groups*
 - *Market facilitation programme and contract monitoring process*
 - *Continued creation of capacity and capability to manage and facilitate the market*
 - *Provider Forums to support relationship and market management*
 - *Scottish Government funding toward the Living wage agreed and applied*
 - *Maximisation of internal services as necessary*
 - *Commissioning Strategy approved*
 - *Strategic Planning Group*
 - *Care at Home Collaborative is now up and running and being supported by Scottish Care*
 - *Care Home Contract agreed and in place*
 - *Reimagining the Voluntary sector programme*
 - *Additional deep dive into the specific recommendations of the Reimagining the Voluntary sector*
 - *Community Living Contract.*

7. The scope of this review was to evaluate assurances provided by officers on the management of specific risks associated with the sustainability of services commissioned by the HSCP from the independent and third sectors. The review aimed to conclude on whether the evidence provided indicates that appropriate arrangements for identification and mitigation of these risks are in place.
8. A questionnaire, developed by internal audit, was completed by HSCP managers and focused on key controls to identify and manage risk. The managers also provided examples of documentary evidence to support their conclusions on how effectively controls were operating to mitigate the strategic risk of partner failure in the third sector leading to loss of service provision.
9. Internal Audit validated the completed questionnaire and evidence to confirm that the status of the controls was accurately described by managers.

AUDIT OPINION

10. The Audit Opinion of the level of assurance is as follows:

Level of Assurance		System Adequacy	Controls
Reasonable Assurance		There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	Controls are applied frequently but with evidence of non-compliance.

A description of all definitions of assurance and assessment of risks are given in Section 3 of this report.

EXECUTIVE SUMMARY

11. Overall, from the examples of evidence provided, we are content with the arrangements in place to mitigate the risk of third-party suppliers no longer being able to provide services leading to loss of service.
12. However, this opinion is limited to the examples provided within the self-assessment and is based on the evidence provided by management, acknowledging that some of the controls are evolving. Our opinion of reasonable assurance is caveated by the fact that the evidence provided to support the self-assessment conclusions was a representative sample across the care providers. Some evidence related to Care Home providers and some to Care at Home providers therefore our conclusion of ‘Reasonable Assurance’ is based on the evidence provided being representative of arrangements in place for all third-party providers.

13. The table at appendix 1 shows management's conclusion for each topic covered by the self-assessment and our opinion on this conclusion based on our review of the evidence provided. Of the 11 areas assessed we agreed with management's assessment for 8 areas, with 2 of the areas assessed by management as fully compliant but assessed as partially compliant by Internal Audit. One of the areas assessed by management as fully compliant could not be assessed by Internal Audit as the evidence provided was not directly relevant to the control.
14. The review of the documentation provided by management resulted in the following findings which are included in the action plan to this report along with recommendations:
- Evidence of the ongoing operational management of risks associated with the relationships with third party service providers was not provided. Risk management evidence was provided but this was specific to project risks associated with the Care at Home Reviews project and on the reporting of the strategic risk (SRR 21).
 - The evidence provided by management showed components of objective setting and an example of the grading of performance by external bodies but did not show how cross checking is undertaken between contact performance monitoring and external review results.
 - The evidence provided regarding provider objective setting showed the monitoring undertaken of care homes and some of the monitoring criteria but did not demonstrate that objectives were set for suppliers.

Care at Home Collaborative

15. The Care at Home Collaborative's Memorandum of Understanding (MoU) and Terms of Reference (ToR) include responsibilities that will contribute to the mitigation of the risk including joint working, recruitment, resourcing and retention, shift in culture and practice and engaging in innovation and new technologies.
16. Further evidence provided showed the work being undertaken to identify and address issues that could impact on service provision such as enhanced pay at weekends, block funded rota agreements, addressing increased fuel costs for staff, introducing a common uniform and logo and introducing a virtual and blended learning programme.
17. Management also reported that:
- *'The structural alignment of 16 Provider Organisations' operational configuration and delivery to that of the Strategic Planning priorities of the Fife IJB reduces market competition and disconnectedness'*. This aligns with Scottish Government direction as quoted in the consultation upon the National Care Service for Scotland *'focussing an ambition of change towards that of collaborative commissioning, the driving down of competition and an overall ethical approach to commissioning of care'*.
 - *'The risk is mitigated not only by contractual governance, but a common value base that Providers act upon through their Terms of Reference, their Memorandum of Understanding and a shared vision'*.
 - *'The frequency, momentum and response to the collaborative relationship of mutual interest, is agile to the macro and micro economics of international, national and local factors as indicated within the agendas and actions of interest'*.

- *'The commitment from Provider Organisations to collaboratively evaluate the evidential and experiential impacts experienced by them and their workforce is used to test the resilience and risks in context of capacity and flow, sustainability, motivational and morale impacts – whilst sense checking the wellbeing and welfare of frontline workforce as an outcome'.*
- *'Critically as illustrated in the iterative work undertaken to anticipate, measure and respond to the risk of impact upon market forces, a constant pattern of engagement and response was undertaken. Not only did the Collaborative supported by the Fife HSCP seek to strengthen local resilience but work nationally to evidence the risk of impacts nationally'.*

Governance over the Strategic Risk

18. The evidence supplied showed discussion of strategic risks occurring at IJB, Audit and Assurance Committee and at the Quality and Communities Committee as well as a discussion regarding the risk management strategy, including consideration of risk appetite, at an IJB development session. None of the evidence specifically recorded discussion regarding the risk of third sector partner failure resulting in service loss but it did evidence that the arrangements are in place for assurance on this risk to be provided to the relevant committees and to the IJB.

Governance – Contracts/Market Capacity Oversight

19. Management provided the example of amendments to the Care at Home Contract which were approved by HSCP Senior Leadership Team and noted in the Procurement Summary Report (PSR) which details every decision taking during the strategy formulation, tender, evaluation, award, lessons learned (and potentially variation, extension and termination) of every Contract.

20. Management also reported that:

- *'The PSR must be signed by the Contract Owner, Client Service, Category Manager and Procurement Review Board at the appropriate stages'.*

Operational Monitoring Arrangements – Objectives of the Contract

21. The new service agreements linking each service component to one of seven key outcomes will better show the objectives of the contract and how the contact works towards these. The evidence provided by management showed components of objective setting and an example of the grading of performance by external bodies but did not show how cross checking is undertaken between contact performance monitoring and external review results.

22. Management also reported that:

- *'Fife Council Monitoring and Evaluation Framework to monitor voluntary sector funded organisations - process in place. Reviewed as part of the Re-Imagining Project to enhance process, linking grants to strategic priorities / plan. Monitoring of care grades following inspection - demonstrated on paper to QMAG giving oversight. CH Assurance Team support care providers with areas for improvement.'.*

Operational Monitoring Arrangements – Register of Suppliers

23. A register of suppliers is maintained and includes:

- Names of the companies providing services

- Category of Services Provided
 - Key contacts with email addresses and phone numbers
 - Contract Renewal Dates
24. The register of suppliers does not include:
- Preferred method of communication
 - Frequency of meetings
 - Outcomes and Outputs.
25. Evidence of Financial monitoring undertaken by CreditSafe and Scotland Excel was also provided and validated. The Fife Council Monitoring and Evaluation Framework was referred to but unfortunately the evidence of this was not accessible due to technical issues. Therefore, we cannot comment on this aspect.
26. Management also reported that:
- *‘The contracts register accessible by the public on Fife Council’s website is supplemented by a supplier spreadsheet held by Procurement’*
 - *‘On a monthly basis Scotland Excel issue a report from Company Watch, which details Care Homes whose financial situation may be of concern, to all Scottish Local Authorities. Procurement use both sources information to determine if further investigation or escalation is required.’*
 - *‘Fife HSCP Strategic Planning Team maintain a register of grant funded organisations, detailing key information about services provided and the anticipated outcome and reach of these services. All grant funded services have been linked to one of seven primary outcome areas, enabling investment in services to be linked to key outcomes.’*
 - *‘Service level agreements are updated annually in line with Fife Monitoring and Evaluation Framework. Current Service Level Agreement and Annual Review templates are being updated in line with findings from the Reimagining Project which will enhance the information collected and link each component (activity) to a primary outcome. A full evaluation of an organisations performance is undertaken every three years’.*

Operational Monitoring Arrangements – Supplier Monitoring Arrangements

Reporting

27. The evidence provided by management was specific to Care Homes and showed evaluation of performance being reported to Care Home Oversight Group, Complex and Critical Care – Quality Matters Assurance Group and SLT Formal (Assurance) which is appropriate.
28. Management also reported that:
- *‘Daily submissions via TURAS platform are scrutinised by the Care Home Support Team to analyse staffing numbers, number of residents, type of care’.*

- 'A Weekly Care Home Safety Huddle takes place which includes representation from Care Home Support Team, Care Inspectorate, Health Protection Team, Infection Prevention & Control Team, Social Work, Contracts and Commissioning, GP and other professionals supporting care homes. Sit rep completed and circulated'. We validated the reporting template and Standard Operating Procedure associated with this.
- 'Twice monthly Care Home Oversight Group takes place which includes representation from Care Inspectorate, Social Work, Scottish Care, Commissioning, Infection Prevention & Control Team and Health Protection Team and Care Home Support. Minutes are recorded'. We validated the agenda for the meeting held on 17 May 2024 which included feedback on complaints/issues and reporting on Infection Prevention & Control.
- 'Twice Monthly Directors Group with representation from Chief Executive, Director of Nursing, Head of Quality and Commissioning and Director of Public Health. Minutes are recorded'

Setting of Objectives for Suppliers and KPIs

29. The evidence provided confirmed the monitoring undertaken of care homes and the criteria they are monitored against but did not specifically show that objectives were set for suppliers of care services.

Service Quality Monitoring

30. Management provided evidence of reports on Care Home Assurance presented to SLT (Formal) Assurance, the Care Home Oversight Group and the Critical Care Services Quality Matters Assurance Group. These provided assurance on:

- Infection outbreaks in Care Homes
- PPE in Care Homes
- Staffing in Care Homes (Nursing, Care, Admin, Other)
- Overall Performance in Care Homes
- Any Care Homes Causing Concern
- Care Homes Requiring Clinical and Care Professional Support
- Concerns Regarding Care Homes
- Examples of Good Practice in Care Homes
- Care Home Liaison Team Inspection activity, education & training activity, additional support visits and pressure ulcer data
- Unannounced Inspections of Care Homes by the Care Inspectorate

31. The IJB was also updated on guidance issued by the Cabinet Secretary for Health and Sport in May 2020 to all HSCPs. This directed all HSCPs to provide '*Enhanced Clinical Professional and Care Oversight*' for Adult Care Homes.

External Assurance Mechanisms

32. The evidence provided related to Unannounced Inspections of Care Homes by the Care Inspectorate and explained that the results are communicated to the Critical Care Services Quality Matters Assurance Group in the HSCP in the Care Home Assurance Report for the Critical Care Services. This report refers to action plans being presented to the Complex

and Critical Care Services Quality Matters Assurance Group to monitor progress towards implementing all of the actions but evidence of this was not provided. This evidence related to HSCP Care Homes not external reviews of third-party suppliers.

Use of Data to Identify Potential Problems (finance, quality, and staff data)

Use of Data

33. The evidence provided by management demonstrated the use of data by an external company (CreditSafe) to monitor the financial stability of providers. This is used by Procurement Services as part of the tender evaluation process and thereafter on a continual basis if the provider is selected. It also showed the Company Watch data provided by Scotland Excel which highlights any companies of concern (eg Care Home providers), which is also used by Procurement.
34. Management explained that considerable work is underway to mitigate against the recruitment and retention of social care across an Integrated Workforce in Fife.

Effectiveness of Use of Data in Identifying Potential Problems

35. The evidence provided related to data considered by the Integrated Quality Assurance Group (IQAG) on significant occurrences, Care Home Inspection Gradings, Pressure Ulcer Prevalence, quality assurance, complaints, and service user reviews. Management explained that the IQAG meeting between the HSCP and Care Inspectorate is used to discuss care services and share intelligence, and possible issues that could affect a provider's ability to meet their contractual obligations.

Action Taken When Problems Arise

36. The evidence provided shows discussions regarding the use of credit safe data to identify and investigate potential problems and the escalation process in place associated with this.
37. Management outlined that the Link Officer Early Indicators form is used to notify / predict of possible failure / incident to support remedial action. Significant occurrence reporting to HSCP, and requirement for registered services to inform the Care Inspectorate through e-Form reporting are other examples of action being taken when data indicates there are issues arising.

Service Contingency Plans & Alternate Suppliers for Essential Services

38. The conditions of contract for the purchase of social care includes the requirement for service providers to *'develop, implement, maintain and hold responsibility for processes and procedures in relation to business continuity'*
39. Evidence provided shows that there is a process to be followed when a provider notifies that they are no longer going to be able to provide the service including recommissioning process for packages of care, collaborative providers, notification clause with contracts for notice period and discussion and negotiation with exiting provider and incumbent provider.
40. Maintaining a list of further suppliers (ie not currently used by HSCP) may offer further resilience.

Communication with other Local Authorities Regarding Third Party Providers

41. Evidence provided shows that the Contracts and Commissioning Practice Network allows for communication between other authorities regarding 3rd party providers. Management added that Fife HSCP / Fife Council are members of the network which allows for communication with other Local Authorities & HSCPs regarding care services,

and also for questions and benchmarking exercises to be undertaken.


ACTION


42. The action plan at Section 2 of this report has been agreed with management to address the identified weaknesses. A follow-up of implementation of the agreed actions will be undertaken in accordance with the audit reporting protocol.


ACKNOWLEDGEMENT


43. We would like to thank all members of staff for the help and co-operation received during the course of the audit.

Jocelyn Lyall BAcc CPFA
Chief Internal Auditor

Action Point Reference 1	
Finding:	
<p>The evidence provided regarding operational risk management associated with managing the providers of Care at Home services was specific to the project management risks associated with the review of these providers rather than the management of risks associated with this relationship on an ongoing basis.</p> <p>It is important that the management of operational risks associated with the relationship with third party providers of care services is explicitly undertaken and reported to provide assurance and to escalate issues when appropriate.</p>	
Audit Recommendation:	
<p>The operational risks associated with the relationship with Care at Home service providers should be recorded and managed as should those associated with the relationships with other providers of care services to the IJB.</p> <p>The management of these risks should be reported upwards through the Clinical and Care Governance framework.</p>	
Assessment of Risk:	
<p>Moderate</p>	<div style="display: flex; align-items: center; justify-content: center;">  <p>Weaknesses in design or implementation of controls which contribute to risk mitigation.</p> <p>Requires action to avoid exposure to moderate risks to achieving the objectives for area under review.</p> </div>
Management Response/Action:	
<p>Contracts & Commissioning Risk Register in place – this provides high level risk across all service areas.</p> <p>Operational risks can result from both internal and external factors and processes.</p> <p>Fife HSCP would look to develop a risk ranking register for care services that could be an indicator of operational risk and would allow for action to be taken to discuss and address any areas of operational risk, mitigating actions or arrangements.</p>	
Action by:	Date of expected completion:
<p>Alan Adamson, Service Manager</p> <p>Avril Sweeney, Compliance Manager, Fife HSCP</p>	<p>31 December 2024</p>





Action Point Reference 2	
Finding:	
The evidence provided by management showed components of objective setting and an example of the grading of performance by external bodies but did not show how cross checking is undertaken between contact performance monitoring and external review results to assess the effectiveness of internal monitoring arrangements and to identify potential for improvements to these.	
Audit Recommendation:	
A process should be put in place to cross check contract performance monitoring information against external review results to assess whether the internal monitoring arrangements in place are effective and to identify improvements to these.	
Assessment of Risk:	
Moderate	 Weaknesses in design or implementation of controls which contribute to risk mitigation. Requires action to avoid exposure to moderate risks to achieving the objectives for area under review.
Management Response/Action:	
<p>Scrutiny of external inspections provide details of inspection outcomes, requirements and recommendation by the Regulator.</p> <p>Data will be collated to review and consider action by the HSCP to identify areas for improvement, and where support can be provided to support any organisations service improvement plan.</p> <p>Care Home Quality Matters Assurance Group (QMAG) will receive updates on inspection outcomes and will support the identification of improvement areas and themes.</p> <p>Dashboard in development (Summer 2024) and a process to identify improvement actions will follow into Autumn 2024. This will be for care homes in the first instance and will then be developed further for other care services.</p> <p>The improvement actions referred to will include improvements to internal monitoring arrangements.</p>	
Action by:	Date of expected completion:
Alan Adamson, Service Manager	31 October 2024

Action Point Reference 3	
Finding:	
The register of suppliers does not include information on the preferred method of communication, frequency of meetings or outcomes and outputs.	
Audit Recommendation:	
The register of suppliers should be updated to include information on the preferred method of communication, frequency of meetings or outcomes and outputs.	
Assessment of Risk:	
Merits attention	 <p>There are generally areas of good practice. Action may be advised to enhance control or improve operational efficiency.</p>
Management Response/Action:	
Register of suppliers will be developed, in conjunction with Fife Council Procurement Service to avoid duplication, that will provide preferred method of communication, and hold information on dates of meetings, outcomes and actions.	
Action by:	Date of expected completion:
Alan Adamson, Service Manager Niki Hutchison, Category Manager (Social Care, Fife Council Procurement Service)	31 October 2024

Action Point Reference 4	
Finding:	
The evidence provided regarding provider objective setting showed the monitoring undertaken of care homes and some of the criteria they are monitored against but did not specifically show that objectives were set for suppliers.	
Audit Recommendation:	
A process should be introduced to set SMART objectives for providers and for regularly monitoring against these.	
Assessment of Risk:	
Moderate 	Weaknesses in design or implementation of controls which contribute to risk mitigation. Requires action to avoid exposure to moderate risks to achieving the objectives for area under review.
Management Response/Action:	
Performance data on service objectives will be developed for care home services – i.e. assessment bed placements – to monitor service standards, and provide data to monitor the overall performance, and identify area for improvement. These initial actions will be specifically around care homes, but this approach will then be taken forward and considered for other care services at a later date.	
Action by:	Date of expected completion:
Alan Adamson, Service Manager William Penrice, Service Manager	31 December 2024





Definition of Assurance

To assist management in assessing the overall opinion of the area under review, we have assessed the system adequacy and control application, and categorised the opinion based on the following criteria:

Level of Assurance		System Adequacy	Controls
Substantial Assurance		A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	Controls are applied continuously or with only minor lapses.
Reasonable Assurance		There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	Controls are applied frequently but with evidence of non-compliance.
Limited Assurance		Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	Controls are applied but with some significant lapses.
No Assurance		Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Significant breakdown in the application of controls.

Assessment of Risk

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

Risk Assessment		Definition	Total
Fundamental		Non Compliance with key controls or evidence of material loss or error. Action is imperative to ensure that the objectives for the area under review are met.	None
Significant		Weaknesses in design or implementation of key controls i.e. those which individually reduce the risk scores. Requires action to avoid exposure to significant risks to achieving the objectives for area under review.	None
Moderate		Weaknesses in design or implementation of controls which contribute to risk mitigation. Requires action to avoid exposure to moderate risks to achieving the objectives for area under review.	Three (1, 2 & 4)
Merits attention		There are generally areas of good practice. Action may be advised to enhance control or improve operational efficiency.	One (3)

Internal Audit Validation of Self-Assessment

Appendix 1

Key Control Area	Management's Conclusion	Internal Audit Conclusion	Reason for Difference
Risk Management	Fully Compliant	Unable to Conclude	Evidence was project risk management rather than business as usual.
Care at Home Collaborative	Fully Compliant	Fully Compliant	N/A
Governance over the Strategic Risk	Fully Compliant	Fully Compliant	N/A
Governance – Contracts/Market Capacity Oversight	Fully Compliant	Fully Compliant	N/A
Operational Monitoring Arrangements – Objectives of the Contract	Partially Compliant	Partially Compliant	N/A
Operational Monitoring Arrangements – Register of Suppliers	Fully Compliant	Partially Compliant	The register of suppliers does not include information on the preferred method of communication, frequency of meetings or outcomes and outputs. Also the templates for current SLA and Annual Review are to be updated to reflect the findings from the Reimagining Project which will enhance the information collected and link each component (activity) to a primary outcome.
Operational Monitoring Arrangements –	Fully Compliant	Partially Compliant	The evidence provided showed the monitoring undertaken of care homes and some of the criteria they are monitored against but did not specifically show that objectives were set for suppliers.

Internal Audit Validation of Self-Assessment

Appendix 1

Key Control Area	Management's Conclusion	Internal Audit Conclusion	Reason for Difference
Supplier Monitoring Arrangements			The evidence provided on external reviews related to HSCP managed Care Homes not external reviews of third-party suppliers.
Use of Data to Identify Potential Problems (finance, quality and staff data)	Partially Compliant	Partially Compliant	N/A
Service Contingency Plans	Partially Compliant	Partially Compliant	N/A
Alternate Suppliers for Essential Services	Fully Compliant	Fully Compliant	N/A
Communication with other Local Authorities Regarding Third Party Providers	Fully Compliant	Fully Compliant	N/A

25 November 2024

Agenda Item No. 8

Fife IJB 2023/24 Annual Internal Audit Report

Report by: Pamela Redpath, Service Manager, Audit and Risk Management Services

Wards Affected: All

Purpose

To submit to Members of the Standards, Audit and Risk Committee, for information only, the Fife Integration Joint Board (IJB) 2023/24 Annual Internal Audit Report.

Recommendation(s)

Members are asked to note the contents of the Fife IJB 2023/24 Annual Internal Audit Report at Appendix 1.

Resource Implications

None.

Legal & Risk Implications

Without proper corporate governance, risk management and internal controls in place, the risk increases that the IJB, and its Health and Social Care Partnership, will not achieve its objectives and may suffer financial loss and / or reputational damage. Obtaining independent assurances around the IJB's framework of governance, risk management and control are of fundamental importance to the Council.

Impact Assessment

An Equality Impact Assessment is not required because the report is not proposing a change or revision to existing policies and practices.

Consultation

No consultation required.

1.0 Background

- 1.1 The Integrated Resources Advisory Group guidance states that it is the responsibility of the IJB to establish adequate and proportionate internal audit arrangements for review of the adequacy of arrangements for risk management, governance and control of the delegated resources. This responsibility includes determining who will provide the internal audit service for the IJB and nominating a Chief Internal Auditor.
- 1.2 The IJB formally took over operational responsibility of the delegated functions with effect from 1 April 2016. Fife, Tayside and Forth Valley Audit and Management Services (FTF) was appointed as the Internal Auditors for Fife IJB for financial year 2021/22 onwards, including the role of Chief Internal Auditor. Prior to that, Fife Council's Audit Services provided those services.
- 1.3 The Internal Audit Output Sharing Protocol sets out principles in relation to the sharing of key internal audit outputs between the IJB, Fife Council and NHS Fife, including Internal Audit plans and annual reports. In the context of Fife Council and in relation to annual reports specifically, the Internal Audit Output Sharing Protocol requires the IJB Annual Audit Report to be presented to Fife Council's Standards, Audit and Risk Committee for assurance purposes. In return, Fife Council's Annual Audit Report is shared with the IJB.
- 1.4 The Chief Internal Auditor's composite Annual Internal Audit Report for 2023/24 (incorporating Report F05/24 - Internal Control Evaluation 2023/24) for the Fife IJB, which was approved by the IJB's Audit and Assurance Committee at its meeting on 13 September 2024, is attached at Appendix 1. The report includes, at paragraph 15, the Chief Internal Auditor's opinion on the IJB's governance arrangements and systems of internal controls for the financial year 2023/24. The report also summarises the work carried out during the year that supports the opinion.

2.0 Conclusions

- 2.1 The Chief Internal Auditor's composite Annual Internal Audit Report for 2023/24 (incorporating Report F05/24 - Internal Control Evaluation 2023/24), which is attached at Appendix 1, includes the Chief Internal Auditor's opinion on the IJB's governance arrangements and systems of internal controls for the financial year 2023/24.

List of Appendices

1. Fife IJB Annual Internal Audit Report 2023/24 (incorporating Report F05/24 - Internal Control Evaluation 2023/24)

Report Contact:

Pamela Redpath
Service Manager – Audit & Risk Management Services
Email – Pamela.Redpath@fife.gov.uk

FTF Internal Audit Service

Fife IJB Annual Report 2023/24 (incorporating Report F05/24 - Internal Control Evaluation 2023/24)

Issued To: F McKay, Interim Chief Officer
A Valente, Chief Finance Officer

V Salmond, Head of Corporate Governance and IJB Secretary

A Sweeney, Audit Follow-Up

Fife IJB Audit and Assurance Committee
External Audit

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Draft Report Issued	Summary report - 21 June 2024 Full report – 2 September 2024
Management Responses Received	10 September 2024
Target Audit & Assurance Committee Date	13 September 2024
Final Report Issued	11 September 2024

EXECUTIVE SUMMARY

1. The Fife IJB Internal Audit Plan is based on a joint risk assessment by Internal Audit and the Chief Finance Officer and approved by the Audit and Assurance Committee. On a cyclical basis, it provides coverage of all key risks and aspects of governance including Corporate, Clinical, Staff, Financial and Information Governance. Internal Audit is also required to provide the Audit & Assurance Committee with an annual assurance statement on the adequacy and effectiveness of internal controls.
2. Together, the mid-year Internal Control Evaluation (ICE) and the Annual Report provide assurance on the overall systems of internal control, incorporating the findings of any full reviews undertaken during the year and providing an overview of areas which have not been subject to a full audit. These reviews do not and cannot provide the same level of assurance as a full review but do provide insight into the systems which have not been audited in full.
3. The Integrated Resources Advisory Group guidance outlines the responsibility of the Integration Joint Board (the IJB) to establish adequate and proportionate internal audit arrangements for review of the adequacy of arrangements for risk management, governance, and control of the delegated resources.
4. This guidance states that the IJB has responsibility for reviewing the effectiveness of the governance arrangements including the system of internal control. To inform this review and the preparation of the Governance Statement, as stated in the CIPFA framework on Delivering Good Governance in Local Government, Internal Audit is required to provide an annual assurance statement on the overall adequacy and effectiveness of the framework of governance, risk management and control.

OBJECTIVE

5. The Annual Report 2023/24 (incorporating the ICE) is a holistic overview of governance within Fife IJB. The principal objective of this review is to provide assurance that there is a sound system of internal control that supports the achievement of the IJB's objectives. It considered:
 - Corporate Governance
 - Clinical Governance
 - Staff Governance
 - Financial Governance
 - Information Governance
6. The 2023/24 Annual Internal Audit Report should inform the IJB's judgment on the Governance Statement.

GOVERNANCE STATEMENT AND CONCLUSION

7. Fife IJB has produced a draft Governance Statement for 2023/24 which reflects their own assessment of areas for development, setting out several actions to further strengthen governance arrangements. Internal Audit has reviewed and provided commentary on the Governance Statement. The draft Governance Statement states that:

'In reaching a balanced financial position for 2023-24, the IJB utilised reserves, resulting in a reserves balance below the policy minimum. In addition, to continue to meet their statutory obligation to deliver financial balance NHS Fife increased their brokerage request to Scottish Government. As a result, both partners were required to provide funding as per the risk share agreement contained within Section 8.2 of the Integration Scheme.'

The above compounds the level of risk the IJB will be exposed to in relation to financial sustainability in future years.

Strong financial management will be required in order to control and contain costs where possible, recognising that the Health and Social Care Partnership has drawn down significant reserves during 2023-24 to mitigate areas of pressure. The Council continues to replace a number of legacy systems and during the year, the social work/social care case system transferred from SWIFT to Liquidlogic. The system which is required to provide an accurate record management system for service users across social work children and families, adults, older people, and criminal justice. The system also has a payment recording system called Controcc which links to Fife Council's Oracle system. The focus has been on implementation and to deal with issues arising from implementation, and this has meant that the data in the system is not yet reliable for financial forecasting. The coming year will see more focus on ensuring that the value of using a more modern system is maximised, and that the integrity of the data is improved to allow improved financial forecasting processes.

Recognising the movement in the outturn position a commitment has been given to undertake further due diligence by way of a lessons learned exercise which will report back any findings and associated action plan to Finance, Performance and Scrutiny Committee in the new financial year.

A suite of whole system measures will be implemented to strengthen controls and reduce risk where possible. A key component to the success of this mitigation is the ongoing dialogue between the Chief Finance Officer and Directors of Finance from both NHS Fife and Fife Council.'

8. *The Fife IJB draft Governance Statement concluded that 'On the basis of assurances provided, we consider that the internal control environment provides reasonable and objective assurance that any significant risks impacting on the IJB's principal objectives will be identified and actions taken to avoid or mitigate their impact'. Systems are in place to regularly review and improve the internal control environment. We remain committed to monitoring implementation as part of the next annual review. It is our opinion that reasonable assurance, subject to the matters noted above, can be placed upon the adequacy and effectiveness of the Fife Integration Joint Board's systems of governance'.*
9. *Fife IJB is in an interdependent relationship with both partner bodies in which the controls in place in one body inevitably affect those in the other.*
10. *The NHS Fife Governance Statement concluded that 'During the 2023/24 Financial Year, there was one significant failure of internal control, related to a data breach / unauthorised release of patient-related information.... An update on all actions undertaken by the Board in response to the Reprimand is due to be submitted to the Information Commissioner in June 2024 and as such, at the time of writing, full assurance cannot be given that the Board's actions have fully addressed the original weaknesses in the control environment. Following the review and the action taken by the Information Commissioner's Office, the Board assessed the incident matched the requirements for disclosure'.*
11. *The Fife Council Governance Statement concluded that 'We consider that the governance, risk management and internal control environment operating within 2023-24 provides reasonable assurance and the actions identified in section 4 will address the governance issues that have been highlighted in this year's review. We are satisfied that the actions highlighted in this Statement reflect the Council's commitment to continuous improvement and once implemented, will further enhance our corporate governance, risk management and internal control arrangements'.*
12. *The Fife Council Governance Statement comments on the transfer from SWIFT to Liquidlogic, and this narrative is replicated in the Fife IJB Draft Governance Statement.*
13. *The audited IJB accounts are scheduled for sign off at the September 2024 IJB, providing the opportunity for the IJB to review any issues of interest to them included in either of the partners' year end conclusions on governance.*

14. As Chief Internal Auditor, this Annual Internal Audit Report to the IJB provides my opinion on the IJB's internal control framework for the financial year 2023/24.

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

Reliance can be placed on the IJB's governance arrangements and systems of internal controls for 2023/24 in the following areas:

- Corporate Governance
- Clinical and Care Governance
- Staff Governance
- Information Governance

The IJB did have financial governance controls in place but these were not effective in all areas. The Lessons Learned Financial Movement Review highlighted areas where controls were not sufficient to mitigate risk, alongside existing controls, and corrective action.

In my opinion, the corrective actions as described in the Lessons Learned Financial Movement Review presented to the 3 July 2024 FPSC are appropriate and proportionate. Internal audit did not audit the Lessons Learned Financial Movement Review as this is out with the scope of this annual report.

16. In addition, based on my review of the latest Draft 2023/24 Governance Statement, provided to me on 30 August 2024, I have not advised management of any concerns around the following:

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

17. The audited accounts are scheduled for sign off at the September 2024 IJB, providing the opportunity for the Chief Internal Auditor to consider the outcome of the Due Diligence exercise and any resulting updates in the 2023/24 Governance Statement.

RISK

18. Whilst there is no overarching corporate/strategic risk relevant to this review, our audit specifically considered whether governance arrangements are sufficient, either in design or in execution, to control and direct the organisation to ensure delivery of sound strategic objectives.

INTERNAL CONTROL

19. The IJB previously approved the appointment of Fife, Tayside and Forth Valley Internal Audit (FTF) as the IJB's Internal Auditors. 2024/25 is the fourth year of FTF providing the Internal Audit Service, including the Chief Internal Auditor role.

20. The Audit and Assurance Committee (AAC) has approved the Internal Audit Charter, which is reviewed and approved by the AAC annually. We can confirm that FTF complies with the Public Sector Internal Audit Standards (PSIAS). An External Quality Assessment of Internal Audit will take place during 2024/25.

21. The 2023/24 Internal Audit Plan was approved by the AAC on 13 September 2023. Audit work undertaken has been sufficient to allow the Chief Internal Auditor to provide their formal opinion on the adequacy and effectiveness of internal controls.

22. The 2024/25 Internal Audit Plan was approved by the AAC on 17 May 2024.

23. To inform our assessment of the internal control framework, we complete a governance checklist based on requirements of the Integration Scheme, guidance issued by the Scottish Government to support Health and Social Care Integration and best practice. The checklist is cross referenced to the requirements of the CIPFA 'Delivering Good Governance in Local Government Framework 2016' and supporting guidance notes for Scottish Authorities.
24. The Quality & Communities Committee, Finance, Performance & Scrutiny Committee, and the Audit & Assurance Committee Annual Assurance Statements for 2023/24 were presented to the 31 May 2024 IJB and all concluded positively, the content having been previously considered by the committees.
25. Ongoing and required developments and recommended actions are included at Section 2.
26. Our follow up work showed that, of the five recommendations from our 2022/23 Annual Report, four were completed and one is progressing and planned for completion by end of June 2024:

Recommendation	Current position
Development of an action plan to improve Complaints performance (December 2023).	Complete
Development of risk appetite and Fife Risk Management Strategies are in lie with the Integration Schemes (October 2023).	Revisions to SBAR currently being considered. Work is ongoing with NHS colleagues as they are in the process of reviewing their Risk Management framework. Report taken to AAC on 15 March 2024 with recommendations for the development of risk appetite. IJB is linked in to partner bodies risk groups. Revised action by date: March 2025
Resilience Assurance Group workplan enhancement including a formal assessment of compliance against the Civil Contingencies Act (October 2023).	Complete
Review of the Primary Care strategic risk (November 2023).	Complete
Review and update of the Information Sharing Agreement (March 2024)	Complete

27. In this report, we have provided an update on progress to date and, where appropriate, built on and consolidated previous recommendations to allow refreshed action and completion dates to be agreed. This has culminated in four recommendations for which Management have agreed actions to progress by year end.

KEY THEMES

28. Detailed findings are shown later in the report. Key themes emerging from this review and other audit work during the year and the need to ensure sustainable services are detailed in the following paragraphs.
29. The Audit Scotland report – NHS Scotland 2023, issued February 2024, stated that *‘significant service transformation is required to ensure the financial sustainability of Scotland’s health service. Rising demand, operational challenges and increasing costs have added to the financial pressures on the NHS and, without reform, its longer-term affordability. The NHS, and its workforce, is unable to meet the growing demand for health services. Activity in secondary care has increased in the last year but it remains below pre-pandemic levels and is outpaced by growing demand. This pressure is creating operational challenges throughout the whole system and is having a direct impact on patient safety and experience.’* Internal Audit have recorded similar concerns and highlighted the strategic changes required. The financial risk for Fife IJB and across the public sector has continued to increase.
30. The environment is both exceptionally complex and extremely challenging, particularly in terms of finance and workforce and there is no guarantee that arrangements being put in place can or will mitigate the associated risks to acceptable levels.
31. The financial forecast for Fife Health & Social Care Partnership (HSCP) at 31 March 2024 was a provisional deficit of £5.578m, subject to audit. This is after further use of the remaining £16.004m HSCP balances in reserves, in line with section 8.2 of the Integration scheme.
32. The £5.578m provisional overspend position requires to be funded through the risk share agreement, which stipulates that any remaining overspend is to be funded 62% from NHS and 38% from Fife Council.
33. Based on the current provisional outturn, £12.173m of the reserves balance of £16.004m is to be utilised and £0.900m was carried forward as current policy for Flu/Covid vaccinations, leaving a balance of £4.731m for specific commitments. There will be no reserves available for general use, which is well below the 2% policy minimum.
34. There was an unexpected movement in the IJB financial position in the final quarter of the year and the Lessons Learned Financial Movement Review was carried out to provide assurance in relation to financial controls in place and, working alongside partner organisation finance teams, to review and report back on any corrective actions.
35. The outcome was reported to the Finance Performance and Scrutiny Committee (FPSC) on 3 July 2024. Management have informed us that the Lessons Learned Financial Movement Review report has been shared with partners and it will be presented to a IJB Development event on 17 September 2024, alongside an action plan, which we have been informed has already been developed and will be shared with partners.
36. In our opinion, the corrective action set out in the Lessons Learned Financial Movement Review reflects a culture of continuous improvement, which now needs to be embedded.
37. External Audit have provided independent scrutiny as part of their wider scope work and their findings are included in the draft external audit annual report 2023/24 as follows.

‘We have reviewed the report from the lessons learned review into the movements in financial projections in the final quarter of 2023/24 as part of our wider scope audit work on financial management.

We have fed back our comments on the report to the IJB Chief Finance Officer and can confirm that there is nothing in the report which is inconsistent with our knowledge gained from our audits of the IJB or either of the other partner bodies.

38. *The proposed corrective actions seem reasonable and appropriate, and we are satisfied that a root cause analysis of the main issues leading to the overspends in each partner body has been carried out. We have not audited the content of the root cause analysis but have seen evidence that it has been appropriately undertaken’.*
39. The provisional 2023/24 outturn position will have a significant impact on the savings that will be required to ensure financial balance from 2024/25 onwards. Management has advised that work is underway to assess this impact and a recovery plan will be presented to the September 2024 FPSC and IJB meetings for approval.
40. The financial challenge faced by the IJB is significant and there will need to be a clear focus on financial sustainability, especially given an environment in which it is by no means certain that partner bodies would be willing or necessarily able to resource any overspend by the IJB.
41. In these circumstances monitoring of the implementation of the Strategic Plan will be fundamental. In particular there will need to be a focus on transformation and change i.e. what Fife IJB will do differently to be able to deliver its strategic objectives within serious financial constraints and whether that transformation is delivering improvements (including financial savings) sufficient to enable sustainable services.
42. Management should clearly set out how the IJB will receive assurance, including assurance over transformation. There should be absolute clarity over the extent to which the strategy will deliver recurrent savings of the magnitude required. An update report on transformation and related savings is scheduled for presentation to the September IJB.
43. Achievement of savings of the magnitude required will require a significant transformation programme accompanied by clear prioritisation. This will mean making difficult choices and a clear focus on financial sustainability.
44. The partners are required to comply with directions received from the IJB, in line with the Integration Scheme and as described in the Fife IJB Directions Policy. As described in the financial governance section of this report, NHS Fife did not action a Direction which required funds to be transferred from NHS Fife to Fife Council to ensure financial balance across the totality of the IJB resources and reserves were utilised to ensure financial balance.
45. Partners will need to work together to ensure that they deliver on the integration agenda and must ensure they are clear on their responsibilities in line with the Integration Scheme, and that they fulfil their roles accordingly in the true spirit of integration.
46. Key developments since the issue of our 2022/23 Annual Report included approval of:
 - Formal risk appetite statement
 - MSG self-evaluation
 - Board and Committee Self-Assessments and Action Plans
 - Annual Performance Report 2022/23
 - Revised Performance Framework with evolving performance reporting
 - The Resilience Framework
 - The year 2 Workforce Plan
 - Directions Policy
 - Committee Assurance Principles by the AAC and introduction of Chairs’ Assurance Reports in May 2024
 - Primary Care Strategy and Primary Care Implementation Plan

- Alcohol and Drug Partnership Strategy 2024 to 2027
- Annual Review of Best Value for 2022/23
- Digital Strategy
- Records Management Annual Report 2023 (considered)

ACTION

47. The action plan has been agreed with management to address the identified weaknesses. A follow-up of implementation of the agreed actions will be undertaken in accordance with the audit reporting protocol.

ACKNOWLEDGEMENT

48. We would like to thank all members of staff for the help and co-operation received during the course of the audit.

J Lyall BAcc (Hons) CPFA

Chief Internal Auditor

CORPORATE GOVERNANCE

Strategic risks:

- **Primary Care Services** - There is a risk that the funding and resourcing of the Primary Care services is insufficient to provide a sustainable service and ensure delivery of quality services and the outcomes of the Strategic Plan. Current score: High – 16, target score: Medium – 8.
- **Demographic/Changing Landscape Impacts** - There is a risk that the IJB will not be able to deliver the outcomes of the Strategic Plan due to the impact of demographic changes, population growth, financial pressures and the changing landscape of Health and Social Care. Current score: High – 16, target score Medium – 12.
- **Contractual /Market Capacity** - There is a risk of significant partner failure in the third or independent sector leading to reduced ability to provide care services. This risk may be compounded by the impacts of Brexit, Covid 19 and winter pressures and cost of living and fuel cost pressures. Current score: Medium – 12, target score Medium – 9.
- **Whole System Capacity** - There is a risk that there may be insufficient capacity across Fife's Health and Social Care system to allow enough flexibility to meet the requirements of patients/service users and the organisation and support timely discharge/flow. This could lead to an increased delay position, suboptimum use of beds and impact on admissions. This in turn may impact on person centred care, delivery of Strategic Plan outcomes and potentially presents reputational exposure. Current score: Medium – 12, target score Medium – 8.
- **Strategic Plan-** ability to deliver service change and reinvestment: There is a risk that the effect of our strategic plan will be limited by capacity, engagement and decision making which will impact on our ability to achieve change. This will be compounded, both financially and operationally, by the impacts of cost-of-living pressures and capacity of workforces to deliver. Current score: Medium – 12, target score Medium – 8.
- **Transformation / Change** - There is a risk that the transformation change programmes do not meet the desired timescales or achieve the required outcomes which may impact on the quality and sustainability of services to meet the needs of the people of Fife. Current score: Medium – 12, target score Low – 6.
- **Resilience** - There is a risk that the IJB is unable to fulfil its statutory role as a Category 1 responder under the Civil Contingencies Act 2004, and link appropriately with partner bodies and multi-agency partners to ensure the ability to maintain critical HSCP services and provide support to the wider Fife Community. Current score: Medium – 10, target score: Medium – 8.
- **Governance** - There is a risk that the Governance arrangements, for the IJB and partner bodies, including the issuing and carrying out of Directions, are not clearly defined and collectively understood and may not produce sufficient assurance in terms of operational delivery, meeting key targets, and the aligning of services to strategic intentions, leading to concerns over delivery of the Strategic Plan outcomes, governance breaches, noncompliance issues and impact on the reputation of the IJB. There is an additional risk that governance arrangements may be impacted by the creation of the new National Care Service. Current score: Medium – 8 , target score: Medium – 8.

Strategy

Internal audit F05-22 Strategic Planning was presented in full to the March 2024 Audit and Assurance Committee (AAC). The report provided Reasonable Assurance and concluded that whilst the Strategic Plan was substantially compiled in line with legislation and FTF internal audit strategy principles. The scale and volatility of the external environment and the ambition of the Strategic Plan itself, which proposes a significant number of developments without a corresponding diminution in other areas, means that it will be exposed to significant risk which will require careful, constant monitoring and the ability and willingness both to deliver substantial transformational change and to review and flex the plan as circumstances change.

The Strategic Plan is supported by the Annual Delivery Plan, including a high-level summary focusing on the delivery of the strategic priorities, and the top five priorities of the relevant supporting strategies. The Strategic Plan 2023-2026 'One Year Delivery Plan update' was approved by the IJB on 28 March 2024. The Year One Delivery Plan included fifty separate actions, of these:

- 52% had been fully completed,
- 40% were partially completed, and
- 8% were delayed until 2024. These actions related to the Dementia and Learning Disabilities Strategies.

The Year Two Delivery Plan sets out seventy-seven actions and was also approved at the March 2024 IJB meeting.

At their July 2023 meeting the IJB approved the Home First Strategy. Assurance was provided to the IJB that the Home First Strategy has been developed in line with the Medium Term Financial Strategy and had defined KPIs. At the same meeting the IJB also approved the Primary Care Strategy and the Carers Strategy 2023-2026. The IJB also approved the Primary Care Improvement Plan (PCIP), which underpins the General Medical Services component of the Primary Care Strategy.

Risk Management

The Risk Management Policy and Strategy was endorsed by the March 2023 AAC prior to approval at the March 2023 IJB.

The Risk Management Annual Report 2024, presented to the May 2024 reported that four of the 10 actions in the delivery plan for the IJB Risk Management Policy and Strategy have been completed and with two in progress. The aim is to complete the remaining six over 2024/25.

In July 2023 the IJB approved the risk appetite statement and on 14 March 2024 the paper 'Risk Appetite in Decision Making' was presented to the AAC. When the IJB Risk Appetite statement was formally agreed in July 2023, it was the intention to apply it to all strategic risks and also to have more active consideration of risk appetite when considering risks related to decisions being taken by the IJB.

The risk appetite is applied to all strategic risks and the programme of deep dive risk reviews sets this out together with tolerance levels and the corresponding action to be taken for each individual risk. Risk appetite was also considered at a Quality & Communities Committee (QCC) development session in February 2024.

The March 2024 AAC paper set out a process for more active consideration and formal recording of risk appetite discussions and consideration of risk appetite at the earliest opportunity when considering risks related to decisions being taken by the IJB. It is proposed that these elements should be highlighted at an IJB development session. A template to support consideration of the key questions relating to risks and risk appetite was provided, aligned to the key risk impacts and the corresponding risk appetite as set out in the IJB Risk Appetite Statement.

The Strategic Risk Register (SRR) was presented to the 2 February 2024 IJB following presentation to the January 2024 AAC. There are currently four high level risks for:

- Finance
- Workforce
- Primary Care Services
- Demographic Landscape Impacts

In our opinion the target risk scores and dates appear challenging but reasonable. On 19 January 2024 the AAC had a discussion on the appropriateness of the target dates and scores, and they concluded they were reasonable and realistic. During further discussion at the March 2024 AAC it was agreed that appropriateness of scores should be delegated to Committees and the AAC focus should be on ensuring robust risk management systems and processes are embedded and functioning as expected.

Deep dive reviews on risks have been introduced and regularly presented to governance committees to facilitate effective management of risks. Engagement with the Risk Management Guidance for Managers is being progressed.

Leadership

The Chief Officer will leave the organisation on 31 July 2024 and the current Fife Health & Social Care Partnership (HSCP) Head of Strategic Performance, Planning & Commissioning will be Interim Chief Officer while the post is out for recruitment. The May 2024 IJB approved interim arrangements and the recruitment and selection process for the permanent appointment of a Chief Officer.

Performance

The Ministerial Strategic Group (MSG) for Health and Community Care Self Evaluation February 2024 was presented to the IJB on 28 March 2024. A previous Self-Evaluation Update (dated October 2023) was provided to the Finance, Performance and Scrutiny Committee (FPSC), and the IJB in November 2023.

At the request of the Chair, and to assist IJB members in understanding the process for self-evaluation for MSG and other items, members contributed to the self-evaluation at an IJB Development Session on 15 December 2023. Overall, the Partnership is making good progress with the integration proposals and is on track to deliver most of the agreed targets by end of 2024. There are two exceptions:

- Proposal 2.3 Delegated hospital budgets and set aside budget requirements must be fully implemented.
- Proposal 3.5. Improved capacity for strategic commissioning of delegated hospital services must be in place.

Delegated hospital budgets and set aside budget requirements remains a challenge Scotland wide.

The Annual Performance Report 2022/23 was presented to the IJB on 28 July 2023. We confirmed it covers the nine national Health & Wellbeing Outcomes and the five IJB priorities. The report is available on the HSCP website with an easy read and summary version available.

An updated Performance Framework was approved by the IJB on 29 September 2023. It reflects the need to efficiently and effectively drive service improvement, using new technology, streamlining reporting arrangements, providing deeper insight into our service delivery, underpinning, and driving service improvement and introducing quality management self-assessment tools.

The 'Performance Framework Delivery Plan 2023-2025' sets out 'actions required to deploy the revised framework, setting up infrastructure, rolling out the wider use of quality-based approaches to operational performance and refreshing the way reporting is undertaken'.

The performance reports to the February and May 2024 IJB meetings were in a simplified format, which continues to evolve. Members were informed that indicators will be developed through the creation of an SLT Performance Board, and a new format report will be introduced for future meetings. Initial proxy MSG Indicators were included for the first time to allow the inclusion of more timeous data to the IJB, to be further developed. The intent is to include additional mental health indicators to augment the three already in the report, likely to be Mental Health and Learning Disability Speciality Average Patients in delay per day and Mental Health Readmissions 28 days.

As reported to the May 2024 IJB, performance continues to be variable. Highlights included:

- Significant improvement in waiting times for care at home packages with a fall of 79% from February 2023 to February 2024.
- Delayed discharge (% of bed days lost) is currently 6.2% (1.2% above the target), however this is below the 24-month average.
- Waiting times for CAMHS (65.8%), Psychological Therapies (69.2%) and Drug and Alcohol waiting times (84.3%) are all below the 90% target.
- A&E seen within four hours was 71.5% in February 2023, below the 95% target.
- Health and social care absence rates have fallen to 11.2%, 0.8% less than February last year but still significant.
- 36% of complaints were responded to within the statutory timescale, 12% higher than February last year, but well below the 80% target.

Governance arrangements

The Governance Manual was approved in September 2022 and is scheduled for revision and update in 2025.

The Fife HSCP website was updated in April 2024. IJB papers are available on the website but those of the Governance Committees are not publicly available. We have been informed that a decision was made not to publish duplicate papers that had been reported through both IJB and Committee. The IJB should consider if Committee papers should be publicly available, as is standard practice for many IJBs and for some partner organisations.

The Committee Assurance Principles were considered by the Assurance Senior Leadership Team (SLT) before being endorsed and recommended for use by the AAC, the IJB and other Governance Committees. It was agreed that these will be used as a prompt tool and a one-page summary document will be shared. This document can also be used as a tool in the members induction process. The principles will be distributed to the IJB committees for information. In addition, Chairs' Assurance reports now replace the current Chairs' Briefs reported to the IJB.

The Head of Corporate Governance and IJB Secretary meets regularly with IJB members and actively seeks comments and feedback on governance matters, including style and quality of reports. There is an IJB drop-in session to allow members to seek clarity and offer feedback on agenda items in advance of meetings.

As previously reported by Internal Audit the IJB received corporate support from both bodies, however no SLA is in place. There is regular tripartite dialogue between the Directors of Finance and the Chief Executives and Chief Officer, and corporate support arrangements are discussed through this mechanism.

IJB and Committee Self-assessment

A revised approach to the self-assessment process was agreed by the IJB in September 2023 and members completed an electronic questionnaire which formed the basis of the 2023/24 action plans. The IJB and Assurance Committees action plans have been approved and progress / impact will be assessed in September 2024.

The IJB self-assessment provided positive feedback on the IJB's membership, authority, and resource to perform its role effectively. Members felt the IJB agenda was well managed and ensured all statutory topics within the Integration Scheme are appropriately covered.

The lowest rated statements related to the appropriateness (sufficient and not excessive) of information and data included within IJB papers and the need for improvement in members reflection at the end of meetings, and improvements have been included in the action plans.

The IJB approved their action plan on 2 February 2024. A regular, robust, and appropriate programme of IJB Development events is in place.

Audit and Assurance Committee (AAC)

The AAC approved revised Terms of Reference on 8 November 2023 and approved the Committee self-assessment and action plan on 19 January 2024.

The AAC Annual Assurance Statement for 2023/24 was comprehensive and concluded clearly and positively on arrangements during the year.

During 2023/24 the Chief Internal Auditor has informed the AAC of risks around resource within the FTF internal audit team who deliver the IJB audit plan, and the steps being progressed to mitigate this risk. The 2024/25 Internal Audit Plan was agreed at the 17 March 2024 AAC. The Committee noted that tripartite discussion between the Chief Finance Officer and the partner's Directors of Finance would take place to determine if additional internal audit input can be made available.

Best Value

The Best Value Annual Review 2022/23 was approved by the IJB on 23 November 2023, having previously been considered by the AAC. The report included references from the MSG Work Plan (October 2023), management of Strategic Risk Actions, Audit Recommendations, and highlighted evidence to demonstrate good practice and areas where improvement work was in progress.

No Best Value concerns were highlighted by Fife Council or NHS Fife within each of their respective Governance Statements for 2023/24.

Community Engagement

The Participation and Engagement Strategy for Fife 2022-25 was approved in July 2022. As reported to the 30 June 2023 QCC, the guidance has since been reviewed to support a Human Rights based approach and to align with the care improvements and recommendations of the Independent Review of Adult Social Care. The Participation & Engagement Strategy continues to be in alignment with the Planning with People Guidance.

Locality Planning

The Locality Planning Outcomes Progress Report presented to the 2 February 2024 IJB provided assurance on the work undertaken to deliver Locality Plans and summarised the outcomes achieved in 2023 and on-going actions being carried forward into 2024. The IJB agreed a locality planning two-year cycle instead of a one-year cycle, in alignment with the Strategic Plan 2023-2026 and Community Planning Partners in Fife Council.

Effective Partnerships

The Communities and Wellbeing Partnership (CWP) is the strategic community planning partnership which has oversight of work to improve health and wellbeing and reduce health inequalities in Fife. The CWP is accountable for annual reporting to Fife Partnership Board on delivery of the 'Plan 4 Fife' ambitions, with clear targets and progress reporting linked to the work undertaken by the Partnership in localities. Fife IJB is a key contributor in providing this information and reports through the governance structure, as well as Chairing and Leading Sub-boards, including the Alcohol & Drugs Partnership Committee and Fife Children Services.

The Strategy update presented to the March 2024 IJB stated under Reimagining Third Sector Commissioning that by 2026 there will be 'An Outcome focussed approach to commissioning which supports all partners to work effectively together to create innovative, sustainable, support solutions, aligned to strategic priorities and local needs'. Management have informed us that new Service Level Agreements have been re-issued to each organisation to ensure they are outcome focused, assure collaboration, and support participation and engagement.

Directions

The revised Directions Policy was approved at the AAC on 17 May 2024. Key revisions included:

- Enhanced governance arrangements to ensure that Directions are clearly associated with IJB decisions.
- More clarity around the trigger points for formulating and issuing Directions in response to service redesign, transformation, and financial developments.
- The addition of a flowchart which illustrates the process for formulating, approving, issuing and monitoring Directions.

The Directions tracker will be used as the template for monitoring progress on the delivery of each Direction on an annual basis. The FPSC will assume responsibility for maintaining an overview of progress with the implementation of Directions, requesting progress reports from NHS Fife and Fife Council, and escalating key delivery issues to the IJB.

Category 1 Responders/Business Continuity

Internal audit F06/24 on Resilience and Business Continuity was issued on 26 February 2024 and was presented to AAC on 17 May 2024 in full. The report provided 'Reasonable Assurance' and Management have agreed robust action in response to the three recommendations.

Whistleblowing

The Fife HSCP Whistleblowing Standards Part 8 Assessment was presented to the IJB on 28 July 2023. The report provided assurance that the approaches of Fife Council and NHS Fife were, where possible, aligned to meet the requirements of Part 8 of the Standards and set out actions to further strengthen delivery of Part 8 of the standards. The IJB approved enhanced governance reporting with quarterly reports on whistleblowing activity and progress of the working group presented to the SLT and the Local Partnership Forum and Annual Reports to the IJB. Assurance was also provided that the steps outlined address internal audit requirements.

The Whistleblowing Report April – December 2023 was noted for assurance by the 15 March 2024 AAC.

National Care Service

The timeline was extended to January 2024 for Stage 1 of the Bill with completion of Stage 2 by summer 2024. This was discussed with the Chief Officer and Chief Executives in August 2023, and it was agreed there will be no further change to set aside arrangements in Fife until there is national clarity on any pending reform. Management has provided assurance to the IJB that there continues to be strong team working and collaboration across NHS Fife, Fife Council, and Fife HSCP, on pathways of care and joint working in relation to unscheduled care, capacity, and flow. The impact on governance arrangements is referenced in the strategic Governance risk.

Action Point Reference 1 IJB Workplan**Finding:**

An action to 'Review previous years IJB workplan to identify any gaps and emerging issues. Chair's to collaborate on workplans and workflow from Committees to IJB. Create an IJB workplan for following fiscal year containing both statutory and other business items' is included in the IJB Self-Assessment Action Plan 2023/24, with a completion date of September 2024.

Audit Recommendation:

We recommend that the workplan should clearly show where items are planned, where they have not been presented as planned, where items have been rescheduled and the reason for any reschedule.

The design should ensure that, at a glance, the Committee can assess their progress with their workplan, to directly inform their annual assurance statement.

Fife IJB has approved several strategies during the year and monitoring of delivery of these should be included in the workplan.

In their self-assessment, members feedback was that they felt the IJB agenda was well managed and ensured all statutory topics within the Integration Scheme are appropriately covered. To ensure this is the case, a mapping exercise should be completed as part of the IJB work plan development, to ensure all required elements are included.

FTF assurance principles may be useful in developing the workplan.

Assessment of Risk:

Merits attention



There are generally areas of good practice.

Action may be advised to enhance control or improve operational efficiency.

Management Response/Action:

A digital reporting process has been developed for all Committee and IJB workplans which introduces consistency and strengthens reporting throughout our whole governance structure.

The tool records reports which are scheduled, presented, and deferred. It is currently being user-tested and it is envisaged to 'go-live' by the end of this calendar year.

An annual review, including a gap analysis of the IJB workplan is undertaken at the end of each year and identifies any statutory or business reporting omissions.

A review by members of the IJB workplan will be scheduled bi-annually.

Action by:**Date of expected completion:**

Head of Corporate Governance and IJB Secretary

March 2025

CLINICAL AND CARE GOVERNANCE

Strategic Risks

Clinical and Care Governance - There is a risk that the IJB does not receive sufficient assurance to enable it to fulfil its statutory duty for C&CG, leading to negative impacts on the delivery of care to individuals, the Strategic Plan and damage to the reputation of the partner organisations and the IJB. Current score: Medium 12, target score: Low – 6.

Adult and Child Protection - There is a risk that the IJB does not receive sufficient assurance to enable it to fulfil its statutory duty for Adult and Child protection, leading to negative impacts for individuals and for multi-agency working and damage to the reputation of the partner organisations and the IJB. Current score: Medium - 10, target score: Low – 5.

Clinical Governance Framework

Internal audit report F06/22 – Clinical and Care Governance was presented to the AAC on 8 November 2023. The report provided Reasonable Assurance and made five recommendations in the following areas:

- Clinical and Care Governance Assurance
- Risk Management and Performance
- Adult and Child Protection Risk Assurance
- Adult and Child Protection Reporting
- Fife HSCP Scheme of Delegation

Management agreed actions to address these internal audit recommendations, to be monitored through the audit follow up process.

Action is progressing to address internal audit recommendations associated with presentation of Quality Matters Assurance Group (QMAG) assurance reports to Quality & Communities Committee (QCC) and NHS Fife’s Clinical Governance Oversight Group (CGOG), updating of strategic risks 10 & 11 to include SMART actions, reporting on risk management to QCC and the scheduling of presentation of the MAPPA report to QCC. As reported to the May 2024 AAC, the timeframe for completion of a number of elements of the recommendations have been extended.

IJB approval of the Clinical and Care Governance Strategic Framework was scheduled for January 2024 and was delayed to the May 2024 IJB meeting. The completion date for this action has again been extended to September 2024 to allow the content of the Framework to be reviewed by Internal Audit to confirm that it is consistent with recommendations.

Quality & Communities Committee (QCC)

The first QCC Chair’s Assurance report was presented to the 31 May 2024 IJB and provided assurance that the workplan was being fulfilled.

The QCC Annual Assurance Statement 2023/24 was comprehensive and concluded clearly and positively on arrangements during the year.

The QCC 2023/24 self-assessment resulted in an action plan including members to determine information they require for scrutiny purposes and to allow the Committee to provide robust assurance, to review and improve the quality of cover papers, and improve the operation of the committee.

A Quality Assurance Report is presented to each meeting of the QCC and includes matters discussed at the Fife HSCP Quality Matters Assurance Group, the purpose of which is to seek assurance from each portfolio that clinical and care governance is discharged effectively within the partnership whilst

meeting the statutory duty for the quality of care. It also covers discussion at the Quality Matters Assurance Safety Huddle including reporting on risks, adverse events, external visits and child and adult protection. At the May 2024 QCC meeting members requested further information on the number of adverse events.

The Chief Social Work Officer's Annual Report 2022/23 was reported at the January 2024 QCC meeting and, as in previous years, the cover paper sections on quality, customer care, workforce, financial and risk implications were not completed, which meant that important context was not provided. The report is designed to provide an overview of social work services within Fife and reflects the formal statutory responsibilities held by the role undertaken by the Chief Social Work Officer (CSWO) but, in common with many CSWO reports, could be further strengthened by providing overt assurance on service quality, the adequacy and effectiveness of key controls on the relevant Strategic Risks.

External Inspections

The QCC has a standing agenda item for 'Legislative Requirements and Annual Reports'.

Assurance on progress with the Joint Inspection of Adult Services, undertaken between June and October 2022 was provided to the 28 March 2024 IJB, having been considered by the SLT and Governance Committees. The report confirmed that all identified actions had been completed and ongoing activities relating to embedding improvements would be monitored through existing assurance group arrangements.

On 2 February 2024 IJB noted the Chief Social Work Officer Annual Report 2022/23, the Director of Public Health Report 2023, and the Fife Child Protection Committee Annual Reports - 2021/22 and 2022/23.

Complaints

As reported in the Performance Report Executive Summary presented to the 31 May 2024 IJB, for the February 2024 reporting period, 36% of complaints were responded to within the statutory timescale of 80%. It was reported that there was a higher volume of Stage 2 complaints closed and these are more complex in nature. During February 2024 the Partnership closed 39 complaints. This included 11 complaints closed by Social Care, and 28 complaints closed by NHS Fife. Of these, 22 (56%) were identified as Stage 1 complaints, and 17 (44%) were classified as Stage 2 complaints.

Duty of Candour

The NHS Fife and Fife Council Duty of Candour reports 2022/23 were presented to the IJB for assurance on 31 May 2024.

STAFF GOVERNANCE

Strategic risks:

Workforce - There is a risk that the delegated bodies and partners across the system are unable to deliver some elements/aspects of the Workforce Strategy & Action Plan 2022 - 25. This risk may arise as a result of a wide range of internal and external factors; the challenge of retaining and recruiting staff across the system; the impact of a changing age demographic on the people of Fife and our workforce; the impact of the increased pressure across the workforce on mental health and wellbeing; challenges around leadership capability and impact on organisational culture. The impact of this risk may be an inability to deliver the objectives of the Strategic Plan due to reduced levels and quality of service, low staff morale and impact on our financial strategy. Current score: High – 16, target score: Medium – 12.

The November 2022 meeting of the IJB approved the Fife IJB Workforce Strategy and Action Plan 2022-2025 for submission to the Scottish Government by 30 November 2022. The year 2 Workforce Plan was endorsed by the IJB in November 2023.

Internal audit F05/23 Workforce Plan was presented to the AAC on 23 January 2024. The report provided Reasonable Assurance and made four recommendations in the following areas, three of which are not yet due for completion and one action relating to the Workforce Strategy Group that is complete:

- Reporting of the Workforce Action Plan through governance structure at least every six months.
- Update of the Workforce Strategy Group Terms of Reference to include monitoring and oversight of the annual action plans and inclusion of quoracy in the remit. This action has been completed.
- Communication to the SLT and committees on achieved outcomes, those that remain ongoing and outstanding actions to be rolled forward into the Action Plan for Year 2.
- Analysis and description of the establishment gap between the future workforce need and current staffing in terms of overall numbers to be reported to the IJB.

A deep dive of the workforce risk was presented to the 12 March 2024 FPSC. The risk score remained at 16 and the target at 12. In addition to the current controls, SMART actions (*'What else should we do?'*) have been identified and include extra capacity to collate and analyse real time workforce data for the third and independent sector, further enhancement of the Systems Leadership programme, iMatter and Wellbeing actions.

The Workforce Strategy Action Plan Year 2: Update was presented to the 31 May 2024 IJB for assurance. The paper reported the year 2 high priority actions that had achieved completion as planned and on time and provided an update on ongoing actions, as well as action to address recommendations from internal audit F05/23. Some actions have been reviewed or extended to accommodate changes to priorities that have taken place since the Action Plan was developed in 2023.

FINANCIAL GOVERNANCE

Strategic risk:

Finance - There is a risk that the financial resources available to the IJB may not be sufficient to deliver the integrated services as set out in the Strategic Plan. Current score: High – 20, target score: Medium – 12.

2023/24 Budget

The Revenue Budget 2023/24 and the Medium-Term Financial Strategy 2023-2026 (MTFS) were approved at the March 2023 Board meeting. The Revenue Budget element overtly highlighted the significant financial challenge ahead and new cost pressures.

The MTFS set out a potential financial gap totalling £34m to be met by savings over the period, as well as use of reserves in the first year to allow for savings to be developed and implemented. This savings programme was significantly higher than any that the IJB had successfully delivered previously.

Provisional Outturn

The reported provisional financial position during 2023/24 is summarised below:

Variance	(Over) / underspend £m
May 2023	(4.751)
July 2023	(4.893)
September 2023	(1.468)
November 2023	(4.171)
January 2024	(6.725)
March 2024	(5.578)

The provisional overspend was:

	Variance £m
NHS Fife	13.978
Fife Council	3.773
HSCP Total Provisional Overspend	17.751
Use of IJB reserves available	(12.173)
Risk Share balance	5.578

Financial Reporting

The projected overspend was transparently reported to the Board and the Finance, Performance and Scrutiny Committee (FPSC) throughout the year, as was the risk that savings may not be achieved on a permanent basis and reserves had been approved for use if required, to allow time for savings plans to be actioned. Reasons for the budget movement were quantified and explanations for variances explained. RAG assessed over / under achievement savings targets was clearly reported. However, the movement of circa £10m in the last quarter of the year was not reported to the FPSC until 24 June 2024. The FPSC was informed that £7.6m (70%) of the movement in the final quarter related to new transactions that took place in the last 3 months and therefore could not have been predicted.

Our 2022/23 Annual Report stated that financial papers including the MTFS and the Finance update did not provide direct, overt assurance on strategic risk 3 - Finance Risk and associated controls and actions. This remained the case in 2023/24 and, given the challenging financial position, we recommend closer monitoring of the finance risk. The strategic finance risk is currently scored at 20 – High and will be reviewed in September 2024.

The forecast Fife IJB 2023/24 provisional deficit of £5.578m, subject to audit, was reported to the extraordinary meeting of the FPSC on 17 June 2024. This was after further use of £12.173m of the remaining £16.004m HSCP balances in reserves, in line with section 8.2 of the Integration scheme. The provisional overspend position requires to be funded through the risk share agreement, 62% from NHS Fife and 38% from Fife Council.

Based on the provisional outturn reported, £12.173m of the reserves balance of £16.004m was to be utilised and £0.900m Flu / Covid vaccination monies was carried forward as directed by Scottish Government, leaving a balance of £4.371m for specific commitments. This means there will be no reserves available for general use, which is well below the 2% policy minimum.

The 17 June 2024 FPSC paper stated that *'When the budget was approved in March 2023 the direction to both partners included a transfer of funding from one organisation to the other to ensure financial balance was reflected across the IJB in totality. Throughout the year it has been reported that the transfer would be enacted, however this has not been the case and it has been necessary to utilise reserves to achieve financial balance. The money retained by NHS Fife has offset overspends in relation to GP Prescribing and Mental Health, the main reasons for overspends that the IJB is reporting at year end'*.

The risk that the March 2023 IJB Direction relating to the budget transfer between partners (£10.880m) had not been complied with, was not reported to the FPSC nor to the IJB until 17 June 2024.

The 17 June 2024 FPSC paper noted that there was a significant risk to the IJB in terms of non-compliance with governance, that the risk would remain under review, and the Chief Finance Officer would ensure open dialogue continues with a view to all budget transfers approved by the IJB being reflected in both partner organisations' financial ledgers.

The HSCP Total Provisional Overspend at 31 March 2024 was now £17.751m, compared to the reported position of a £6.725m overspend at 31 January 2024, a difference of £11.026m.

Initiating the risk share agreement to fund the overspend necessitated NHS Fife request from Scottish Government additional brokerage of £2.992 million, taking the NHS Fife total brokerage requested in 2023/24 to £14.005 million to continue to meet the Board's statutory obligation to deliver financial balance.

Financial movement in Quarter 3 of 2023/24 and Lessons Learned Financial Movement Review Report

At their 17 June 2024 meeting the FPSC asked that a Lessons Learned Financial Movement Review paper be reported to the committee to provide assurance in relation to the financial controls in place.

The Chief Finance Officer assigned responsibility to the Partnership Finance Manager to complete the review, the outcome of which was reported to the FPSC on 3 July 2024. The Lessons Learned Financial Movement Review report aimed to provide assurance in relation to financial controls in place and, working alongside partner organisation finance teams, to review and report back on any corrective actions.

The paper stated that the NHS Fife Finance Team, the Fife Council Finance Team, and the Finance Governance Board had *'either supported the content, or their feedback has informed the development of the content presented in this report'*. The Chief Finance Officer has informed internal audit that tripartite discussions were held with the partner organisations' Directors of Finance and all agreed the paper.

The Finance Governance Board first met in January 2022 and provides assurance to the IJB SLT on the long-term financial sustainability of Fife HSCP through oversight of all finance related matters. The Terms of Reference states that it *'facilitates oversight and leadership across the complete picture of the organisation's financial resources and investment in delivery of its strategic priorities and objectives'*. The Finance Governance Board is Chaired by the Chief Finance Officer. Membership includes mainly HSCP staff and the Fife Council Finance Business Partner and the NHS Fife are members.

The Quarter 3 movements explained in the Lessons Learned Financial Movement Review were:

Area of movement	£m	Reason
Social care packages commissioned	4.0	Retrospective notification to Finance
Year-end accounting entries	1.3	Late entry
Additional Costs of Patients in Delay	1.3	Late agreement for HSCP to fund
Projections Movements Health	1.0	Mental Health and GP prescribing projection inaccurate
Sub-total	7.6	New transactions in Quarter 4
Lack of management information on which to project (Social Care) / projection inaccurate	2.9	Under projection as management information not available
TOTAL	10.5	

£7.6m (70%) of the £10.5m, highlighted in blue in the table above, was attributed to new activity that took place in the final three months of the year.

For each area of Quarter 4 movement the Lessons Learned Financial Movement Review report set out the existing controls and the corrective action.

The July 2024 FPSC draft minute reflects detailed discussion and that the committee took assurance from and noted and approved the report. The minutes also reflect the view of the Committee that before any future actions are settled, conversations should continue to ensure the three organisations are clear what next steps are and agree what the Lessons Learned Financial Movement Review are.

In our view, the corrective action described in the Lessons Learned Financial Movement Review is proportionate, appropriate and reflects a culture of continuous improvement, which now needs to be embedded. In discussion with the Chief Finance Officer, internal audit recommended that a SMART action plan is developed and monitored by an appropriate assurance Committee. This action plan should be 'owned' by the three partner organisations to ensure commonality of purpose and to ensure a cohesive approach to building improvement.

Management have informed us that the recommended action plan has been developed for consideration at the IJB Development session on 17 September 2024 and that it will be shared with the partner organisation Directors of Finance in advance of this session. Assurances are scheduled to be presented to the 13 September 2024 Audit and Assurance Committee.

The July 2024 FPSC paper stated that *'early discussion with External Audit will ensure further independent scrutiny as part of the year end work conducted by the External Audit team'* and the Chief Finance Officer formally requested this input on 12 August 2024.

Management have further informed us that the partner organisations' Directors of Finance agreed that the external audit work will be sufficient in providing independent assurance on the appropriateness and consistency of the Lessons Learned Financial Movement Review within the external audits of the partner organisations, and no further independent scrutiny will be necessary.

As noted above, we recommend that the three organisations formally agree ownership of the recommended Lessons Learned action plan to ensure transparency and accountability.

On 29 August 2024 the HSCP Finance Manager provided the IJB external auditors with evidence to support the Lessons Learned Financial Movement Review and the actions already in place. As part of their wider scope work the IJB external auditors have concluded that there is nothing in the Lessons Learned Financial Movement Review that is inconsistent with their knowledge gained from audits of the IJB or either of the other partner bodies, that the proposed corrective actions seem reasonable and appropriate, and that they are satisfied that the root cause analysis of the main issues leading to the overspends in each partner body has been appropriately undertaken, albeit the content of the root cause analysis has not been audited.

Directions

Directions are the mechanism for Integration Authorities to action their strategic commissioning plans as set out in sections 26 to 28 of the Public Bodies (Joint Working) (Scotland) Act 2014 (the Act).

Binding directions from the Integration Authority to partner organisations are a key aspect of governance and accountability between partners and they are a legal mechanism intended to clarify responsibilities and requirements between partners.

The delivery partners are required to comply with all directions received from the IJB, and the Statutory Guidance on the Act is clear that they may not amend, ignore, appeal, or veto any direction.

When the IJB set its budget in 2023/24 it set directions to the partner bodies identifying both the services and related budget that was to be delivered. In setting this budget there was a requirement for funds to be transferred from NHS Fife to Fife Council to ensure financial balance across the totality of the IJB resources. The Lessons Learned Financial Movement Review paper stated that *'Protracted conversations took place from September to mid-February, but no transfer took place'*, and ultimately the Direction was not actioned by NHS Fife.

The extant Directions Policy was approved by the Board on 31 May 2024 and sets out the process to be followed when a Direction has not been implemented. It states that *'NHS Fife and Fife Council are responsible for complying with and implementing IJB's Directions. Leadership will be provided by the Chief Officer and Joint Director. Should either partner experience difficulty in implementing a Direction, or require further detail regarding expectations, this should be brought to the attention of the Chief Officer in the first instance.'*

Initially, the Chief Officer, as the Joint Director liaising with the relevant members of NHS Fife and/or Fife Council as appropriate, will seek to find local resolution. If not achieved the Chief Officer, as Joint Director, will escalate the issue to the Chief Executives of NHS Fife and Fife Council for resolution. Failing resolution, further guidance will be sought from Scottish Government'

The Chief Finance Officer has informed Internal Audit that while there was a known risk around this, the expectation was that the legally binding Direction would be actioned and it did not become clear that this would not be the case until February 2024. We recommend that any risk of non-compliance with a Direction is reported to the FPSC at the earliest opportunity, and that the process where a partner experiences difficulty in implementing a Direction or requires further detail regarding expectations is instigated, in line with the IJB Directions Policy.

The impact on the 2023/24 position was not material but this remains a significant risk in 2024/25. We were pleased to note that the risk that Directions are not delivered has now been reported to the IJB.

Corrective actions identified include regular dialogue with both partners to ensure Directions are actioned, and to understand and discuss any obstacles to doing so, and understanding the implications of not following directions.

Independent legal advice has been sought from the Central Legal Office in relation to directions, and the implications of non-compliance and non-delivery and a formal response is awaited.

2024/25 Outlook

The provisional 2023/24 outturn position will have an impact on the savings that will be required to ensure financial balance from 2024/25 onwards.

A budget of £671.633m was set for 2024/25 and to balance the budget savings of £39m are required in Year 1. As reported to the IJB on 24 July 2024, the forecast for Fife HSCP at 31 May 2024 is a provisional overspend of £24.353m. Work is underway to assess this impact and a recovery plan is being developed. Reserves brought forward at April 2024 were £4.731m (2023/24 - £37.719).

The financial challenge faced by the IJB is significant and the frequency of meetings with both partners and the Chair and Vice Chair of the IJB has been increased. We have been informed that four weekly meetings will take place between the NHS Fife and Fife Council Directors of Finance and the IJB Chief Finance Officer, and that it is anticipated that more frequent governance committees will be arranged to consider the financial position throughout the year. Reporting to the IJB emphasises that financial sustainability is a priority and the IJB is aiming to continually improve processes.

The IJB will need to have a clear focus on financial sustainability, especially given an environment in which it is by no means certain that partner bodies would be willing or necessarily able to resource any overspend by the IJB.

In these circumstances monitoring of the implementation of the Strategic Plan will be fundamental. In particular there will need to be a focus on transformation and change i.e. what Fife IJB will do differently to be able to deliver its strategic objectives within serious financial constraints and whether that transformation is delivering improvements (including financial savings) sufficient to enable sustainable services.

The Chief Finance Officer checklist was completed as part of 2023/24 year end processes and no changes were made.

Transformation

Internal audit F05/22 – Strategic Planning, reported that it is essential that the IJB is provided with detailed assurance on the planning and delivery of transformation programmes and how they link to the objectives within the strategic plan, both in terms of delivering identified improvements, freeing up required resources and delivering required savings.

The strategic risk for Transformation / Change is described as *‘there is a risk that the transformation change programmes do not meet the desired timescales or achieve the required outcomes which may impact on the quality and sustainability of services to meet the needs of the people of Fife’*. The current risk score is medium (12), with a target score of medium (8) to be achieved by 31 March 2026.

The FPSC have been provided with presentations on business cases for transformational change areas and the IJB approved the transformation projects as per the Medium-Term Strategy agreed by the IJB in March 2023.

Fife IJB requires a culture that understands the prerequisites for transformation required, embraces change and innovation, and supports officers making difficult choices. Management have informed us that the IJB will continue to monitor the progress of its transformational programmes through existing governance arrangements including the Strategic Risk Register.

Action Point Reference 2 LLFMR Action Plan

Finding:

The Lessons Learned Financial Movement Review (LLFMR) paper to the July 2024 FPSC set out the main reasons for movement in projection from January 2024 to the reported 2023/24 year end position, along with the existing controls and corrective action. It also acknowledged that there needs to be a continuous approach to achieving financial sustainability. The review did not however contain an action plan.

The LLFMR stated that management information is being developed that will allow proactive financial management, including real time information that provides information on the numbers and cost of packages currently commissioned compared to the budget available to facilitate the estimation of future spend. Management have considered whether there is a risk to financial monitoring whilst this management information is under development.

Audit Recommendation:

The IJB and the partner organisations should formally confirm the level of assurance provided by the LLFMR process and the external audit opinion on it.

A SMART action plan should be developed, based on the LLFMR exercise and the action plan should be reported to and monitored by an appropriate assurance committee. Monitoring of the action plan should consider whether improvement resulting in a strengthened control environment has been made as a result of the action resulting from the LLFMR.

Management should provide timely assurance that the controls in place are sufficient to mitigate any potential risk associated with management information.

We recommend that the three organisations formally accept ownership of the action plan to ensure transparency and accountability in the spirit of integration.

Assessment of Risk:

Significant



Weaknesses in control or design in some areas of established controls.

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

Management Response/Action:

External Audit have completed their work and concluded that the Lessons Learned Report included proposed corrective actions seem reasonable and appropriate, and that they are satisfied that a root cause analysis of the main issues leading to the overspends in each partner body has been carried out. External audit stated that 'We have not audited the content of the root cause analysis but have seen evidence that it has been appropriately undertaken'

Our Governance Statement in the Annual Accounts on page 32 sets out the intent to bring back to Committee any findings from the LLFMR work and an associated action plan. This action plan has been developed and will be presented and discussed at the IJB Development Session on 17th September 2024

The Action plan will be agreed and jointly owned by all three partners in the spirit of true integration

It is our intention to provide regular updates on the action plan and provide assurance these additional measures are in place and appropriate. This will be reported through the Audit & Assurance Committee.

Effective Financial Controls are already in place. The services delivered are very much demand led by the needs of the people of Fife. Given the complexities and sensitivity of their needs, there will be occasions where difficult decisions are taken to commission packages to keep individuals safe in the community.

Improved management information as a result of the move to the new social care system is being developed, combining performance and financial information to allow proactive financial decisions to be made. The dashboards will enhance the management information available to budget holders to aid decision making whilst recognising the complex landscape in which we work, further improving the financial controls already in place.

We believe that the action plan will provide an opportunity for the AAC to consider the effectiveness and completeness of the action plan.

Action by:	Date of expected completion:
Audrey Valente, Chief Finance Officer	March 2025

Action Point Reference 3 Financial Sustainability**Finding:**

Delivering the IJB's strategic and commissioning priorities within the budget and resources that it has available will be a significant challenge and a financial recovery plan has been developed.

Savings of £39m are required in year 1. It is extremely unlikely that savings of this magnitude can be achieved without a significant transformation programme accompanied by clear prioritisation of areas within the strategic plan. This will mean difficult choices and potential de-prioritisation of some areas.

In reaching a balanced financial position for 2023/24, the IJB utilised reserves, resulting in a reserves balance below the policy minimum.

Audit Recommendation:

Continued robust monitoring of the implementation of the strategic plan will be fundamental. Management should clearly set out how the IJB will receive assurance, including assurance over transformation. There should be absolute clarity over the extent to which the strategy will deliver recurrent savings of the magnitude required.

Reporting on implementation of Strategy and financial monitoring should have a clear focus on the success of transformational projects i.e. what has changed and how services are better delivered, with savings achieved, as a result of transformation. Reporting should provide a rounded view of overall performance, financial sustainability, and progress in implementing the priorities set out in the Strategic Plan, linked to assurance on any relevant strategic risks.

In view of the current financial challenges faced by the IJB, consideration should be given to reviewing the current Strategic Plan to identify areas that could either be no longer deliverable and others that could be delayed to a later date to ease the current financial pressures in place. Any assessment of these areas should be conducted on a risk based approach to ensure legal, national, and local priorities are maintained and delivered.

Financial monitoring reports should include reporting on the Finance strategic risk and reflect all known potential barriers to delivery. The current risk score should be reviewed, as well as the adequacy of current controls.

A key area will be culture. The IJB should ensure that financial sustainability is given appropriate priority in all decisions, recognising that money spent now will not be available for future needs.

As reserves are not available for use, the focus should now be on addressing the underlying gap to ensure long term financial sustainability.

Assessment of Risk:

Significant



Weaknesses in control or design in some areas of established controls.

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

Management Response/Action:

The Strategic Plan has an associated delivery plan and regular updates are provided to the IJB Committee. Any delays in delivery of the Strategic Plan will be be advised through this process also.

A Transformation update will be presented at Finance, Performance & Scrutiny Committee on 11 September 2024.

A savings tracker and update will also be presented to the same Committee

Regular updates on savings delivery, transformational change and any substitute savings/recovery actions are considered at FPSC and IJB

Finance Risk score is noted in the Finance Update paper (to FPSC and IJB) as ‘to be reviewed’. The risk score will be reviewed in September 2024.

In all reports to Committee we articulate the impact on financial position, demonstrating financial sustainability remains a key priority for the IJB

Action by:	Date of expected completion:
Audrey Valente, Chief Finance Officer	March 2025

Action Point Reference 4 Directions**Finding:**

The delivery partners are required to comply with all directions received from the IJB, and the law is clear that they may not amend, ignore, appeal, or veto any direction.

At the start of the year a Direction was issued which required a transfer of funds from NHS Fife to Fife Council. The LLFMR paper stated that 'Protracted conversations took place from September to mid-February, but no transfer took place', and ultimately the Direction was not actioned by NHS Fife. The extant Directions Policy sets out the process to be followed when a Direction has not been implemented.

The Chief Finance Officer has informed internal audit that while there was a known risk around this until February 2024 the expectation was that the legally binding Direction would be actioned and it did not become clear that this would not be the case until February 2024.

The FPSC has responsibility for maintaining an overview of progress with the implementation of Directions, requesting progress reports from NHS Fife and Fife Council, and escalating key delivery issues to the IJB.

Audit Recommendation:

We recommend that any risk of non-compliance with a Direction is reported to the FPSC at the earliest opportunity, and that the process where a partner experiences difficulty in implementing a Direction or requires further detail regarding expectations is instigated as soon as the issue is identified, in line with the IJB Directions Policy.

The Tracker should be regularly monitored and reviewed by the FPSC and used as part of performance management, including audit and scrutiny. This should include monitoring the implementation and/or status of directions that have been approved by the IJB.

Assessment of Risk:

Significant



Weaknesses in control or design in some areas of established controls.

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

Management Response/Action:

Since the approval of the revised Directions Policy in May 2025, there has been more focus on the use of Directions, e.g a Direction will now be included where the financial position has moved from the previous reporting period as a result of receipt of additional funding.

A bi-annual review of Direction Tracker will be scheduled within the IJB workplan.

Action by:**Date of expected completion:**

Chief Finance Officer

March 2025

INFORMATION GOVERNANCE**Strategic risk:**

Information Governance and Digital Transformation - There is a risk the information governance systems and arrangements of the IJB and partner bodies are inadequate which may lead to a negative impact on the pace of the digital transformation change agenda and information governance. Current score: Medium - 9, target score - Low - 6

As reported to the May 2024 AAC an Information Audit process to generate an Information Asset Register supported by written procedures, including for information sharing e.g., for provision and receipt of assurance with Fife Council and NHS Fife is in place.

Work to develop IJB written procedures for how it engages with Fife Council/NHS Fife information systems, including obtaining assurance that staff changes, and other access to information, is properly controlled, is ongoing. Policies are in place for both partner organisations which give assurance that this is controlled. Therefore, Internal Audit do not consider this to be a high risk.





The Records Management Annual Report 2023 was considered by the IJB on 29 September 2023 and included the completed progress update review which was assessed by the National Records of Scotland in April 2023. The Keeper assessed the 15 elements of the Records Management Plan as:

- Green - 10
- Amber - 4
- Red - None

The Digital Strategy was approved by the IJB on 31 May 2024, having been presented to the QQC on 10 May 2024. The Action Plan within the Strategy reflects the IJB's digital ambitions for the next three years and had been discussed with digital partners.

Assessment of Risk

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

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

25 November 2024

Agenda Item No. 9

Fife Integration Joint Board (IJB) 2024/25 Annual Internal Audit Plan

Report by: Pamela Redpath, Service Manager, Audit and Risk Management Services

Wards Affected: All

Purpose

To submit to Members of the Standards, Audit and Risk Committee a copy of Fife IJB's 2024/25 Annual Internal Audit Plan.

Recommendation(s)

Members are asked to note the contents of the Fife IJB 2024/25 Annual Internal Audit Plan at Appendix 1 and identify any individual audits it wishes to receive assurances from.

Resource Implications

None.

Legal & Risk Implications

Without proper corporate governance, risk management and internal controls in place, the risk increases that the IJB, and its Health and Social Care Partnership, will not achieve its objectives and may suffer financial loss and / or reputational damage. Obtaining independent assurances around the IJB's framework of governance, risk management and control through delivery of the Internal Audit Plan are of fundamental importance to the Council.

Impact Assessment

An Equality Impact Assessment is not required because the report is not proposing a change or revision to existing policies and practices.

Consultation

No consultation required.

1.0 Background

- 1.1 The Integrated Resources Advisory Group guidance states that it is the responsibility of the IJB to establish adequate and proportionate internal audit arrangements for review of the adequacy of the arrangements for risk management, governance and control of the delegated resources. This responsibility includes determining who will provide the internal audit service for the IJB and nominating a Chief Internal Auditor.
- 1.2 The IJB formally took over operational responsibility of the delegated functions with effect from 1 April 2016. Fife, Tayside and Forth Valley Audit and Management Services (FTF) was appointed as the Internal Auditors for Fife IJB for financial year 2021/22 onwards, including the role of Chief Internal Auditor. Prior to that, Fife Council's Audit Services provided those services.
- 1.3 The Internal Audit Output Sharing Protocol sets out principles in relation to the sharing of key internal audit outputs between the IJB, Fife Council and NHS Fife, including Internal Audit plans and annual reports. In the context of Fife Council and in relation to Internal Audit plans specifically, the Internal Audit Output Sharing Protocol requires the IJB's Annual Internal Audit Plan to be presented to Fife Council's Standards, Audit and Risk Committee for noting, to allow identification of any relevant audits that it may wish to receive assurances from.
- 1.4 The Fife IJB's 2024/25 Annual Internal Audit Plan was approved by the IJB's Audit and Assurance Committee at its meeting on 17 May 2024.

2.0 Conclusions

- 2.1 FTF was appointed as the Internal Auditors for Fife IJB for financial year 2021/22 onwards, including the role of Chief Internal Auditor. Prior to that, Fife Council's Audit Services provided those services.
- 2.2 The Internal Audit Output Sharing Protocol requires the IJB's Annual Internal Audit Plan to be presented to Fife Council's Standards, Audit and Risk Committee for noting, to allow identification of any relevant audits which it may wish to receive assurance from.

List of Appendices

1. Fife IJB's 2024/25 Internal Audit Annual Plan

Report Contact:

Pamela Redpath

Service Manager – Audit & Risk Management Services

Email – Pamela.Redpath@fife.gov.uk

Fife IJB Internal Audit Annual Plan 2024/25

Ref	Audit	Indicative Scope	Strategic Risk	Days	Target Audit Committee
F01-25	Audit Planning	Audit Risk Assessment & Operational Planning.	Full Strategic Risk Register	1	September 2023
F02-25	Audit Management	Liaison with management, Pre-Audit Committee liaison with Chief Finance Officer, preparation of papers and attendance at Audit Committee. Follow Up Process and validation of audit recommendations.	N/A	6	Ongoing
F03-25	Annual Internal Audit Report (2023/24)	Chief Internal Auditor annual assurance statement to the IJB and fieldwork to support this.	24 - Governance	5	June 2024
F04-25	Governance & Assurance	Ad-hoc advice and support to management on matters of governance and assurance.	24 - Governance	3	June 2025
F05-25	Performance Reporting	Assess the adequacy and effectiveness of the performance monitoring arrangements to assess whether the performance framework provide sufficient assurance to the IJB, aids good governance, drives improvement and transformation and supports decision-making.	19 – Strategic Plan 20 – Transformation / Change 24 - Governance	tbc	November 2024
F06-25	ICE	Holistic assessment of the internal control environment in preparation for production of 2023/24 Annual Report. Follow-up of previous agreed governance actions including Internal Audit recommendations.	Full Strategic Risk Register	15	May 2025

25 November 2024

Agenda Item No. 10

Standards, Audit and Risk Committee Workplan

Report by: Eileen Rowand, Executive Director, Finance and Corporate Services

Wards Affected: All

Purpose

This report supports the Committee's consideration of the workplan for future meetings of the Committee.

Recommendation(s)

It is recommended that the Committee review the workplan and that members come forward with suggestions for specific areas they would like to see covered in any of the reports.

Resource Implications

Committee should consider the resource implication for Council staff of any request for future reports.

Legal & Risk Implications

Committee should consider seeking inclusion of future items on the workplan by prioritising those which have the biggest impact and those which seek to deal with the highest level of risk.

Impact Assessment

None required for this paper.

Consultation

The purpose of the paper is to support the Committee's discussion and therefore no consultation is necessary.

1.0 Background

- 1.1 Each Committee operates a workplan which contains items which falls under the headings: items for decision and Scrutiny/Monitoring. These items will often lead to reactive rather than proactive scrutiny. Discussion on the workplan agenda item will afford members the opportunity to shape, as a committee, the agenda with future items of business it wishes to review in more detail.

2.0 Conclusions

- 2.1 The current workplan is included as Appendix one and should be reviewed by the committee to help inform scrutiny activity.

List of Appendices

1. Standards, Audit and Risk Committee forward work plan.

Background Papers

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act, 1973:-

None

Report Contact

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Standards, Audit and Risk Committee of 13 February 2025			
Title	Service(s)	Contact(s)	Comments
Minute - 25 November 2024			
Issued Audit Reports	Finance and Corporate Services	Pamela Redpath	
Internal Audit Plan Progress Report	Finance and Corporate Services	Pamela Redpath	
Update on Internal Audit Standards/Code of Practice for the Governance of Internal Audit in Local Government	Finance and Corporate Services	Pamela Redpath	
Risk Management Update	Finance and Corporate Services	Pamela Redpath	
Standards Update – annual reports, hearing outcomes and consultations	Finance and Corporate Services	Lindsay Thomson	
Forward Work Programme			

Standards, Audit and Risk Committee of 24 April 2025			
Title	Service(s)	Contact(s)	Comments
Minute - 13 February 2025			
External Audit Annual Plan to Year Ended 31 March 2025	Finance and Corporate Services	Pamela Redpath	
Issued Audit Reports	Finance and Corporate Services	Pamela Redpath	
Forward Work Programme			

Standards, Audit and Risk Committee of 30 June 2025			
Title	Service(s)	Contact(s)	Comments
Minute - 24 April 2025			
2024/25 Internal Audit Annual Report	Finance and Corporate Services	Pamela Redpath	
Fife Council Local Code of Corporate Governance	Finance and Corporate Services	Lindsay Thomson	

Standards, Audit and Risk Committee of 30 June 2025			
Title	Service(s)	Contact(s)	Comments
Annual Governance Statement for the year to 31 March 2025	Finance and Corporate Services	Elaine Muir	
Fife Council Draft Annual Accounts	Finance and Corporate Services	Elaine Muir	
Fife Council Charitable Trusts - Unaudited Annual Report and Financial Statements 2023-24	Finance and Corporate Services	Elaine Muir	
Forward Work Programme			

Unallocated			
Title	Service(s)	Contact(s)	Comments
Internal Audit Charter	Finance and Corporate Services	Pamela Redpath	TBC
Safeguarding Public Money: are you getting it right?		Pamela Redpath	TBC
Complaints - review of recording process/actions	Customer Services Improvement Service	David Thomson-CRM	See minute from Cowdenbeath Area Committee 04.09.24 - request to review overall Corporate Complaints Procedure and recording of complaints, breakdown of category data, etc