



Date	17 June 2021
Agenda Item	5

Report to West Lothian Integration Joint Board Audit Risk & Governance Committee

Report Title: Annual Governance Statement 2020/21

Report By: Standards Officer

Summary of Report and Implications	
Purpose	This report: (tick any that apply).
	- seeks a decision <input checked="checked" type="checkbox"/>
	- is to provide assurance <input type="checkbox"/>
	- is for information <input type="checkbox"/>
	- is for discussion <input type="checkbox"/>
	To present the draft annual governance statement for consideration and approval.
Recommendations	<ol style="list-style-type: none"> 1. To consider the draft annual governance statement in the appendix and its conclusion that the Board and the West Lothian community can be assured that the Board's corporate governance standards have been substantially met in 2020/21 2. To approve the draft annual governance statement in the appendix on behalf of the Board 3. To note that the statement will form part of the Board's unaudited accounts to be considered by the Board and submitted to the external auditors before the end of June 2021 4. To authorise the Standards Officer to make any minor changes to the statement deemed reasonable and necessary before finalisation of the accounts for Board approval
Directions to NHS Lothian and/or West Lothian Council	A direction(s) is not required.
Resource/ Finance/ Staffing	N/A

Policy/Legal	Public Bodies (Joint Working) (Scotland) Act 2014; Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014; Board's Standing Orders
Risk	IJB001, Governance Failure
Equality, Health Inequalities, Environmental and Sustainability Issues	The report has been assessed as having no relevance with regard to equality or the Public Sector Equality Duty. As a result, an equality impact assessment has not been conducted.
Strategic Planning and Commissioning	N/A
Locality Planning	N/A
Engagement	N/A

Terms of Report

- 1 The following process has been adopted by the Board to secure compliance with the statutory rules for submission and approval of the Board's accounts and financial statements:-
 - The Internal Auditor carries out an annual review of the Board's system of internal control which is considered in June by the committee as part of his Internal Audit Annual Report
 - The Standards Officer prepares a draft annual governance statement which is approved by the committee in June
 - The annual governance statement is then included in the Board's unaudited annual accounts
 - The unaudited accounts are considered by the Board prior to their submission for audit
 - The accounts are certified and submitted for audit and public notice by the Chief Financial Officer on or before 30 June
 - The audited accounts and the external auditors' report are considered by the committee in September, for scrutiny, and to consider recommendations to be made to the Board
 - The audited accounts, the auditors' report and the committee's recommendations are considered by the Board for approval of the audited accounts for signature before 30 September each year
- 2 Other reports are on the agenda for this meeting and have been taken into account in the preparation of the statement. They are the Internal Audit Annual Report, including the findings of the review of the system of internal control; the Chief Financial Officer's Best Value Framework Compliance Statement; an update by the Standards Officer on progress with and the current status of governance issues; and the completed Local Code of Corporate Governance for the year.

- 3 The draft annual governance statement for 2020/21 is in the appendix. It has been prepared in accordance with the 2016 CIPFA/SOLACE Framework and accompanying Guidance which apply to the Board in relation to its governance standards. The statement includes an additional section relating to the COVID-19 emergency, as advised by CIPFA for this reporting year. It also includes a new section assessing the Board's readiness to implement the CIPFA Financial Management Code, again as recommended by CIPFA for this reporting year.
- 5 Some of the characteristics of the annual statement drawn from the CIPFA/SOLACE Framework and to bear in mind when considering the draft are:-
- It enables the Board to explain governance arrangements and control
 - It should provide a meaningful but brief communication regarding the review of governance
 - It should be high level, strategic and written in an open and readable style
 - It should provide an assessment of the effectiveness of the Board's governance arrangements in supporting the planned outcomes
 - It should contain an acknowledgement of responsibility for ensuring that there is a sound system of governance
 - It should make reference to an assessment of the effectiveness of key elements of the governance framework and the role of those responsible for the development and maintenance of the governance environment
 - It should give an opinion on the level of assurance that the governance arrangements can provide
 - Actions taken, or proposed to be taken, to deal with significant governance issues, should be mentioned
 - There should be information as to how issues raised in the previous year's annual governance statement have been resolved
 - There should be a conclusion and commitment to monitoring implementation
- 6 Authority is sought to allow minor changes to be made by officers after committee approval and prior to submission and approval of the annual accounts. Without that, no changes can be made to the version approved by the committee. That flexibility will allow minor changes to be made should they be felt to be reasonable and necessary to reflect changed or new circumstances after discussion with the Board's auditors and consideration by the Board. It will also allow for the inclusion of some up-to-date information regarding COVID-19. Any such additions will be discussed with Chief Officer and Chairs and Vice-Chairs of the Board and the committee, as appropriate.

Appendices	1. Annual Governance Statement
References	Public Bodies (Joint Working) (Scotland) Act 2014, section 13; Local Government (Scotland) Act 1973, Part 7; Local Government in Scotland Act 2003, Part 1 Integration Scheme, pages 6 and 7

	<p>Delivering Good Governance in Local Government - Framework and Guidance Notes for Scottish Authorities (CIPFA/SOLACE, 2016); CIPFA Bulletin 06/2021 – Application of the Good Governance Framework 2020/21; CIPFA Financial Management Code (2019)</p> <p>Audit, Risk & Governance Committee, 27 May 2020</p> <p>Integration Joint Board, 22 September 2020</p>
Contact	<p>James Millar, Standards Officer</p> <p>01506 281613, james.millar@westlothian.gov.uk</p>

APPENDIX

ANNUAL GOVERNANCE STATEMENT 2020/21

1 Executive summary

- 1.1 Corporate governance is comprised of the systems, processes, culture and values by which the Board is directed and controlled, and the activities through which it is accountable to, engages with and leads the West Lothian community in relation to its statutory functions. It is the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. The Board, Board members and individuals working for and supporting them must try to achieve the Board's objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.
- 1.2 The Board and its members, voting and non-voting, have overall responsibility for good governance arrangements – for establishing the Board's values, principles and culture, for ensuring the existence and review of an effective governance framework, and for putting in place monitoring and reporting arrangements. Corporate governance is an essential back-office corporate service necessary to assist the effectiveness of setting, monitoring, achieving and reporting on priorities and outcomes, both national and local.
- 1.3 Whilst retaining its responsibility and overview of those arrangements, the Board has entrusted the delivery of some of those tasks to committees (principally its Audit, Risk & Governance Committee), to its Chief Officer and to officers employed by West Lothian Council and NHS Lothian who serve and support the Board. That delegation does not remove or negate the responsibility of all the Board's members for governance.
- 1.4 The statutory relationship amongst the Board, the council and the health board is a complex one. The Integration Scheme contains the agreement reached between the council and the health board in seeking to have the Board established. It cannot be changed without going through a formal statutory review process. The Board's governance arrangements provide the additional guidance and control necessary to make that relationship work for the benefit of service users and other stakeholders. The governance framework is made up of corporate documents, policies and procedures which are designed to guide and assist the Board in doing its business in accordance with the law and with proper standards and principles, so ensuring that public money is safeguarded and used economically, efficiently and effectively, and fulfilling the statutory duty to secure best value.
- 1.5 The conclusion and assurance in this statement is based on:-
- The Internal Auditor's opinion on the effectiveness of the Board's system

of governance, risk management and control (6.5)

- The Best Value Assurance Statement by the Chief Financial Officer (7.6)
- The Local Code of Corporate Governance (7.5)
- Progress made on tackling governance areas of concern (9.2)
- Information on the impact of COVID-19 on governance arrangements (10.11)
- Readiness for implementation of the CIPFA Financial Management Code (8.4)

1.6 Areas of concern where work is required have been identified (11) and the full extent and impact of the COVID-19 pandemic is not yet known (9.10). However, the Board and the West Lothian community can be assured that the Board's corporate governance standards have been substantially met in 2020/21.

2 Structure and powers

2.1 The Board is a statutory body established by the Scottish Parliament. It is responsible for the integrated functions delegated to it by the council and the health board. It makes a strategic plan for delivery of the health and social care services which go along with the integrated functions. It receives financial contributions from the council and health board, and to a lesser extent directly from the Scottish Government. It then directs the council and the health board in how they should deliver the integrated functions on its behalf and allocates financial resources to allow them to do so. The Board has responsibility for adult and older people's health and social care services. Those for children and young persons and criminal justice services are delivered directly by the council and the health board through separate voluntary partnership working arrangements.

2.2 Legislation requires that the Integration Scheme is reviewed by the council and the health board at least every five years. The Board does not share that legal duty and has no control over that process. That review ought to have been concluded by June 2020. The process was started and a timetable was agreed with the Board being a formal consultee. Due to the intervention of the COVID-19 emergency the process could not be progressed and it was formally abandoned in late 2020. Arrangements have now started amongst the health board and four councils in its area to start the review processes in each area. The intention is to conclude the procedure by the end of 2021. The current Integration Scheme will remain in place and the operation of the Board will not be affected.

2.3 The Board has delegated some of its responsibilities to other internal bodies:-

- It established an Appointments Committee to fill the posts of Director, Chief Financial Officer, Internal Auditor and Standards Officer. It met in 2021 to secure the replacement of the Chief Officer who had resigned. A successful process was followed in partnership with the council and the health board and the new Chief Officer is due to take up post on 5 July 2021

- It established an Audit Risk & Governance Committee with scrutiny powers in relation to risk management, corporate governance and internal and external audit reports. It meets quarterly and the public has access to its meetings and meeting papers
- It established the Strategic Planning Group in accordance with legislation and guidance in relation to development, review and progressing the strategic plan
- It established a Health and Clinical Care Governance Group, chaired initially by a Board member and presently by the council's Chief Social Work Officer, to provide a focus for clinical and social care issues and concerns and to advise the Board where appropriate
- In April 2019 the Board approved a revised strategic planning structure. It is designed around Planning & Commissioning Boards with remits designed to ensure delivery of the revised Strategic Plan 2019/23

2.4 The remits, powers, operating arrangements and reporting structures of all of these internal bodies were reviewed in 2019/20 and changes were approved by the Board after considering officers' recommendations. Those structures and reporting arrangements have continued. A review of the strategic planning structure was carried out and reported to the Board this year. The commissioning plans underpinning the strategic planning process were reviewed and changes approved to reflect the findings of the independent external statutory inspection of strategic planning arrangements.

2.5 All of the Board's activities are carried out within the terms of relevant legislation, guidance and the statutory Integration Scheme. Its decision-making is carried out under Standing Orders and other internal rules and procedures which are reviewed on a three-year cycle. They are principally made up of:-

- Standing Orders, governing the way Board and committee meetings are conducted
- Remits and procedural rules for committees, working groups and the new Planning & Commissioning Boards
- Scheme of Delegation to Officers setting out the responsibilities and powers allocated to senior officers
- Financial Regulations which set the rules and procedures for financial, budget and treasury management
- Strategic Plan and its accompanying Annual Financial Statement

2.6 Standing Orders, the Scheme of Delegations, Financial Regulations, committee remits were all reviewed in 2019/20 with recommended changes approved by the Board. Their next scheduled review has been timetabled and appears in the work plan considered at every Board meeting.

2.7 The Board must publish a statutory performance report within 4 months of the end of any financial year. It requires information from the council and the health board in relation to their performance of the integrated functions which have

been specified in Directions issued by the Board. That also means that regular and periodic information is required to allow service performance to be assessed continuously and to inform the annual report. That information is provided with reference to a list of agreed indicators and from that the Board maintains its own performance records against the commitments and outcomes given in its Strategic Plan. Those reports are considered at Board meetings and so all members are aware of performance information and concerns. Performance management and reporting arrangements have been under review during the year. All of the Board's statutory annual performance reports are available on its website. An internal audit of performance management arrangements carried out this year found control to be effective.

2.8 The Board's Financial Regulations call for quarterly budget monitoring reports to be presented to the Board. They also call for regular periodic budget and financial assurance reports to the Board to enable it to proceed with the budgetary process, the publication of its annual financial statement and issuing Directions to the council and health board. These reports have been and will continue to be made as required. An internal audit of financial planning arrangements carried out this year found control to be effective.

2.9 The Board has adopted a Risk Management Strategy. There is a regular and recurring pattern of reporting to the Board and to Audit Risk & Governance Committee on high risks and on the risk register as a whole.

3 The Board

3.1 The Board's membership and operating arrangements are controlled by statute. Board decisions are made by eight voting members, four from each of the council and the health board. It also has non-voting members who are senior council or health board professionals or are representatives of the users and providers of health and social care services. A full review of membership of the Board was carried out in 2019/20.

3.2 There have been some changes to the Board's voting members during the year but fewer than in the preceding year. Induction and development sessions have taken place. In accordance with the Integration Scheme, the chair has been held by a councillor voting member since September 2019 with a health board voting member taking the position of Vice-Chair. The positions of Chair and Vice-Chair of the Audit Risk & Governance Committee are held the opposite way around. Those positions will switch again in September 2021, lasting till September 2023.

3.3 The Board continues to meet approximately every six weeks. It maintains a Work Plan which is reviewed at every meeting. That is now accompanied at every meeting by an annual calendar of reporting and review deadlines. The Board's work has been assisted by a series of Board development sessions outside the constraints of a formal meeting when discussions could take place

about issues of growing or particular concern and the long-term plans for the Board and its work. The Board deals with significant strategic and financial decisions and monitors and oversees financial and service performance and risk monitoring arrangements. It meets in public except in very strictly defined circumstances. All of its meetings in the year were open to the public, with meetings of the Appointments Committee the only ones from which the public were excluded.

- 3.4 The Board has developed its participation in the West Lothian Community Planning Partnership. The Board is a statutory community planning partner and is represented on the Community Planning Partnership Board by the Chief Officer. Periodic reports are brought to the Board, or in the Chief Officer's report, to inform Board members of developments within the Partnership.
- 3.5 The Board now also participates in the Strategic Planning Forum, a strategic partnership forum amongst the health board and the integration joint boards within the health board area. It aims to increase cooperation amongst the bodies involved and secure and promote efficient planning where there are common themes and pressures shared by all concerned.
- 3.6 Chief Officer reports are now standing items on the agendas for Board meeting and those enable things like the community planning activities to be brought to the attention of the Board and the public.

4 Management

- 4.1 Under the terms of the governing legislation the Board only has one member of staff – its Chief Officer, who heads the joint management team and staff responsible for delivering the integrated services in accordance with Board directions. The Chief Officer is accountable to the Board, and also to the Chief Executives of the council and the health board. The remit and responsibilities of the post are set out in the Board's Scheme of Delegations. The Chief Officer is a non-voting Board member. A new Chief Officer (Alison White) is due to take up post on 5 July 2021 following a successful recruitment exercise carried out in partnership with council and health board.
- 4.2 The legislation which applies to the Board in relation to accounting and finance matters requires the Board to appoint a Chief Financial Officer. That role is to be performed in accordance with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016). It sets out the requirement for the Chief Financial Officer to be professionally qualified and sets out the criteria for that qualification. The Board has appointed its Chief Financial Officer who fulfils these criteria and operates in accordance with the Board's Financial Regulations, reporting regularly to the Board on budgetary performance and compliance and on financial assurance. The Chief Financial Officer produces the Board's annual financial statement. The role is undertaken in accordance with the relevant statutory rules, guidance

and standards. The Chief Financial Officer is a non-voting Board member. His place and responsibilities are set out in the Board's Scheme of Delegations. In accordance with its Best Value Framework adopted during the year, the Chief Financial Officer reports each year on the extent of the Board's delivery of its statutory best value duty. That informs both the Internal Auditor's review of the system of internal control and this annual governance statement. During the year the Chief Financial Officer secured the Board's approval to the adoption of the mandatory CIPFA Financial Management Code with effect from 2021/22.

- 4.3 The Board is required to operate a professional and objective internal audit service. The council's Audit Risk & Counter Fraud Manager is appointed as the Board's Internal Auditor. Internal audit is an independent appraisal function which examines and evaluates systems of financial and non-financial control. Internal audit operates in accordance with the "Public Sector Internal Audit Standards: Applying the IIA International Standards to the UK Public Sector" (PSIAS). An annual audit plan is prepared based on an assessment of risk and is approved by the Audit Risk & Governance Committee. Internal audit reports are issued to the committee in relation to the outcome of all work. There is annual reporting to the committee of internal audit activities and to give assurance about the independence, effectiveness and soundness of the service.
- 4.4 Risk management is supervised on the officer side of the Board by the Internal Auditor. Risk management is also embedded at a service level in the senior management team which is responsible for the delivery of the Board's integrated functions. The management team monitors, assesses and mitigates risk at service level as a matter of routine at their management team meetings. That process continues at lower levels in the integrated management structure.
- 4.5 The Board must appoint a Standards Officer. The Standards Officer is responsible for ensuring the Board and its members meet their obligations under ethical standards legislation and the Board's Code of Conduct. The Board has appointed a Standards Officer who maintains the Board members' Register of Interests and advises on Code of Conduct issues and concerns. His appointment was approved by the Scottish Ministers in 2016. He plays a wider role in supporting the Board in meeting its expected and adopted standards of good corporate governance. He prepares this annual governance statement and reports to the Board when required on governance matters, including compliance with the Board's adopted Local Code of Corporate Governance. An internal audit of governance arrangements carried out this year found control to be effective.
- 4.6 The council has to appoint a senior officer with social work qualifications and experience to the statutory role of Chief Social Work Officer. The post carries the significant responsibility for statutory delivery of social care services and the right to have direct access to the council and its elected members. The Chief Social Work Officer is a non-voting member of the Board and the Board's Standing Orders ensure a similar right of access to the Board and Board members in

relation to areas of professional concern. The health board has appointed an officer to a similar post in relation to health care. The holder of that post is also a non-voting member of the Board. The Board's Standing Orders give the same right of access to the Board and Board members as the Chief Social Work Officer has. Each delivers a formal annual report to the Board in connection with the discharge of their duties in relation to health and social care governance and statutory compliance.

5 Audit Risk & Governance Committee

- 5.1 The Audit Risk & Governance Committee monitors the independence and effectiveness of the Internal Audit service provided by the council and its Audit, Risk and Counter Fraud Manager. To ensure the required degree of independence it is given periodic assurance in relation to non-internal audit functions (risk management) through the internal audit manager of Falkirk Council. The committee approves an annual audit plan and receives reports about its completion. It considers reports brought forward in relation to the work, both programmed and reactive work. It approves the annual governance statement on behalf of the Board before the Board considers it as part of its unaudited accounts and financial and other statements. Its remit and powers were reviewed in 2019/20.
- 5.2 Internal Audit reports are presented to committee for information and scrutiny. They contain a finding as to the soundness of control based on the audit carried out and whether controls are satisfactory or require improvements. They set out improvement actions which have been agreed with officers. Implementation of actions and any other committee recommendations are the responsibility of the Chief Officer.
- 5.3 The committee also receives the external auditors' Annual Plan. Its remit enables it to consider the external audit annual report and audited accounts prior to their consideration and approval by the Board itself.
- 5.4 The committee also receives reports in relation to governance matters, principally reports issued by the Accounts Commission and/or Audit Scotland in relation to the Board or local government or the health and care sector as a whole. The committee also receives the annual report on corporate governance and the annual governance statement. It also receives reports on progress on the governance issues identified for attention in annual governance statements and from other sources during the year.
- 5.5 Arrangements have been in place for liaison and information sharing with the Internal Auditors for the health board, the council and the other IJBs in the health board area. The Risk Management Annual Reports for council and health board were reported to the committee in 2018/19. No issues of concern arose and committee did not determine that it was necessary that the reports for 2019/20 be presented. Work is ongoing in relation to refreshed cooperation and support and a report is to be made to Audit Risk & Governance Committee on 17 June 2021.

- 5.6 The Internal Audit Annual Report for 2020/21 provides details of the risk based audits undertaken for the Board, and the conclusions arising from that work. The Internal Audit plan was fully completed. Reports with recommendations and agreed actions had all been submitted to the committee in the course of the year. Three significant parts of the Board's governance arrangements were audited during the year – governance, performance management and financial planning. Control was found to be effective in all three.

6 System of internal control

- 6.1 A significant part of the Board's governance framework is its system of internal control (financial and other). It is an ongoing process designed to identify risks to the achievement of the Board's objectives; to evaluate the likelihood of those risks occurring; to consider the potential impact of the risks; and to manage them effectively. Those controls can never eliminate risk or failure to achieve objectives entirely – they can only provide reasonable and not absolute assurance. The design, development and management of the system of internal control are undertaken by officers who support the Board and approved where required by the Board or its Audit, Risk & Governance Committee.
- 6.2 The system of internal financial control is designed to provide assurance on the effectiveness and efficiency of operations and the reliability of financial reporting. It is based on a framework, which includes financial regulations and a system of management supervision, delegation and accountability, supported by regular management information, administrative procedures and segregation of duties. Its key elements include a documented internal control framework relating to financial processes, procedures and regulations; a comprehensive budgeting and monitoring framework; scrutiny of periodic and annual financial and operational performance reports; performance management information; and project management disciplines.
- 6.3 Reporting to the Board on the effectiveness of the system of internal control is a statutory requirement carried out by the Board's Internal Auditor. It is included in his Internal Audit Annual Report in May or June each year. Its consideration precedes and informs this statutory annual governance statement which requires approval by or for the Board and incorporation into the annual accounts and financial statements.
- 6.4 Based on internal audit work and reports throughout the year the Internal Auditor identifies areas where improvements are required and confirms that recommendations will be followed up and reported. The Audit, Risk & Governance Committee is informed of agreed actions and deadlines for completion. It seeks assurances from responsible officers on progress through follow-up reports where so advised.
- 6.5 Following the review for 2020/21, the Internal Auditor's conclusion, reported to and accepted by committee in June 2021, is that the Board has a sound

framework of governance, risk management and control.

7 Code of Corporate Governance

- 7.1 The Board's governance arrangements are assessed and reported in accordance with statutory requirements and under a Framework and accompanying Guidance for Scotland called "Delivering Good Governance in Local Government", produced by CIPFA/SOLACE in 2016. In 2017/18 a new Local Code of Corporate Governance was developed and adopted under that Framework and Guidance. The annual governance statement was produced under that Framework for 2017/18 and has been since.
- 7.2 The Code adopts the seven over-arching principles from the Framework which are: behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law; ensuring openness and comprehensive stakeholder engagement; defining outcomes in terms of sustainable economic, social, and environmental benefits; determining the interventions necessary to optimise the achievement of the intended outcomes; developing the Board's capacity, including the capability of its leadership and the individuals within it; managing risks and performance through robust internal control and strong public financial management; and implementing good practices in transparency, reporting, and audit to deliver effective accountability.
- 7.3 Each of those principles is broken down into sub-principles and then separate elements to allow a more focused approach to the components of each. A list of sources of evidence is included and the Board's actions and performance over the year are assessed to determine where it exceeds, meets or fails to meet the required standards. Areas of concern are picked out and reported on through the annual reporting process. Actions are identified and allocated and progress monitored through reporting to Board and committee. The Code is used to inform the drafting and approval of the annual governance statement. The seven principles and their interaction and some of the key evidence for each are shown in the following diagram.

INSERT UPDATED CODE PRINCIPLES DIAGRAM HERE

- 7.4 The Code was formally reviewed in 2019/20. The Code has been populated and produced this year in accordance with arrangements approved then and with the amendments approved by the Board in September 2019. No additions to or deletions from the standards listed in the Code have been proposed this year.
- 7.5 The fully-populated Code was reported to committee in June 2021. Compliance with the Code's standards has improved significantly. There are only 9 standards where the evidence indicates that work is required to secure improvement. The most significant are around the outstanding work on compliance with the GDPR and Data Protection Act 2018 and the appointment of a permanent Data Protection Officer. Overall however, substantial compliance has been achieved.

- 7.6 The Chief Financial Officer has again prepared a best value framework annual statement. It is part of the framework approved by the Board in September 2018 and newly revised and approved in March 2021 to enable it to gain the assurance it requires on the extent of its compliance with its statutory best value duty. That statement was reported to Audit Risk & Governance Committee in June 2021. Along with the Internal Auditor's review of the system of internal control and the Board's Code of Corporate Governance it informs and underpins this annual governance statement. The Chief Financial Officer has concluded and has certified that the Board has demonstrated substantial compliance with its best value duties in 2020/21.

8 CIPFA Financial Management Code

- 8.1 As part of its legal obligation to comply with accepted accounting standards and Code of Practice under the local authority accounting regime, the Board requires to adopt the CIPFA Financial Management Code (2019). The year 2020/21 is in effect a shadow year with the Board expected to move towards full compliance in 2021/22. The Code is designed to support good practice in financial management and assist in demonstrating financial sustainability. The Board is expected to adopt processes and procedures to demonstrate adherence to six principles of good financial management and 17 underlying financial management standards.
- 8.2 CIPFA Guidance for the annual governance statement for 2020/21 advises including an assessment of the extent of current compliance and the identification of areas for improvement, accompanied by an action plan to secure full compliance in 2021/22. In doing so CIPFA's advice is to take a proportionate approach and to use existing reports and documentation.
- 8.3 The Board adopted the Code in March 2021. Before adoption the Code was presented for consideration to Audit Risk & Governance Committee. The report by which its adoption was secured (18 March 2021) was a lengthy and comprehensive exposition and explanation of the Code – its purpose, the principles and the management standards. It included a description of the available evidence of present compliance, the extent of that compliance and the areas where improvement was indicated. It included a list of actions with associated timescales, all designed to secure compliance in full for the reporting year 2021/22.
- 8.4 The information provided by the Chief Financial Officer to and accepted by the Board indicates that it is already compliant to a significant extent and is well-placed to secure full compliance on time. Completion of the actions identified has been included later in this statement as a governance issue for future monitoring (11.1).

9 Past and present governance issues

- 9.1 Governance reporting in previous years has identified areas of concern and issues to be addressed by officers and members. Issues carried forward from previous years have been amalgamated together and with new issues arising with a view to monitoring progress and demonstrating the continuous improvement in governance terms and showing how issues have been dealt with where they cross the ends of the reporting years. Those issues were reported regularly to the Chief Officer's senior management team throughout the year for monitoring. A report against progress was made to the Audit Risk & Governance Committee in December 2020. Progress made since then has been noted and considered at management team meetings. Issues have been added as they have arisen during this reporting year. Some of those have been pursued and addressed already, some are longer-term issues for future monitoring and reporting. These past and present matters of concern were reported in detail to the committee in June 2021 as part of the end of year reporting in the governance cycle.
- 9.2 There was very substantial progress made in tackling the governance issues identified in last year's statement. Only three issues remained outstanding and to be carried forward at the year end. Those were ensuring full compliance with requirements around data protection procedures, raising awareness of the statutory UK anti-terrorism regimes known as PREVENT and CONTEST, and completion of the sole action emerging from the external audit report for 2019/20.
- 9.3 Work started during the year to ensure full data protection compliance and discussions are continuing with council and health board to secure support. The Board holds little personal data at all and no personal data in relation to service users or carers: that is held by council and health board. An interim Data Protection Officer appointment has been made. In those circumstances the risk presented by any non-compliance is not considered to threaten or materially affect the operations or finances of the Board while this issue is fully addressed. The work required in relation to PREVENT and CONTEST is being reviewed as a result of new guidance from the UK government and progress is expected during 2021/22. The external audit action (in relation to medium-term financial planning) is expected to be concluded on schedule at the Board meeting on 29 June 2021.

10 COVID-19

- 10.1 CIPFA Guidance for 2020/21 advises the inclusion of information about the impact of the coronavirus pandemic on governance arrangements. The annual governance statement for 2019/20 included information about the impact of COVID on governance arrangements although most of the effects were felt after the end of that reporting year. The effects of the pandemic continued throughout this reporting year, although the governance framework has proved to be robust in those extreme circumstances rather than requiring significant revision and

amendment in response.

- 10.2 One Board meeting (April 2020) was cancelled when the first lockdown restrictions were imposed. In reliance on council support, a software platform was established to allow meetings to take place by remote access. That was achieved earlier than expected and remote access Board and committee meetings commenced from 27 May 2020. Meetings of Board and committees and Strategic Planning Group were able to continue thereafter by remote access and are continuing on that basis. Public access was ensured through live audio webcasting. The Board will have to consider whether those arrangements should continue, for how long, and whether plans should be made to return to physical meetings.
- 10.3 No amendments were required to Standing Orders, including the Scheme of Delegations to Officers, to enable decisions to be made and the Board's operations to continue. Board members were kept informed of developments through email briefings by the Chief Officer. Overall, existing arrangements were able to be used and practices adapted to meet the demands of the pandemic without requiring changes to Standing Orders and other governance procedures.
- 10.4 Powers conferred by emergency coronavirus legislation allowed the postponement of compliance with statutory duties to publish annual and other reports concerning Board functions and services. That power was not exercised. All statutory reporting due to take place during the emergency period was and will be carried out to normal timescales. That includes the preparation and approval of the annual accounts and financial statements. Those were completed in accordance with the statutory timescales in both 2019/20 and 2020/21 despite regulations being passed allowing some slippage for this reporting year.
- 10.5 A separate power to suspend statutory duties to make hard copies of certain documents available for physical inspection and copying was used in relation to the right to physically inspect the Board's unaudited accounts. That power was exercised in 2019/20 and 2020/21 as a measure to help minimise the risk of infection and transmission.
- 10.6 Council and health board staff engaged in the provision of the services delegated to the Board worked from home, and continue to do so, where required or possible and in accordance with the HR policies and procedures of council and health board as their employers. Remote meeting platforms were used extensively.
- 10.7 Reporting on the financial consequences of the pandemic has taken place on a regular basis. The normal pattern of budget-monitoring and other financial reporting continued. The required timescales for reporting on financial contributions from council and health board, the Board's budget for the year and the directions issued to council and health board were adhered to.

- 10.8 The Chief Officer's report to every Board meeting has been used as a vehicle to communicate and ensure discussion of significant issues, such as the work of the care homes oversight group and the vaccination programme. Stand-alone reports have been considered as well, where appropriate and where instructed, such as the report on the response of services to the pandemic (August 2020), and on care homes oversight group (November 2020).
- 10.9 Audit Risk & Governance Committee continued its usual work without disruption and as part of its oversight of the Risk Register ensured that account was taken of the pandemic on the Board's risks and risk management.
- 10.10 Consideration has been given to the extent of the information available about the impact of the pandemic on the council's governance arrangements with a view to determining if assurances should be qualified. The following sources have been taken into account:-
- The commentary and assessments in the Local Code of Corporate Governance include information about the impact of COVID on normal arrangements
 - The Best Value Compliance Statement by the Chief Financial Officer includes information about significant COVID impacts
 - Completion of the Internal Audit Annual Plan and the positive conclusions of the investigations carried out and reported
 - The review of the system of internal control and the Internal Auditor's annual opinion on the framework of governance, risk management and control, in which there was no qualification or limitation of scope due to COVID
 - The schedule of completed and ongoing governance issues that accompanied this statement when it was presented for approval
 - The work of the Audit Risk & Governance Committee throughout
 - The Internal Audit Annual Report and the Risk Management Annual Report
 - The views of the external auditors set out in their annual audit report on the 2019/20 accounts and their annual plan for 2021/22
 - The financial reporting carried out by the Chief Financial Officer
 - Minutes of Board and committee meetings, which continued throughout with the exception of one Board meeting in April 2020
- 10.11 In reliance on all those sources it is judged that sufficient information has been available to inform this statement. It has not been considered that the assurances given in relation to corporate governance for 2020/21 require to be qualified or restricted as a result of Covid-19.

11 Issue to be addressed in 2021/22

- 11.1 Arising from the sources described in this statement and other areas of

knowledge and operation, these are the issues of concern that the Board is recommended to address in 2020/21:-

- The 3 issues referred to in (9.3, above) and the 9 standards highlighted in the Local Code (7.5, above)
- Actions required by the Scottish Government's implementation of the Feeley Report's recommendations on the establishment of a national care service
- Implementation of "Planning with People", the Scottish Government's recent guidance on community engagement and participation
- Compliance with newly-acquired statutory duties in relation to emergency planning under the Civil Contingencies Act 2004
- Monitoring progress towards completion of actions arising from the Joint Inspection of strategic planning reported in 2020/21
- Participating in the resumed review by the council and health board of the Integration Scheme
- Steps required to ensure compliance with the UN Convention on the Rights of the Child Incorporation (Scotland) Act 2021 (which applies to young persons up to the age of 18)
- Approval and implementation of a revised Code of Conduct after the Scottish Parliament approves a revised Model Code (as yet unscheduled)
- Consideration of recommendations arising from a recent Mental Welfare Commission report on the legality of moving patients from hospitals to care homes during the pandemic
- Monitoring and completion of the actions identified to secure full compliance with the CIPFA Financial Management Code (8.4, above)
- A return to physical meetings, or their continuation by remote access, will have to be considered
- An assessment of Issues arising as a result of the pandemic and measures taken towards recovery

11.2 Progress will be tracked through senior management team meetings and interim reports to committee. Committee has the power to call for stand-alone reports on individual issues causing particular concern.

12 Conclusion and assurance

12.1 Based on the Board's governance framework described in this statement the Board and the West Lothian community can be assured that the Board's corporate governance standards have been substantially met in 2020/21.

12.2 There are however areas for improvement which should be addressed by officers and referred to Audit Risk & Governance Committee for monitoring and control. Consideration should be given as to whether any of those issues and actions require formal recognition or reassessment in the Board's Risk Register.