

EAST RENFREWSHIRE COUNCIL  
AUDIT AND SCRUTINY COMMITTEE

26 November 2020

Report by Clerk

AUDIT SCOTLAND COVID-19 GUIDE FOR AUDIT AND RISK COMMITTEES AND  
RELATED COMMENTS

### **PURPOSE OF REPORT**

1. To provide feedback on issues raised within the Audit Scotland *COVID-19 Guide for Audit and Risk Committees*.

### **RECOMMENDATION**

2. It is recommended that the Committee considers the report and feedback from the Corporate Management Team (CMT) and other senior officers on issues raised within the [\*Covid19 Guide for Audit and Risk Committees\*](#).

### **INTRODUCTION**

3. At the Audit and Scrutiny Committee meeting in September, during the Chair's report, reference was made to the new *COVID-19 Guide for Audit and Risk Committees* published by Audit Scotland in August 2020. It refers to the crucial role such committees play in providing effective scrutiny and challenge, and how this has become even more important due to the COVID-19 pandemic. Having clarified that the Guide had been prepared to assist such committees, the Chair proposed and it was agreed that a report on issues raised within the Guide be prepared and submitted to this meeting.

### **COVID-19 GUIDE FOR AUDIT AND RISK COMMITTEES**

4. The Guide highlights that the COVID-19 pandemic has already had a significant impact on every aspect of society in Scotland, affecting individuals and communities, public services and the economy. It comments on the strength of the associated response of public sector bodies, and that the pandemic has highlighted some of their key strengths, such as agility and on partnership working for example. It also highlights that COVID-19 has exacerbated many pre-existing risks and challenges facing public bodies in areas such as financial sustainability and service demand pressures, and makes reference to the difficult challenges faced as they move from response to recovery and renewal. Against this background, the Guide emphasises the crucial and increasingly important role of audit and risk committees as public bodies manage their business, and suggests key issues for them to consider during the pandemic, drawing not only on Audit Scotland's recent experience of auditing public bodies during the pandemic, but also other sources of guidance, such as the Chartered Institute of Public Finance and Accountancy (CIPFA).

## **Key Issues for Consideration by Audit and Risk Committees During the COVID-19 Pandemic**

5. To assist audit and risk committees focus on the short-term challenges facing public bodies in the response phase of the pandemic, the Guide poses a series of questions designed to assist both auditors and public bodies effectively scrutinise key areas that require additional focus at the current time, such as:-

- Internal Control and Assurance;
- Financial Management and Reporting;
- Governance; and
- Risk Management.

6. It is suggested that posing such questions will help inform audit and risk committee members on the impact of COVID-19 on their organisation, and assist them to scrutinise effectively and provide challenge in these key areas. In turn this will provide a better understanding of how their organisation is responding to and managing the immediate and longer-term challenges the pandemic is creating.

### **Internal Control and Assurance**

7. Having referred to the extreme working pressure public sector staff are under due to the scale and pace of change created by COVID-19 and the need to respond rapidly to unfolding events, the Guide comments that some internal controls may be suspended or relaxed providing some examples. Having referred to the role of Internal Audit in providing independent assurance on governance arrangements, risk management and internal control processes, the Guide also comments that, as the landscape changes, Internal Audit will have to consider its approach to audit planning and how it continues to deliver its assurance activities, whilst balancing this with the workload created by new risks emerging from COVID-19. A range of potential questions are proposed for audit and risk committees to consider on these and other internal control and assurance issues.

### **Financial Management and Reporting**

8. Various questions are also suggested to consider on financial management and reporting issues. These have been formulated in the context of the considerable uncertainty public bodies are facing at present; as they plan for the future; and given the critical importance of having robust, financial management and transparent reporting arrangements in place to help manage their finances, deliver services effectively, and identify issues and challenges at an early stage and act on them promptly. Examples of the potential financial impacts of the pandemic provided include income reduction (such as from the non-payment of business rates and Council Tax; and a reduction in fees and charges income); and higher staff costs to cover service delivery. It is also argued, in another example, that economic uncertainty and market volatility caused by the pandemic could make it difficult for public bodies to value assets, such as property portfolios. The Guide also highlights that various factors will affect how well organisations can report on and manage their financial position whilst facing significant pressure and challenge.

### **Governance**

9. The third issue on which questions are suggested is governance. The Guide refers to the unprecedented pace and scale of change, arguing that changes in governance arrangements are likely to have taken place which could reduce opportunities for scrutiny and due diligence as public bodies respond rapidly to COVID-19 related challenges. It is commented that procurement decisions and changes to delegated authority arrangements may have impacted on the level of scrutiny; and that governance and accountability

arrangements around collaborative working may be increasingly complex. Amongst other things, reference is also made to the fact that many aspects of public bodies' responses to the pandemic can only be done in partnership with others.

### **Risk Management**

10. Whilst acknowledging that public bodies will have risk management processes in place, the Guide argues that the likelihood and impact of existing risks and the emergence of new ones needs to be monitored carefully; and that there may be a change in the risk appetite during the pandemic to allow services to operate effectively and respond to issues in a timely manner. It suggests that some changes may be significant and, therefore, that officers and audit and risk committee members need to consider how sustainable these will be in the longer term. It is commented that public bodies were also facing risks and challenges on issues such as financial sustainability, outcomes and inequalities which have become greater due to COVID-19, and have been heightened further because of the uncertainty around the UK's exit from the European Union and increasing budget pressures. Against this background a range of potential questions are suggested focussing on risk management matters.

### **FEEDBACK ON ISSUES RAISED**

11. To enable the Committee to consider the position on each of the questions posed in the Guide, these were distributed to the CMT, Heads of Service and other appropriate senior officers from whom feedback was sought. A copy of the collated feedback is appended to the report (Appendix 1 refers). The Committee is invited to consider the feedback provided.

12. The Committee may wish to note that the Performance and Audit Committee of the Integration Joint Board is also considering issues raised within the Guide.

### **RECOMMENDATION**

13. It is recommended that the Committee considers the report and feedback from the Corporate Management Team (CMT) and other senior officers on issues raised within the [\*Covid19 Guide for Audit and Risk Committees\*](#).

Report Author:-

Linda Hutchison, Clerk to the Committee  
Tel 0141 577 8383  
[linda.hutchion@eastrenfrewshire.gov.uk](mailto:linda.hutchion@eastrenfrewshire.gov.uk)

Backgrounds Papers:- Audit Scotland *COVID-19 Guide for Audit and Risk Committees* (August 2020).

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<b>Exhibit 1 Internal Controls and Assurance</b>	<b>Feedback</b>
<p><b>What changes to internal controls have been required due to COVID-19?</b></p> <ul style="list-style-type: none"> <li>• Has internal audit assessed the design, implementation and operational effectiveness of revised internal controls?</li> </ul>	<p>Revised arrangements have had to be put in place to permit “signing” of grant acceptances/claims, financial returns and payment authorisations due to staff working from home and being unable to deal with original printed documents. This involves an electronic signature being applied to the document and this then being emailed to the recipient from the authoriser’s mailbox.</p> <p>Due to the extent of additional costs associated with COVID-19, it was identified at an early stage that specific coding would be needed within the financial ledger to capture the range of costs incurred. Initially this was achieved by the use of a new expense heading, but this did not capture sufficient granular detail for monitoring and the detail required for both COSLA and Scottish Government. This is especially important given such information is being used to help inform funding decisions. Following internal discussions, a more robust methodology for capturing COVID-19 related costs has been put in place.</p> <p>Internal audit has not been made aware of any revised internal controls specifically, but will consider changes to the controls as part of ongoing audits as they progress.</p>
<p><b>What new controls have been established to account for the distribution of any additional funds received?</b></p> <ul style="list-style-type: none"> <li>• Have officers identified any weaknesses in new controls and if so, how are these being addressed?</li> </ul>	<p>The Council has had to administer various new grants to local residents or businesses due to COVID-19. Due to the speed at which these arrangements required to be put in place, fully developed Government guidance has not always been in place before implementation. In these cases, services (e.g. Economic Development, Creditors, Accountancy, ICT, Communications and Internal Audit) have worked together to design and agree the processes.</p> <p>In addition to the completion of national returns, new controls have included written procedures, reconciliations, separate COVID-19 related ledger codes, sharing of good practice and attempted fraud information across Councils. As these are new schemes, any applications which are in any doubt are held back for further clarification, so as to avoid any erroneous or fraudulent payments. In disputed cases, arrangements have been put in place for an appeal to be considered by a senior manager.</p>

	<p>To date, the Council has received 2 tranches of Food/Support funding, covering the period March to September 2020. During this period, there were monthly returns to the Scottish Government, which were collated by officers and accountants and signed-off by the Head of Accountancy and Head of Communities, Revenues and Change. To help target these tranches of funding and plan resource towards the winter period, there was a CMT discussion on this in August 2020.</p>
<p><b>To what extent has your organisation assessed the impact of working remotely on the control environment and working practices?</b></p>	<p>Employees working remotely have been provided with appropriate technology (e.g. council laptop/phone), with all connections secured through the Council's network so that the same level of control is present as with office working. Cyber security messages continue to be issued to employees to re-iterate the importance of information security, information handling and the risks of malicious activity such as phishing when working in a home environment.</p> <p>Information security tutor-led training was updated for delivery through video conferencing and attendance has continued to be 100% of invitees.</p> <p>Additionally, where relevant, individual risk assessments have been undertaken of specific applications or practices (such as other video conferencing applications, collaboration applications) to ensure any approved use remains compliant with the Information Security policy. Staff guidance was then issued to educate and advise staff on the safe use of these applications to maintain information security and controls.</p>
<p><b>Has internal audit reviewed their audit plan and assessed which projects might need to be cancelled, postponed or accelerated as your organisation navigates its way through the pandemic?</b></p>	<p>The Internal Audit plan was reviewed and revised to take account of which audits would have to be cancelled or deferred. This was presented to the Audit and Scrutiny Committee in August 2020.</p>
<p><b>How is management supporting internal audit to balance its 'routine' programme of work and that required to respond to COVID-19-related audit work?</b></p>	<p>Internal audit's 'routine' programme of work has been significantly reduced as detailed in the revised Internal Audit plan submitted to the Audit and Scrutiny Committee in August 2020 due to restricted access to staff and employees.</p> <p>All Departments continue to work with Internal Audit in respect of necessary adjustments to the Audit Plan given COVID-19 restrictions around visiting premises and on-site visits are only carried out if essential.</p>

<p><b>What impact has COVID-19 had on the annual reporting and accounting process?</b></p> <ul style="list-style-type: none"> <li>• Has your organisation's timetable for the annual reporting process been considered for 2019/20 and 2020/21? If so, have the timetables been revised and updated accordingly?</li> <li>• Has the external auditor's annual audit plan been updated to assess and address new risks?</li> </ul>	<p>As part of the Council's Modern Ambitious Programme, Accountancy staff were issued with laptop computers some 2 years ago to permit agile working. This has allowed staff to work from home during the pandemic without any major impact on their ability to carry out the full range of accounting duties. Some adjustments have been required, such as providing two screens or upgrading software to permit meetings to be held using Microsoft Teams, but overall Accountancy staff have been able to deliver a full service in the normal timeframes.</p> <p>Whilst the 2019/20 Annual Accounts were produced on schedule, the audit of these Accounts was subject to delay. This was due to difficulties in the External Auditors remotely accessing information held on Council systems and premises. A national extension to the statutory deadline was granted and the authority is on schedule to approve its Audited Accounts before the end of November.</p> <p>A report on the Audit and Scrutiny Committee's 2020/21 Work Plan, considered in June 2020, took account of national and local external audit reports which had been or were being published, to the extent the position was known, and made reference to correspondence to local authorities from the Chair of the Accounts Commission on its approach to fulfilling its responsibilities on reporting local government performance in the context of the COVID-19 emergency. It was clarified then that the Commission was considering what the emergency meant for its own strategy, and that the scheduling of related work was to be reviewed which would affect its 5 year work programme. Members of the Committee are being updated as appropriate.</p>
<p><b>To what extent has your organisation considered work undertaken by other organisations (via professional networks and bodies), or where appropriate, engaged with external experts to inform decision-making around significant areas of change in response to the pandemic?</b></p>	<p>A range of professional networks have been operating and developed during the pandemic. For example:-</p> <ul style="list-style-type: none"> <li>• Through the Society of Local Authority Chief Executives (SOLACE) network, Chief Executives regularly share best practise and this has been particularly important recently in relation to the pandemic. During the height of the pandemic the meetings were weekly but have now reverted back to monthly. The members in the Greater Glasgow Resilience Partnership have shared information allowing each council to build on the work of others. Working groups have also been set up as required for key areas of change work;</li> </ul>

- Civil Contingencies partnerships/networks have coordinated much of the communications both at 4 council, regional and national level;
- From the shielding/support for people aspect, there have been regular meetings with Greater Glasgow & Clyde councils, the Scottish Government and civil contingencies representatives to discuss, guide and plan responses;
- There have also been Scotland-wide forums on specific issues and tactical forums looking at the detail of specific issues e.g. data-handing;
- In relation to Accountancy, several COSLA Working Groups have been set up, involving Directors of Finance from various councils which are acting as expert advisers and sounding boards on aspects of the Scottish Government's COVID-19 response; and circulate advice to all councils (areas covered include Payments to Suppliers; Delivering Community funding Packages; and Rates Reliefs/Business Grants);
- The Council is awaiting guidance from The Local Authority (Scotland) Accounts Advisory Committee (LASAAC) on the accounting treatment of the new fiscal flexibility relating to PFI/PPP debt, prior to confirming its application in closing the current year's COVID-19 funding gap;
- In Education, there are well established links via participation in various national professional networks such as the Association of Directors of Education in Scotland (ADES) which have been utilised to share and inform thinking/decision-making on responding to the pandemic; and collaboration with regional colleagues via the West Partnership has also been key; and
- The Education Department is working closely alongside the Public Health Protection Unit (PHPU) at NHS Greater Glasgow and Clyde through a dedicated team to raise concerns and seek advice on any incidents, with the working relationship with PHPU and the advice and guidance provided having informed the continuing operation of schools and nurseries in recent months.



**How have IT services performed during the pandemic?**

- To what extent have cyber security controls been considered?

The ICT Service has maintained critical levels of service throughout the pandemic. During the initial period in March, when the organisation was dispersed with staff working from home where they could, ICT oversaw the deployment of over 150 laptops and over 100 mobile phones within a few days. It is recognised that, at the time, a number of stability issues hit key infrastructure. This impacted both those that remained in the offices and those that had transitioned to home working. These issues were resolved at the time and lessons learned were taken forward to help inform key activity to avoid a repeat and improve resilience.

Whilst the support and solutions functions of the ICT service moved to fully home working, the provisioning team, with additional support for other ICT staff members, has remained in the office throughout to manage the deployment and support activity. Through March, the service supported the growth of remote access in both corporate and education parts of the Council, which increased from approximately 150 daily remote connections to nearly 2000. With the return of schools in August, that volume reduced to around 1000 daily remote connections.

Stability and resilience has largely been maintained throughout across all applications and services. At this point, 7 months on, over 400 new or upgraded laptops have now been deployed and nearly 350 mobile phones. The service is currently running at 90% of service capacity, still principally operating remotely from home. There are current challenges around connection bandwidth driven by significant growth in education use since the return to school, and the continued prevalence of home working. Work continues to manage utilisation and ensure all users experience consistent and positive connectivity.

Cyber and information security has remained a critical activity throughout. Where changes to either governance or applications have been required, full cyber risk assessments have been undertaken before decisions have been made. Where changes to the technology environment have been required to support the pandemic response, the operational change control process tracks where those changes are temporary and require reversal once the pandemic response reduces. Phishing testing, tutor-led training sessions and security accreditation testing (PSN, Cyber Essentials+) has continued throughout the period as per normal timelines.

<p><b>To what extent has management assessed the impact of COVID-19 on overall staff capacity?</b></p> <ul style="list-style-type: none"> <li>• What areas have been identified as being under resourced and how is this being addressed?</li> </ul>	<p>The Council's Resilience Management Team (CRMT) comprises representatives from each department, the Heath and Care Partnership (HSCP) and the East Renfrewshire Culture and Leisure Trust (ERCLT). Part of their focus during recovery and response has been prioritisation of services and ensuring appropriate capacity is in place, with services able to highlight and escalate concerns via this route. During the initial response there were a number of services stopped and a volunteering process was set up with volunteers sought across the Council to assist in priority areas, examples of this being humanitarian support and registration services.</p>
<p><b>What is your organisation doing to support its staff during the pandemic?</b></p> <ul style="list-style-type: none"> <li>• To what extent have workload and working practices been adjusted to allow for the challenges that people may face when working remotely?</li> <li>• What guidance, advice or signposting has your organisation put in place to support staff wellbeing?</li> </ul>	<p>In the initial lockdown phase, much of the workload was associated with response. Provision of some services was stopped as a consequence and this allowed staff to respond accordingly. The organisation has adapted by reviewing workloads and deciding what work is prioritised as services have started the recovery process and this continues to be reviewed.</p> <p>There has been regular communication to all employees and managers on the changing guidance and what this means for them. Employees have been supported to work from home where possible to reduce the number of people in the workplace.</p> <p>The council promoted a flexible approach to working hours to support staff with caring responsibilities. It is worthy of note that the Council also achieved Established Carer Positive accreditation during this time. A very positive response was received from employees on weekly Manager Monday briefings and Wednesday Wellbeing articles. These covered all aspects of health and wellbeing for employees, signposting them to all of the resources and supports that are available (e.g. looking after yourself, counselling, local support groups, financial assistance, how to manage teams remotely). Teams were also encouraged to maintain regular team meetings and catch-ups with each other.</p>
<p><b>What opportunities and risks have arisen as staff are deployed across departments?</b></p>	<p>All volunteers were managed through a central process and approval was given by an employee's manager before deployment into another post to provide support to ensure any risk was managed appropriately. Taking this approach allowed the Council to support the humanitarian effort, including making calls to those shielding, supporting food distribution and dealing with the increased workload around registrations.</p>

	<p>A further example is that Internal Audit staff, who were unable to carry out some planned audits as a result of the pandemic, were instead able to assist with the administration of small business grants which gave added assurance on the new grants process.</p>
<p><b>How is your organisation capturing the learning and opportunities that arise from new ways of working?</b></p>	<p>Prior to the pandemic the Council had started engaging with employees about becoming digital champions. It now has 30 digital champions recruited and trained to an advanced level through a super user training programme, 11 of whom are signed up to deliver short lightning workshops specifically targeted to Office 365 (O365) functionality. To support this, 8 guides Video/Sway/PDF, on how to effectively use office 365, have been produced and the O365 knowledge hub has been launched:-</p> <p><a href="http://intranet.erc.insider/article/9717/Office-365-Support">http://intranet.erc.insider/article/9717/Office-365-Support</a>.</p> <p>Processes are also being adapted within services to ensure that learning and changed, improved ways of working continue as the Council moves into recovery.</p> <p>In Accountancy:-</p> <ul style="list-style-type: none"> <li>• All staff are now adept at using Microsoft Teams/screen sharing for meetings. This will save time in future as it should reduce the need for face to face meetings once things we get back to a new normal; and</li> <li>• Digital signing arrangements will be used to formally sign off the Annual Accounts this year. This approach will be the new normal for the annual sign off in future.</li> </ul> <p>In terms of the Education service, there has been:-</p> <ul style="list-style-type: none"> <li>• Improved digital access for customers through digital processes has been explored across both the department and schools; and</li> <li>• Continued use of digital approaches by schools, for example to support learning loss through homework and to deliver the vocational programme.</li> </ul> <p>Feedback has been gathered from staff, pupils and parents on positive changes resulting from COVID-19 that should be maintained.</p>

<b>Exhibit 2 Financial Management and Reporting</b>	<b>Feedback</b>
<p><b>Is financial (and performance) information received in a timely manner, with sufficient detail, to inform the fast-paced changes that are required due to COVID-19?</b></p>	<p>As mentioned previously, full guidance on areas such as new grant schemes to address local business needs has not always been provided to the Council in good time, due to the speed at which these schemes must be implemented. This can result in some delays in payments where eligibility is not clear.</p> <p>Accountancy staff have had to respond to increased demands for information as a result of the pandemic. The service has had to introduce some new codes to clearly identify COVID-19 expenditure, but have managed to respond within the required timescales to all requests. In general, the first time the service is asked to complete a return on a new aspect of COVID-19 expenditure, this can be challenging but subsequent requests become easier as the format is established.</p> <p>Additional reports have had to be produced in order to track the financial impact of COVID-19 on the Council. An additional revenue monitoring report was submitted to the Council in June 2020 to flag up an initial forecast of the COVID-19 impact on the current year's budget position. In October 2020 a further report on the financial impact of COVID-19 on the current and future years' budgets was submitted.</p> <p>The Council has kept its performance reporting broadly on track during the pandemic. The strategic end-year performance report for 2019/20 was considered by the Council as originally planned on 24 June 2020. However, there has been a delay in the collection/publishing of some 2019/20 data (e.g. data on recycling normally verified and published by SEPA in September has been delayed until January 2021). There has also been a new focus on statutory reporting to Scottish Government and the Improvement Service on COVID-19 related indicators from late March 2020.</p> <p>The Code of Corporate Governance Annual Review for 2019/20 was submitted to Audit and Scrutiny Committee on track in August 2020. Departmental senior management teams are on track to hold their mid-year review meetings with the Chief Executive in October 2020.</p> <p>Additional reports were also submitted to the Emergencies Committee in May; and Council in June and October outlining the Council's response to the pandemic and the impact on services.</p>

	<p>Due to the COVID-19 pandemic, formal community planning meetings were paused. A Community Planning Recovery and Renewal workshop took place in September 2020 and identified our key partnership priorities moving forward.</p> <p>There was a need for the Outcome Delivery Plan (ODP) for 2020-23 to be reviewed in the light of the pandemic. The CMT agreed in June 2020 that this review would be completed and the ODP was considered by Council on 28 October 2020, rather than June as originally planned.</p>
<p><b>How is management assessing the financial impact of Covid-19 on income and expenditure?</b></p> <ul style="list-style-type: none"> <li>• What processes or procedures have been put in place to assess, for example, new demands, new expenditure streams, savings from activity foregone and lost income?</li> </ul>	<p>Measures that have been put in place include:-</p> <ul style="list-style-type: none"> <li>• New codes for COVID-19 expenditure;</li> <li>• Separate recording of funds for Council use and for disbursement to other parties;</li> <li>• Numerous new returns tracking actual and forecast COVID-19 pressures across the Council (including both COSLA and Scottish Government returns);</li> <li>• Additional reporting to Council on both performance and financial aspects of the authority's response; and</li> <li>• Distinction in revenue monitoring reports between COVID-19 and non COVID variances.</li> </ul>
<p><b>What information has been used in determining the value of assets and liabilities?</b></p> <ul style="list-style-type: none"> <li>• To what extent have estimated valuations been impacted by COVID-19, for example, disruption to the revaluation of properties or market volatility impacting on investments?</li> <li>• What is the likely impact of Covid-19 on pension deficits and what does this mean for your organisation?</li> </ul>	<p>The authority's assets are valued by the Council's Estates Service. Any impact of the COVID-19 pandemic has not been reflected in the Annual Accounts 2019/20 as the market data was not available at the time. However they do expect this to be substantial. All Scottish authorities are in the same position and consequently External Auditors are proposing to include a caveat in their audit certificate. The Accounts for 2020/21 will reflect the impact.</p> <p>Ironically the pension deficit has reduced between the years 2018/19 and 2019/20. However as the stock market has been heavily affected since the lockdown on 23 March, it is expected that the Pension liabilities will have subsequently increased. For the Council, this will potentially be reflected in future increased employee and employer contributions. The rates that are currently being incurred are however fixed for the coming year.</p>

	<p>As the local government pension scheme is a defined benefit scheme, this will have no impact on the pensions paid out. The Teacher's pension scheme is underwritten by the UK Government and therefore again pensions paid out will not be affected.</p>
<p><b>What commitments and guarantees have been made to third parties, and how are these being monitored?</b></p> <ul style="list-style-type: none"> <li>• Where relevant, how is your organisation ensuring that the impacts of the pandemic on its arm's-length external organisations (ALEOs) are being appropriately monitored?</li> </ul>	<p>The Director of Education and Head of Accountancy sit on the ERCLT Board as observers and liaise closely with both the Trust's Chief Executive and Chief Financial Officer (CFO). This liaison has included:-</p> <ul style="list-style-type: none"> <li>• Consultation and agreement of wording for a letter of comfort to ERCLT, assuring the Board and their auditors of the Council's commitment to supporting the Trust financially;</li> <li>• ERCLT CFO and Accountancy Finance Business Partner closely monitoring the impact of COVID-19 on ERCLT expenditure and income, both now and into the future;</li> <li>• Inclusion of ERCLT figures/forecasts in the Council's financial monitoring and assessment of potential Loss of Income funding;</li> <li>• Consideration of ERCLT's &amp; the Council's longer term service aspirations when considering budget restrictions in coming years;</li> <li>• Discussions on the application of the furlough scheme; and</li> <li>• Consideration of where Trust staff can assist in the Council's response to COVID-19 (e.g. food distribution, holiday play schemes etc.).</li> </ul>
<p><b>What impact has COVID-19 had on savings plans?</b></p> <ul style="list-style-type: none"> <li>• Is your organisation on track to deliver these savings and if not, what plans are your organisation putting in place to help with this?</li> </ul>	<p>Most of the Council's 2020/21 savings plans are still on track, however some areas have been directly impacted by COVID-19 pressures and cannot be delivered this year. These areas include planned savings on cleaning services, ICT contracts and homelessness provision. The Council has stopped all non-essential expenditure in an effort to minimise any funding shortfall in the current year, and fiscal flexibilities should allow the Council to balance the books for the current year. Any unfunded element of COVID-19 pressures will, however, increase the budget challenges faced by the Council next year.</p>

<p><b>What impact has COVID-19 had on transformational activity?</b></p> <ul style="list-style-type: none"> <li>• If there has been or will be significant delays to activity or a failure to meet savings targets, what are the financial implications and how is management preparing for this?</li> </ul>	<p>There have been a number of delays to the Council's transformational and change projects as a result of the pandemic. Critical projects including the new ICT systems for HR/Payroll and Council Tax/Benefits have been re-timed and are on track for implementation by the end of the year. Work is underway with the various project boards and the CMT to review projects in the light of the pandemic to reassess project priorities and capacity.</p> <p>The Core Systems project was expected to start delivering efficiency savings from 2021/22. Whilst the standard finance system has been successfully implemented, progress on system and process enhancements, designed to maximise efficiency in both central and frontline services, has been impacted by COVID-19 as development team resources have had to be reprioritised. As a result, the expected efficiencies will also be delayed and directors have had to take this into account in compiling their savings proposals for 2021/22</p>
<p><b>Is there sufficient capacity within the finance team to deal with competing pressures, such as preparing annual accounts, at a time when working practices are having to be adapted due to COVID-19?</b></p>	<p>The Accountancy Team has had sufficient capacity to cope with the additional pressures brought by COVID-19 so far. Several factors have contributed to this success:-</p> <ul style="list-style-type: none"> <li>• The Team has been fortunate enough to have minimal unfilled vacancies during the year;</li> <li>• It has also been fortunate enough to have had no staff who have been unable to work due to COVID-19;</li> <li>• All staff are equipped to work agilely;</li> <li>• Professionalism and dedication of staff; and</li> <li>• Staff working long hours in order to meet the additional demands.</li> </ul> <p>However, this position cannot be maintained indefinitely. Should COVID-19 information demands continue to increase, staff absences increase, or staff numbers reduce then the current level of service will be detrimentally impacted.</p>

<b>Exhibit 3 Governance</b>	<b>Feedback</b>
<p><b>What impact has COVID-19 had on governance arrangements?</b></p> <ul style="list-style-type: none"> <li>• How is your organisation ensuring that effective oversight and scrutiny of key decisions is maintained as it responds rapidly to the challenges it faces during the pandemic?</li> <li>• Have any significant changes been made to governance arrangements due to the pandemic, for example, suspension of committees or increased use of delegated decision-making powers?</li> <li>• Where decisions are being made using delegated or emergency powers, how are these being recorded, made public and subjected to scrutiny by the relevant committee(s)?</li> <li>• Have changes to processes and procedures made in response to COVID-19 been reviewed and documented appropriately to comply with overall governance arrangements?</li> </ul>	<p>At the outset of the pandemic, formal meetings in East Renfrewshire were temporarily suspended and new, temporary decision making arrangements were introduced. In summary these extended delegated powers to officers and empowered them to take decisions within their areas of operation that would normally require committee approval.</p> <p>There were exceptions to the extension of the delegated powers. These were in respect of matters where the proposed decision was the introduction of a new or the alteration of an existing Council policy, or any other matter where a political decision was required. In these circumstances the matter would be referred to a newly established Emergencies Committee, the membership of which comprised the Leader of the Council (SNP), the Leader of the Labour Group (Administration partners) and the Leader of the Opposition Group (Conservative) or substitutes.</p> <p>The terms of reference of the Emergencies Committee are:-</p> <ul style="list-style-type: none"> <li>• To determine those matters not able to be determined by officers in accordance with the temporary extension of delegated powers; and</li> <li>• To take any future decision on whether to suspend delegations to committees and temporarily extend delegated powers to officers.</li> </ul> <p>The Council's existing Scheme of Delegation is very extensive. This meant that the impact on continued decision making of the Council was less than it could have been had the scheme been different. During the period when the extended delegated powers were being used, officers were asked, on a monthly basis, to provide details of those occasions when they had made use of the extended delegations. These were recorded by the Democratic Services Manager.</p> <p>As a result of the already wide-ranging Scheme of Delegation, the occasions when the extended powers were used were very limited. A full report was made to the first Council meeting held after this period which included this information as well as a report on how the Council had been responding to all aspects of the pandemic and the impact on all departments.</p>



	<p>A key decision in relation to the implementation of the 1140 hours expansion was taken by the Director after consultation with the 3 leaders on the Emergencies Committee. However the decision was latterly homologated by the Education Committee on the resumption of the normal governance arrangements.</p>
<p><b>Are governance arrangements being reviewed regularly to ensure they remain fit for purpose?</b></p>	<p>The arrangements introduced at the start of lockdown operated satisfactorily and normal governance arrangements have already recommenced. The Emergencies Committee remains established in the Council's Scheme of Administration and the terms of reference are such that any new temporary arrangements can be quickly reintroduced.</p> <p>The Scheme of Delegated Functions is subject to amendment and review on an ad-hoc basis as changes are required and made.</p> <p>Remote participation in meetings is now well established, but will be kept under review to ensure meeting arrangements are in accordance with any existing or future legislative changes.</p>
<p><b>Are non-executive directors providing appropriate levels of support, scrutiny and challenge to your organisation as it responds to the current environment and new risks?</b></p>	<p>Not Applicable</p>
<p><b>What barriers, if any, have affected your organisation's ability to continue to provide services for individuals and communities during the pandemic?</b></p> <ul style="list-style-type: none"> <li>• How have these barriers been overcome?</li> <li>• What was the impact on service users?</li> </ul>	<p>The pandemic had (and is having) a considerable impact on the services the Council can deliver. Full information was provided to the Emergencies Committee and then the Council in June and October.</p>

<p><b>What impact has COVID-19 had on your organisation achieving its stated objectives?</b></p> <ul style="list-style-type: none"> <li>• Does performance reporting highlight any changes on your organisation's ability to meet its objectives as a consequence of COVID-19</li> <li>• Has the pandemic caused new risks to achieving your organisation's objectives? If so, how are these being addressed?</li> </ul>	<p>Whilst many activities and teams have remained on track and have successfully transitioned to working at home, the new and substantial requirements of the pandemic have meant shifts in priorities, delays in some areas and a need to continually reassess capacity. These issues are being reported through regular reports to Council on the impact of the pandemic, through performance reporting, and through the review and reprioritisation of the Outcome Delivery Plan for 2020-23. As new responsibilities and requirements emerge and the Council continues to straddle the response, recovery and renewal phases, further impacts are to be expected in the next months.</p>
<p><b>What impact has COVID-19 had on collaborative working?</b></p>	<p>Collaborative working has been at its strongest during the pandemic response. The Council has been working closely with the Health Board directly and through HSCP. The Third Sector have played a particularly crucial role including Voluntary Action East Renfrewshire who stepped up to the challenge of mobilising and managing the many residents who wanted to help others during this time through the establishment of the Community Hub. Numerous other partners have and continue to play vital roles working with the Council during the pandemic including the Police and Fire Service and the strength of partnership in East Renfrewshire has been commendable.</p>
<p><b>Exhibit 4 Risk Management</b></p>	<p><b>Feedback</b></p>
<p><b>Are there new expenditure or procurement streams, or delivery methods arising from COVID-19 that introduce new risk?</b></p> <ul style="list-style-type: none"> <li>• What indicators does management have to support informed decisions on risk and is this data available in real time?</li> <li>• Is your organisation's risk management strategy up-to-date to include risks associated with COVID-19?</li> <li>• What risks have emerged that need to be addressed and what protocols are in place to report and analyse emerging risks as the situation evolves?</li> </ul>	<p>A range of indicators and information is available to Councillors in relation to specific COVID-19 related work and is circulated weekly.</p> <p>The Council's risk management strategy is up to date. Although it does not include explicit wording relating to COVID-19, it does cover a "pandemic".</p> <p>The Council's Strategic Risk Register (SRR) has been updated to include risks associated with COVID-19 and is reviewed weekly by the CMT, with amendments being made to it as required. There is a further detailed COVID -19 risk register reported to, and discussed by, the CRMT on a weekly basis. It identifies and has mitigations in place, or proposed mitigations which are being put in place, to reduce and manage potential risks associated with COVID-19.</p>

<ul style="list-style-type: none"> <li>• Are risks being reported to the relevant committee?</li> </ul>	<p>Both the SRR and the CRMT COVID-19 Risk Register are considered “live” documents and are updated as appropriate. The Strategic Risk Register is reported every 6 months to the Audit and Scrutiny Committee (March and September) and annually to Cabinet.</p>
<p><b>Has your organisation’s risk register been updated to reflect new risks arising from COVID-19?</b></p>	<p>The SRR has been updated to reflect new risks arising from COVID-19 and remains a “live” document which is considered by the CMT on a weekly basis and amended and updated as appropriate.</p>
<p><b>Is there a need for management’s risk appetite framework to be reviewed to ensure it is appropriate in this rapidly evolving environment?</b></p> <ul style="list-style-type: none"> <li>• If so, when will the committee be informed of the outcome and any next steps?</li> </ul>	<p>At present the risk framework within East Renfrewshire Council is meeting the requirements but this is kept under review. The most recent report on risk management was considered by both the Audit and Scrutiny Committee and the Cabinet on 24<sup>th</sup> September 2020.</p>
<p><b>How does COVID-19 impact on any financial risks already facing your organisation and how does this affect short, medium and long-term financial plans?</b></p>	<p>The main financial risk to the Council is the risk of inadequate government settlements, as these represent the largest part of the Council's funding. COVID-19 increases this risk as it may cause national resources to be diverted away from the core settlement and may also increase demand on Councils for care, economic and financial support services. Further, it has resulted in reduced income across many services, particularly those of the Leisure Trust.</p> <p>In the short term, we are closely monitoring all new COVID-19 support funding sources and fiscal flexibilities, and reviewing the current year and next year's budget positions. Additional reports have been presented to Council, setting out the position and we have already taken the decision to set only a single year budget for 2021/22 rather than a 3 year budget.</p> <p>The Council's medium and long term plans will be reviewed once more information on the anticipated settlement for 2021/22 and beyond is made available from December 2020. The Leisure Trust is already modelling budget forecasts for its recovery, recognising that it may take several years to return to previous levels of income generation.</p>

**What impact does COVID-19 have on any scenario planning that your organisation has in place for events such as EU withdrawal and increasing budget uncertainty?**

The Council's longer term financial planning routinely involves consideration of various scenarios affecting its finances. The Head of Accountancy receives regular economic updates and these assess the impact of a range of issues, including Brexit and the pandemic, on grant settlements, inflation, interest rates and employment. These are considered together with forecast levels of demand and reserves. In addition to these forecasts the Head of Accountancy must now assess and factor in the range of potential levels of grant support and fiscal flexibility made available from the UK and Scottish Governments in relation to COVID-19.

The Council's financial plans are currently being reviewed and will be formally approved by the Council in February 2021, but we expect to have to take a flexible approach to financial planning in the coming years. As part of this approach Directors have been asked to provide a range of savings proposals of between around £8m and £12m for 2021/22.