

Ref.	Annual Governance Statement 2013/14 improvement action	Management Progress in implementing improvement action during 2014/15
(a)	<p>The ongoing implementation of recommendations made by Internal Audit, External Audit and other audit and inspection bodies relating to internal control and governance, with particular emphasis on prompt implementation of high priority recommendations.</p>	<p>Management has responsibility for ensuring that agreed audit actions are implemented to address the identified weaknesses and mitigate risks. Audit recommendations have been input to Covalent, the Council’s corporate performance monitoring system, to assist with management tracking of implementation, to link with relevant risks and to evidence improvement in internal control and governance arrangements.</p> <p>Internal Audit perform follow-up activity to ensure that actions have been implemented, particularly those where risks are high.</p> <p>Internal Audit Follow-Up Recommendations 2013/14 Report to Audit Committee 10 November 2014 provided summary of progress by Management in implementing the seven Priority 1 (High Risk) and the six related Priority 2 (Medium Risk) recommendations issued by Internal Audit during 2013/14 to appropriately address the identified control weaknesses.</p> <p>For those actions which are yet to be completed an explanation has been provided of the reason for delay in implementation, including some cases where there are dependencies on computer based systems, and where appropriate revised timescales have been agreed for their full implementation.</p> <p>A further report monitoring progress in line with the revised target completion dates will be brought to Audit & Risk Committee in May 2015.</p>

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(b)	<p>Full implementation of the Community Planning structure and arrangements with its partners to provide the mechanism for monitoring progress with delivery of programmes and projects across the three community planning themes.</p>	<p>Internal Audit Report on Community Planning, Joint Working and Partnerships executive summary report presented to Audit Committee 23 September 2014. We found that good progress has been made against each element of the improvement plan. Where actions have not yet been completed, the partnership has a clear understanding of dependencies on other processes and has made a realistic appraisal of timescales for completion.</p> <p>Audit Scotland wrote to the Leader of the Council on 21 July 2014, giving feedback on a recent visit. In the letter, which was presented to Community Planning Strategic Board on 11 September 2014, Audit Scotland comment that they "...were encouraged to see the progress made by the CPP against its improvement agenda", and that "...it is clear that the CPP is taking action to address all of the areas in its improvement agenda".</p> <p>A report was presented to Community Planning Strategic Board on 11 September 2014 proposing an approach to presenting performance information and progress updates for the community planning partnership (CPP) in order to assess how effectively it is addressing its priorities. To take matters forward the Chief Executive of NHS Borders had agreed to be the Executive Sponsor and a Performance Sub-Group had been established. The 'Grow Our Economy' Priority had been addressed first in terms of performance management information to monitor progress. It was agreed that the Performance Sub-Group would continue to develop appropriate frameworks, incorporating feedback, for Reducing Inequalities and Low Carbon priorities.</p>

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(c)	<p>Implementation of approved shadow governance arrangements associated with the Integration programme for Health & Social Care, ensuring delivery of structural reforms in local authority and NHS services in compliance with new legislation and regulations. These will be reviewed and refined over the year to inform the arrangements to establish the Joint Integration Board from 1 April 2015.</p>	<p>In March 2014 the Public Bodies (Joint Working) (Scotland) Act was passed by the Scottish Government. This requires all Councils and NHS Boards to formally and legally establish integration of health and social care by April 2016.</p> <p>The Council has established a Health & Social Care Integration Shadow Board to be in place until 1 April 2016, with the same responsibilities for services as the final Joint Integration Board will have when legislation has been fully enacted.</p> <p>A Health & Social Care Integration programme is ongoing and working groups have been established, covering Integration & Governance, Finance, Strategic Planning, Workforce Development, Information and Technology, and Clinical and Care Governance and involving officers from the Council and NHS Borders, to progress activities.</p> <p>The Chief Officer for Health and Social Care Integration was appointed in July 2014.</p> <p>Consultation on the local integration scheme has commenced. The integration scheme is due to be submitted to the Scottish Government prior to 1 April 2015. Work has commenced on the development of the strategic plan which will become live on 1 April 2016.</p>

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(d)	<p>In light of the ongoing significant challenges in addressing cost pressures and responding to the changes in government funding: (i) ensuring that financial, workforce and other key plans are aligned to the Council's corporate plan and priorities, (ii) ensuring that the programme of change and transformation delivers efficient and effective services to customers, whilst maintaining a robust control environment, and (iii) continuing to take account of demographic and other pressures associated with particular services within joint resource planning.</p>	<p>Progress has been made to integrate the corporate plan, service business plans, employees' performance review and development process, and the financial plan aligned to SOA.</p> <p>The report and the proposed Corporate Transformation Programme which was presented to Council for approval on 12 February 2015 highlighted the following:</p> <ul style="list-style-type: none"> • The Council's Business Transformation Programme has achieved significant and far reaching change over the last 5 years and delivered substantial savings of £17.8m. Moving forward, in order to respond effectively to the social, demographic and economic challenges facing the Council a much more comprehensive and ambitious transformation programme is now required that will deliver corporate change and service improvement right through the Council and into the wider community. • The Programme has been developed around the following themes in the Council's Financial Strategy 2015/16 to 2019/20: (a) Making best use of our People; (b) Working with our Partners; (c) Looking after the Borders; and (d) Business Process Transformation. • The Programme provides a framework for the development and delivery of activities and projects to achieve a sustainable financial position over the next 5 years and beyond and underpins the delivery of Elected Member, Corporate and Partnership priorities. • The creation of an Arms-Length Council Care company and proposals for transferring Cultural Services to a Trust are both being progressed as a way of ensuring that services can continue to be delivered in sustainable way despite the continued squeeze on budgets and rises in demand for services due to changing demographics.

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(e)	<p>Ongoing implementation of the Performance Management Framework to ensure it reflects performance measurement accurately and effectively linked to the delivery of the Single Outcome Agreement and the Council's Corporate Plan and Priorities, and enables the Council to fulfil its Public Performance Reporting duty.</p>	<p>The Council has an approved 5 year Corporate Plan 2013 – 2018, Priorities, Performance Management Framework and Performance Review and Development aligned to the approved Single Outcome Agreement (the 'Golden Thread'). The Corporate Plan sets out the Council's Vision, Values and Standards, its eight identified corporate priorities and how progress will be monitored. These have been appropriately communicated through management and across the Council's workforce in accordance with the communications plan to ensure integration and alignment of these elements (the 'Golden Thread') are understood and applied in practice.</p> <p>Under each of these priorities, there is a set of performance indicators, which management reports on quarterly, allowing elected members and officers to assess how well work is progressing towards addressing the priorities. These are more outcome focussed and are published on the Council's website. In addition CMT receive monthly performance reports including indicators of a more operational nature.</p> <p>Significant development work has been carried out by the Corporate Performance team within the Strategic Policy service during the year to complete the Local Government Benchmarking Framework (LGBF) exercise developed to help Councils compare their performance using a standard set of indicators. Results are analysed in 'family groups' to ensure comparison between authorities with similar characteristics - based on population size or the rural nature of the local authority area - and to the Scottish local authority average. The LGBF benchmarking information has been published on the Council's website allowing for local context to be presented. Council officers actively engage in the 'family group' programme coordinated by the Improvement Service.</p>

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(f)	<p>Application of an appropriate self-assessment process in all Council services as a self-evaluation tool to demonstrate achievement of Best Value, including a self-assessment of Committees' effectiveness within 12 months of implementation of revised arrangements.</p>	<p>The Corporate Management Team in October 2014 has approved the business planning process for 2015/16, the use of standard templates, and timetable for implementation including challenge sessions within service directorates, all of which were developed and proposed by the Corporate Performance team within the Strategic Policy service in consultation with departmental performance / business managers. The plans are being developed both top down from the SOA and Corporate Plan and from the bottom up including operational services business plans, service directorate plans, and People and Place plans to enable clarity of direction and activity for senior management.</p> <p>The standard Directorate Business Plan template for the business planning process for 2015/16 includes a section on "Evidence of Self-Assessment". This will enable baseline information on self-assessment processes across all Council services to be gathered to inform the next steps within the implementation of the Performance Management Framework.</p> <p>One example of significant self-assessment relates to equalities. In November 2014, a self-evaluation exercise was carried out across all services to evaluate performance in relation to the requirements of the Equality Duty. An analysis of the exercise is being used to inform the business planning process alongside a set of corporate recommendations put forward by the Corporate Equality Officers Forum.</p> <p>Management have agreed the audit recommendation to evaluate the new Committee structure arising from the 2014 review within 12 months of its operation to assess the effectiveness of elected member scrutiny of plans and performance. This is scheduled for January 2015.</p>

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(g)	<p>Development of written guidelines and procedures of the key financial planning, management and administration processes linked to the Financial Regulations and provision of financial training to managers and budget holders across the whole Council.</p>	<p>The need to review and document key financial policies and processes has been the subject of Internal Audit Reports since 2008/09 as written policies and procedures form an essential part of the internal control environment and serve an important business continuity purpose. Specifically audit recommendation 2013/14 to review and update Financial Regulations and Budget Monitoring Codes of Practice by January 2015 to reflect the new corporate management structure and the arrangements for the new Health & Social Care Integration Shadow Board, and the 5 year financial planning & efficiency monitoring respectively.</p> <p>The gap in income management policies and procedures has been addressed in recent years – External Charging Policy, Income Management Policy, Debt Recovery Policy, and Anti-Money Laundering Policy. A Fraud Policy Working Group has been established in response to the Counter Fraud Management Review during 2014 to review and update relevant policy and procedure documents. The Chief Officer Audit & Risk regularly meets with the Chief Financial Officer to discuss progress with update of Financial Regulations and review and update of associated procedures and guidelines. Progress has been slower than planned due to resource issues, other priorities, and the sheer body of work involved. Internal Audit will continue to follow-up on progress.</p> <p>Provision of financial training is ongoing through e-learning and as part of budget setting and monitoring activity.</p>

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(h)	Ensuring the framework and principles of good corporate governance are in place within joint working and partnerships.	<p>The Council is currently undertaking two significant strategic developments involving alternative service delivery arrangements. Firstly, from April 2015 several of the Council's adult care services (care at home, residential care, extra care housing, Bordercare, older peoples' day services, learning disability services and Borders ability equipment store) are set to transfer to SB Cares, an arms-length external organisation (ALEO). Secondly, a feasibility study of options for Cultural services is underway including an option for an integrated sports and culture trust.</p> <p>Within both projects Management have reviewed the guidance from the Accounts Commission issued in 2011 – <i>How Councils Work: an improvement series for councillors and officers – Arm's length external organisations (ALEOs): are you getting it right?</i> at appropriate stages and are using the toolkit included in that document in designing governance and scrutiny processes relating to the projects.</p> <p>In relation to the adult care services ALEO, the Partnership Agreement setting out the key governance arrangements for the establishment of a Limited Liability Partnership, SB Cares, was considered by Council on 29 January 2015.</p> <p>The appointments of the Managing Director (MD) and the Finance Director (FD) on a secondment basis were considered by Council on 29 January 2015. A process is currently underway to recruit the Chair of the Board.</p> <p>The Council's Scheme of Administration was updated by Council on 19 February 2015 to include the LLP Strategic Governance Group, a Sub-Committee of Council, set up to carry out the monitoring and control functions required by the Council in connection with the SB Cares LLP.</p>

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(i)	<p>Ensuring effective frameworks and robust governance structures are fully utilised for programme and project management to deliver the required return on investment and efficiencies in support of performance improvement and to support the achievement of the Council's change and transformation objectives and other Priorities.</p>	<p>The report on the proposed Corporate Transformation Programme which was presented to Council for approval on 12 February 2015 highlighted the following:</p> <ul style="list-style-type: none"> • Previous experience with transformation projects has demonstrated that the robust definition of Business Case and Benefits, Return on Investment, and Programme and Change Management are absolutely key features of success. These will therefore be applied consistently across all the activity in the Corporate Transformation Programme so that there is confidence of the delivery of improvements and savings. • The new Corporate Transformation Programme builds on current transformation activity and is a comprehensive and ambitious programme. It will need to be resourced in a different way involving more staff from across the organisation and making much better use of the skills and expertise of our workforce to supplement the existing core Transformation Team. There are a number of benefits to this overall resourcing approach: <ul style="list-style-type: none"> ○ There is better use of in-house skills and expertise ○ There are opportunities for staff development ○ It supports succession planning ○ Staff are more involved in the corporate programme of change, have opportunities to do different types of work and therefore feel more motivated.

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(j)	<p>Ensuring comprehensive information management across the Council and within each department in all relevant aspects of service delivery through appropriate awareness of and adherence to procedures, practices and guidelines to ensure full compliance with legislation and regulations.</p>	<p>Progress by Management with implementation of the two Priority 1 and three Priority 2 Internal Audit recommendations on Data Security and Information Management was included in the Internal Audit Follow-Up Recommendations 2013/14 Report to Audit Committee 10 November 2014.</p> <p>Further information on the progress in response to the two Priority 1 and three Priority 2 recommendations made in relation to Data Security and Information Management was given to the Committee by the Chief Legal Officer who had recently taken over responsibility for the Information Management team. Progress had not been as expected due to two members of staff leaving the organisation, resulting in significant under-staffing of the team. However despite this backdrop the Corporate Transformation and Services Director, the Senior Information Risk Owner (SIRO), had put in place significant improvements in processes which had been reflected in improved response times to Freedom of Information requests in recent months. Revised target completion dates of April 2015 were agreed by the Committee for three of the actions. Re-establishing the Information Governance Group was a priority to facilitate full implementation of the recommended improvements. Responsibility for SIRO role is due to transfer to the Service Director Regulatory Services.</p> <p>A further report monitoring progress of Internal Audit Recommendations 2013/14 in line with the revised target completion dates will be brought to Audit & Risk Committee in May 2015.</p>

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(k)	Monitoring and review to ensure there is a consistent approach to staff performance appraisal and development (PRD) in all Council services, and roll out workforce planning and succession planning across the Council as part of its people management arrangements.	<p>CMT receive monthly reports on PRD completion dates within People, Place and Chief Executives departments. Further efforts have been made to enhance recording in Resourcelink system and SOPRA (schools) system though it is recognised the challenges of a diverse workforce, with a significant proportion who do not have IT access.</p> <p>The roll out of workforce planning and succession planning across the Council services is progressing with support from the HR service.</p>