

Cunninghame House,  
Irvine.

25 May 2017

### **Audit and Scrutiny Committee**

You are requested to attend a Meeting of the above mentioned Committee of North Ayrshire Council to be held in the Council Chambers, Cunninghame House, Irvine on **TUESDAY 30 MAY 2017** at **10.00 a.m.** to consider the undernoted business.

Yours faithfully

Elma Murray

Chief Executive

**1. Declarations of Interest**

Members are requested to give notice of any declarations of interest in respect of items of business on the Agenda.

**2. Petitions**

**2.1 Petition relating to the Closure of Arran Public Toilets (Page 7)**

Submit report by the Chief Executive on the petition in respect of the Closure of Arran Public Toilets (copy enclosed).

**3. Directorate Plans 2017/18 Update (Page 31)**

Submit report by the Chief Executive on the update of the 2015/18 Directorate Plans (copy enclosed).

**4. Annual Governance Statement 2016/17 (Page 285)**

Submit report by the Executive Director (Finance and Corporate Support) on the Council's Annual Governance Statement for 2016/17 which will be included within the Annual Accounts (copy enclosed).

- 5. Accounting Policies 2016/17 (Page 293)**  
Submit report by the Executive Director (Finance and Corporate Support) on the accounting policies which will be adopted in the preparation of the Council's annual accounts for the year to 31 March 2017 (copy enclosed).
- 6. Internal Audit Reports issued (Page 309)**  
Submit report by the Executive Director (Finance and Corporate Support) on the findings of Internal Audit work completed between 1 November 2016 and 30 April 2017 (copy enclosed).
- 7. Internal Audit Annual Report 2016/17 (Page 337)**  
Submit report by the Executive Director (Finance and Corporate Support) on the work of Internal Audit during 2016/17 and provide an opinion on the governance, risk management and internal control environment of the Council (copy enclosed).
- 8. Internal Audit and Corporate Fraud Action Plans: Quarter 4 update (Page 355)**  
Submit report by the Executive Director (Finance and Corporate Support) on the progress made by Council services in implementing the agreed actions from Internal Audit and Corporate Fraud reports as at 31 March 2017 (copy enclosed).
- 9. External Audit Plan 2016/17 (Page 363)**  
Submit report by the Executive Director (Finance and Corporate Support) on the External Audit plan for 2016/17 (copy enclosed).
- 10. External Audit Action Plans: Quarter 4 update (Page 399)**  
Submit report by the Executive Director (Finance and Corporate Support) on the progress made in implementing the agreed action plans arising from the external audit of the Council's 2014/15 and 2015/16 accounts (copy enclosed).
- 11. Audit Scotland report: Local Government in Scotland: Performance and Challenges 2017 (Page 405)**  
Submit report by the Executive Director (Finance and Corporate Support) on the findings of the recent Audit Scotland national report (copy enclosed).
- 12. Audit Scotland: A review of housing benefit fraud investigation liaison arrangements in Scotland (Page 449)**  
Submit report by the Executive Director (Finance and Corporate Support) on the findings of Audit Scotland's review of housing benefit fraud liaison arrangements in Scotland and highlight North Ayrshire Council performance compared to identified good practice (copy enclosed).
- 13. Corporate Fraud Annual Report 2016/17 (Page 475)**  
Submit report by the Executive Director (Finance and Corporate Support) on the work of the Corporate Fraud team during 2016/17 (copy enclosed).

**14. Strategic Risk Register 2017/18 and Risk Management Framework (Page 479)**

Submit report by the Executive Director (Finance and Corporate Support) on the Strategic Risk Register for 2017/18 and the updated Risk Management Framework (copy enclosed).

**15. Urgent Items**

Any other items which the Chair considers to be urgent.

**EXEMPT INFORMATION**

**16. Exclusion of the Public**

Resolve in terms of Section 50(A)4 of the Local Government (Scotland) Act 1973, to exclude from the Meeting the press and the public for the following item of business on the grounds indicated in terms of Paragraph 1 of Part 1 of Schedule 7A of the Act.

**Non Disclosure of Information**

In terms of Standing Order 19 (Disclosure of Information), the information contained within the following report is confidential information within the meaning of Section 50A of the 1973 Act and shall not be disclosed to any person by any Member or Officer.

**16.1 Investigation Reports issued (Page 517)**

Submit report by the Executive Director (Finance and Corporate Support) on the findings of investigations completed by Internal Audit and the Corporate Fraud team between 1 February and 30 April 2017 (copy enclosed).





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## Audit & Scrutiny Committee

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Sederunt:

Marie Burns (Chair)  
Joy Brahim  
Margaret George  
Alan Hill  
Tom Marshall  
Donald Reid  
John Sweeney

Chair:

Attending:

Apologies:

Meeting Ended:



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## NORTH AYRSHIRE COUNCIL

### Agenda Item 2.1

30 May 2017

#### Audit and Scrutiny Committee

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**Title:** Petition relating to the Closure of Arran Public Toilets

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**Purpose:** To advise the Committee of the terms of a petition in respect of the Closure of Arran Public Toilets

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**Recommendation:** That the Committee considers the terms of the petition and agrees, or otherwise, to make a recommendation to the Cabinet.

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#### 1. Executive Summary

- 1.1 In terms of the Scheme of Administration, the Audit and Scrutiny Committee has a remit "To receive all petitions and deputations submitted to the Council except those relating to the Council's planning functions, which shall be considered by the Planning Committee. The arrangements for receiving petitions are as set out in Appendix B to the Standing Orders relating to Meetings and Proceedings of the Council and Committees".
- 1.2 This report sets out the background to a petition signed by at least 10 petitioners and supported by more than 2,000 online signatories in relation to the Closure of Arran Public Toilets.

#### 2. Background

- 2.1 The petition, signed by at least 10 petitioners and supported by approximately 2,000 online signatories, asks in the following terms that the Council reconsiders the closure of Arran public toilets:-

**"Stop the Closure of Arran's Public Toilets.**

This is a beautiful island which relies heavily on tourism. Tourism is successful on this island because we provide facilities which help tourists enjoy their visit. Whether its a day trip or a week. This petition was started to persuade you, the decisions makers, that these facilities are a valued part of the infrastructure on the island.

As you can see many people who have signed the petition are keen to keep the public conveniences, they include families, older folks, people with medical conditions, disabilities, cyclists, walkers, locals, delivery drivers, business owners, visitors, tourists, and normal everyday visitors to this island.

As a visitor and sometime resident of the Island of Arran over the last 40 years, I have been saddened to learn that NAC is planning to shut the majority of the islands toilets.

I now have young children and our days out around the island are planned around access to toilets and facilities. As you will see from the comments attached to this petition, others feel the same, in fact 1131 people to be exact. Visitors, tourists, residents and workers on the island all use these toilets and are astonished as am i that they will be either closed completely or forced to use toilets in shops. This is not a practical solution to the problem, neither is asking communities to adopt the toilets. Closing these toilets will send out a message to visitors that we are not a welcoming community and make days out doubly difficult for the elderly, unwell and those who have disabilities - as well as young children. People have huge choice of holiday destination nowadays and will simply not return if the facilities are not up to scratch.

Please reconsider this decision and keep Arran open and inclusive for all visitors as well as business.

I implore you to keep Arran's toilets OPEN!"

2.2 Supporting documentation has also been submitted in respect of the petition:-

Appendix 1a - letter from the Pierhead Tavern (Lamlash) (which was accompanied by a further 194 signatures, available for inspection as background papers)

Appendix 1b - correspondence and posters submitted by the lead petitioner (accompanied by some further 100 signatures and a copy of the electronic petition, available for inspection as background papers)

Appendix 1c - email correspondence from a constituent of Councillor Timothy Billings

2.3 The Executive Director (Place) has provided a briefing note on the background to this matter, which is set out at Appendix 2.

- 2.4 In terms of the procedure for petitions and deputations set out in Standing Orders, representatives of the petitioners have been invited to attend the meeting and to address the Committee. Spokespersons should be restricted to addressing the specific points raised in their petition.
- 2.5 The spokespersons have, collectively, 10 minutes to address the Committee. This may be extended at the discretion of the Chair.
- 2.6 Once the Committee has heard from the spokespersons for the petitioners, the Chair will invite Members of the Committee to ask questions of the spokespersons.
- 2.7 While it is for the Chair to decide the stage at which Officers should speak to their briefing, previous Committee practice has been for the Cabinet Member or Officer to speak to this after the Committee has heard from the petitioners. The Cabinet Member or Officer will then respond to any questions that Members of the Committee may have.
- 2.8 The Committee will then deliberate and determine the matter.

### **3. Proposals**

- 3.1 It is proposed that the Committee considers the terms of the petition and agrees, or otherwise, to make a recommendation to the Cabinet.

### **4. Implications**

<b>Financial:</b>	None arising from this report.
<b>Human Resources:</b>	None arising from this report.
<b>Legal:</b>	None arising from this report.
<b>Equality:</b>	None arising from this report.
<b>Environmental &amp; Sustainability:</b>	None arising from this report.
<b>Key Priorities:</b>	None arising from this report.
<b>Community Benefits:</b>	None arising from this report.

## **5. Consultation**

- 5.1 The Executive Director (Place) was made aware of the terms of the petition and invited to provide a briefing note (Appendix 1).

A handwritten signature in black ink, reading 'Elma Murray'.

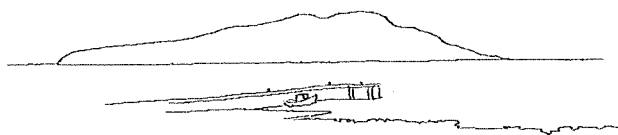
ELMA MURRAY  
Chief Executive

Reference :

For further information please contact Melanie Anderson, Committee Services Team Leader on 324131

### **Background Papers**

Details of signatories to the petition and their comments are available for inspection in the Members' Lounge or by contacting Committee Services on tel: 01294 324131.



THE PIERHEAD TAVERN  
LAMLASH - ISLE OF ARRAN  
01770 600418 - WWW.THEPHT.CO.UK

2<sup>nd</sup> May 2017

FAO Elma Murray - The Chief Executive of North Ayrshire Council  
& Joe Cullinane - Council Leader  
North Ayrshire Council  
Cunninghame House  
Irvine  
KA12 8EE



Dear Sir/Madam,

Stop the Closure of Arran's Public Toilets.

*- Documents in support of the deputation raised by Hilary Paton*

I am writing to you to present the latest petition sheets and comments that I have collected regarding the closure of the public toilets. <sup>as proposed by the above.</sup> There is a very strong anger present both from the community and tourists regarding the needless closure of a basic facility.

This is a beautiful island which relies heavily on tourism. Tourism is successful on this island because we provide facilities which help tourists enjoy their visit. Whether its a day trip or a week. This petition was started to persuade you, the decisions makers, that these facilities are a valued part of the infrastructure on the island and since the closure of the toilet opposite my business in Lamlash, I have been greatly affected by this.

The Pierhead Tavern is directly opposite the playground and the now closed lavatories on the shore. Over the Easter holidays we counted 45/50 people a day using our facilities. This meant that I was constantly cleaning the floor, sweeping up sand & mud walked in from the beach along with people in wet gear from boats and swimming. Furthermore, we had to replace a flush in the toilet and on several occasions, unblock the men's loos due to the constant use.

Visitors, tourists, residents and workers on the island all use the public toilets and are astonished as am I that they have been closed completely, forcing people to run around looking for facilities in local businesses. This is not a practical or fair solution to the problem, neither is asking communities to adopt the toilets, especially the Lamlash toilet which will cost a huge amount to bring up to standard and maintain. Closing these toilets will send out a message to visitors that we are not a welcoming community and make days out doubly difficult for the elderly, unwell and those who have disabilities - as well as young children. People have huge choice of holiday destination nowadays and will simply not return if the facilities are not up to scratch. Please see the comments attached and note that there are several visitors talking about not returning to Arran due to this issue.

Please reconsider this decision and keep Arran open and inclusive for all visitors as well as business.

Yours sincerely

Jane Howe, Owner of The Pierhead Tavern





Melanie Anderson  
 North Ayrshire Council  
 Committee Services Team Leader  
 Committee Services  
 North Ayrshire Council,  
 Cunninghame House,  
 Irvine, KA12 8EE

13 May 2017

Dear Madam,

## Petition, “Stop the Closure of Isle of Arran Public Toilets”

Further to my earlier email submission of the above petition, I am writing in response to the letter from Melanie Anderson of NAC dated 24<sup>th</sup> March, I was advised by Melanie Anderson that the following was required for the petition to be heard by the forthcoming Audit & Scrutiny Committee on 30<sup>th</sup> May.

### 1. Steps Taken by Communities on Arran to resolve the issue prior to Submission –

- 1.1. **Arran Community Council** has continually been fighting the issue and trying to come to an arrangement with NAC for the last 18 months. Indeed they have 243 items of letters and emails on the subject over the last 18 months. **In March 2016, NAC confirmed to the ACC that they did not have a statutory responsibility to provide toilets for humans, but did have to provide dog poo bins and bags for dogs and their owners to use.**
- 1.2. **Villages Improvements Committees** on the island have all addressed the issue and many have concluded that they simply don't have the funds to adopt the toilets and provide adequate provision to upgrade, maintain and clean the facilities as they stand. A general lack of investment in the facilities over the years has let them to be in a poor state of repair. Now the sum of £26,500 will be needed to bring the various facilities up to standard. Can't really blame improvement associations for not wanting to take this on.
- 1.3. **Lochranza Community** has approached CalMac to ask them to adopt the Lochranza toilets as they do not have their own at the nearby ferry terminal however Cal Mac had previously refused to take responsibility for these toilets, saying they do not need toilets as they are provided on the ferry. Now CMAL are reviewing all port facilities and Lochranza may yet be upgraded. There is also a community effort started to support a commercial approach to operate the toilets while CMAL decide what they are doing.
- 1.4. **Lamlash Improvements Association** do not currently have funds and have no way of raising significant funds to take on toilets.
- 1.5. **Brodict Improvements Committee** Also do not currently have the funds to take ownership of the Brodict Green toilets, also they feel that the provision at the public hall is insufficient as it has limited opening hours, i.e. it is closed Mon, Wed, Sat & Sun.

- 1.6. **Corrie & Sannox** have built and opened their own toilets outside the village hall. These are excellent.
- 1.7. **Kilmory** have adopted and improved their toilets by way of funds from NAC which were to be used to dismantle the toilets when they were decommissioned, and they remain open. Kilmory await the ownership paperwork.
- 1.8. **Glen Sannox** toilet are closed but apparently will re-open in August when NAC provide a new facility and transfer ownership to the community there.
- 1.9. **Whiting Bay** at Sandbraes remain open and are to be adopted by the local community and sponsored by Howdens Kitchens which does business on the Island.

## 2. Steps Taken by myself to resolve the issue of the closure of Arrans Public toilets

- 2.1. I have written to the following and received replies from some, varying from interested and helpful to completely unable to help and washing their hands of the issue and passing it back to NAC. Their responses are also attached.
  - 2.1.1. **Patricia Gibson MP**, Unable to help & directed me back to NAC as it is their decision. Mentions local tourist offices taking over toilet provision but Arran only has one tourist office right next to the pier where toilets are provided already.
  - 2.1.2. **Kenneth Gibson MSP**, Unable to help directs me back to local Authority as their decision, tells me that all 30 NAC councilors agreed to the closure of the toilets, **even the ones supposedly representing Arran!** Says it a non-statutory service
  - 2.1.3. **John Bruce NAC Councilor**, tried to be helpful to my requests, sent me a detailed briefing report on the condition of each toilet building. Contacted Director of Place Craig Hatton & Cllr Jim Montgomery on my behalf, I did not receive a reply from either member. Cllr Bruce explained the situation about toilet provision going forward with no reference to an attempt to change the decision.
  - 2.1.4. **Anthony Gurney NAC Councilor**, No Reply
  - 2.1.5. **John Hunter NAC Councilor**, replied to say he was making further enquiries then heard nothing. Assume he realized John Bruce was responding.
  - 2.1.6. **Peter McNamara NAC Councilor**. Initially Replied said he'd make further enquiries and then heard nothing, assume he realised John Bruce was responding.
- 2.2. I have written to the Arran banner several times, to encourage others to make representations
- 2.3. I have made FOI requests to NAC to gain information on the running costs, condition and budgetary reasons for this closure.
- 2.4. I have contacted ACC, LIC, BIC, Lochranza Community Member, Chris Trail and many others on Arran and asked them for assistance.
- 2.5. I wrote to the BBC, who came and filmed on the island which helped to raise the profile of the issue. The Glasgow Herald, Ardrossan & Saltcoats Herald, West FM and many other publications have also featured interviews and articles about the issue.
- 2.6. I have made much use of social media and gained a lot of support for the issue, none more than after the toilets were Closed in April and local business started to feel the strain of providing a public service with small and substandard plumbing which was not built to cope with increased demand of so many extra visitors. Local business owners not only found this challenging at first but they are still at a loss as to how to explain the logic of such a decision.
3. When the toilets were closed at the end of March 2017, the council wasted no time in erecting the "For Sale" boards on the Lochranza, Lamash and Blackwaterfoot buildings, despite some villages and

communities not having fully finalised their paperwork to save them. Additionally, the closing date was extremely short therefore not allowing the interested parties time to formalise any bids.

4. I have already submitted more than 10 pen & ink signatures (now, 255, as required by section 2.3 of the guidance) from different households as well as the online 2138 digital signatures which have been obtained at [www.change.org](http://www.change.org) I understand that these will be accepted as I have submitted the paper ones as well.
5. I know that several other letters have been received by you pertaining to this matter will be added to the tally of representations received. This will demonstrate how strongly the Island residents and visitors feel about the closure of the toilets.
6. I have chosen a selection of the comments from the online petition and pasted them below to help you visualise the problem people are facing.
  - 6.1. *"I have a 90 year old father who worries about going out in case there are no toilets available in the vicinity. Closing the toilets would mean anyone caught short no doubt using any area of cover and is it not an offence to urinate/defecate in a public place?"*
  - 6.2. *"As a frequent visitor to Arran I think it's a travesty closing these amenities ☹️ I'm on the island most months of the year walking and camping , basically I and my companions RELY on the toilets . Please rethink these proposed closures"*
  - 6.3. *"I'm born and bred on Arran and quite honestly, we have had enough of the Council cut backs. It always seems to be Arran that suffers even though it is a thriving island. Public toilets seem inconsequential to some but they ARE an essential part of our island."*
  - 6.4. *"It is surely a basic human right to have adequate toilet facilities provided. In Sannox it is many miles from the public toilets to any other toilet facilities. In an area which encourages hundreds of walkers and cyclists, the alternative to no public toilets is disgusting, not to mention a health hazard. The dog population has far superior facilities."*
  - 6.5. *"I think it is a shockingly short sighted decision"*
  - 6.6. *"What an absolute disgrace to be even considering this. Visit Arran on a regular basis and ALL of the toilets are necessary in the villages - for example: Lochranza ferry terminal what would you do without them for the dozens of people waiting around? Do not get rid of the toilets, getting rid of them will make life inconvenient to THOUSANDS of people."*
  - 6.7. *"I was born and raised on Arran, and know the amount of tourists that visit. Public toilets are an ESSENTIAL necessity for visitors. If the tourist industry is to continue to expand on Arran, the visitors need to have access to all public amenities, and therefore a) will be encouraged to revisit; and b) tell all their friends of their positive experience, thus widening the visitor pool."*

6.8. *“How can visitors be expected to enjoy a visit without toilet facilities. I would feel awkward asking to use the toilet in public buildings or finding a sports center and what happens if those buildings are closed?”*

It is also my hope that you will read and digest the full list of comments posted online (pdf submitted) and written on the paper petitions (attached). In doing so I hope you will understand the strength of feeling myself, local people and visitors from around the world have on this issue. **You will understand that this issue has not gone away and that people, including many who are your constituents and who pay council tax, are asking you to reverse the decision made by the previous administration in Feb 2016 and REOPEN Arrans public toilets.**

**About me:** I am a frequent visitor to the island myself, my parents brought my sister and I to Arran as babies and loved it so much my father proceeded to build our own family holiday home on the Island. Over the years I have lived and worked on the island, both during school and university holidays. Now 40 years later I am married to an Arran boy, Josh Paton, who was born in Lamlash hospital and learnt his trade to become a mechanic in Angus Lambies Garage, now we have two children together, we visit the island frequently with our 2 young children who are 2 and 5. Not only is the closure of the toilets inconvenient to myself and other parents with young children, who need the toilet every ten minutes, I can see that the decision to close the toilets will have a detrimental effect on the islands tourism numbers and thereafter the economy. I have spoken to many people both online and in person about the subject and I know it is already affecting their decision of where to holiday “next time”. Simply put there are better more well equipped places to go which cater wholeheartedly for families, it’s hard enough dealing with stroppy toddlers or a crying baby having no facilities when away from home would be something I would seek to avoid. When on holiday people want an easy life, places like Centre Parks and other holiday villages do this VERY well. Arran must compete with these places or it will lose out!

I trust the above meets with your approval and will enable the petition to be validated and heard by the Audit & Scrutiny committee on 30th May. At the time of writing we have 2138 online and 255 written signatures.

We wish to send 3 people to the meeting, Hilary Paton (Lead), Jane Howe (owner of the Pier Head Tavern Public House, Lamlash) and Bill Calderwood from Arran Community Council.

Yours faithfully

Hilary Paton (Mrs)

(By Email)

*Also of The Rustics, Brodick, West Mayish, Isle of Arran, KA27 8AF*

*Enc. Written Petition signature pages, Letter from Lamlash Improvements Committee, copies of letter from the Arran Banner, (Updated Comments & updated digital online signatures emailed along with a copy of this letter to Melanie Anderson)*

15<sup>th</sup> May 2017

Councillor Timothy Billings - [timothybillings@north-ayrshire.gov.uk](mailto:timothybillings@north-ayrshire.gov.uk)  
Councillor Anthony Gurney - [agurney@north-ayrshire.gov.uk](mailto:agurney@north-ayrshire.gov.uk)  
Councillor Ellen McMaster - [ellenmcmaster@north-ayrshire.gov.uk](mailto:ellenmcmaster@north-ayrshire.gov.uk)

Dear Sirs and Madam,

#### REQUEST FOR PUBLIC TOILETS TO BE REPROVIDED ON THE ISLE OF ARRAN

Congratulations on your recent success in being elected as councillors for Ardrossan and Arran, North Ayrshire Council.

As councillors for Ardrossan and Arran you will be very aware of the controversy surrounding the council's decision to close public toilets on Arran, with effect from 1<sup>st</sup> April 2017. We are writing to request your support in reversing the council's decision to close public toilets on Arran, in particular those in Lamlash, where we live. The reasons for this request include:

- Impact on Tourism and Economic Development
- Impact on Businesses
- Impact on the Environment
- Impact on Public Health
- Impact on the Local Community, including Families, the Elderly and People with Health Conditions / Disabilities
- Impact on Public Behaviour and Decency

We would also like to draw the council's attention to the:

- Inability of Lamlash Improvements Association to assume financial operation of the public conveniences
- Willingness of Lamlash Improvements Association to Engage in Discussions with Council Officers

#### **Impact on Tourism**

Arran is a tourist destination, and many local businesses in Arran and Ardrossan are dependent on tourism and visitors from mainland Scotland. Visitors to the Island frequently express dismay at the lack of public conveniences in the island, since their closure.

The island community is highly dependent on tourism and visitor numbers to keep businesses and the local economy strong. Attractive, clean and well maintained public conveniences are a visible sign that the island is open (or closed) for business. Lack of public toilets is potentially hindering economic development on the island and Ardrossan, despite economic development being within the remit of the council.

Lamlash is a popular destination for large events and visiting groups due to its picturesque location. In 2017, Lamlash has hosted over 700 scouts at a jamboree, and will host Grinduro, an international whole island cycling event, in addition to other long distance cycling and triathlon events.

Whilst events such as these require organisers to provide toilet facilities at their main hub, large numbers of people are in the village, and need toilet facilities out with the main location.

### **Impact on Local Businesses**

Whilst the council may have anticipated a positive consequence to the closure of the public toilets in Lamlash (due to increased footfall, and increased trade for local businesses), this has not in fact been the case.

Local businesses have experienced an increase in the number of people using their facilities, at a cost to the business for cleaning and supplies, without a corresponding increase in trade. A number of local businesses have now decided to opt out of the 'Toilets for Visitors' scheme that previously operated in the village, because of the adverse impact of the closure of the public toilets. The Pierhead Tavern, the pub closest to the former public toilets, now has over 50 additional people (not customers) /day using its toilets. This includes sailors who use the pub's toilets as a changing facility. The Pier Café has closed its door to non-customers.

There has been no rates relief for local businesses that are bearing the brunt of this decision.

### **Impact on the Environment and Public Health**

The Village Green has been well provided with dog bins to collect dog waste. However, with the closure of the public toilets, human waste is becoming a much more serious issue.

Visitors to the beach have commented on human waste in the dunes. This has an impact both on the environment and on public health.

Human excreta are a known source of parasitic worms, blood borne viruses, and disease. It attracts flies and adds to general littering to downgrade the cleanliness of the environment.

Lack of handwashing in a clean public convenience, prevents good hand hygiene, after play on the beach, increasing the risk of spread of viruses such as norovirus.

### **Impact on the Local Community, Families, the Elderly, and People with Health Conditions and / or Disabilities**

Most of the toilets available in local businesses are in hotels or on licenced premises.

Some of these are not accessible to people with disabilities. They have not been designed to be fully wheelchair accessible, as buildings predate DDA legislation.

Families with small children often do not choose to take children into a pub, however other businesses are some distance away from the pier and playpark in the village.

People with health conditions such as continence issues or a colostomy require private washing facilities which are not readily available elsewhere.

### **Impact on Public Behaviour and Decency**

Since the public toilets closed, residents in the village have witnessed people urinating in public beside the bushes adjacent to the toilets. This is distressing to people who see this behaviour, and is against the law.

### **Inability of Lamlash Improvements Association to assume financial operation of the public conveniences.**

The closure of the public toilets was debated at meetings of the Lamlash Improvements Association (LIA). Whilst acknowledging the importance of the public toilets, the LIA was unable to commit to meeting the costs of public liability insurance, water and waste water charges, electricity, supplies, cleaning, and maintenance including replacement of the waste system as these exceed the annual income of the LIA.

North Ayrshire had assessed the condition of the toilets as poor. The toilets are not on the mains sewage system. The council did not provide any information on the condition of the waste treatment / sewage plant in its report on the condition of the facilities.

The LIA hold less than £1,500 in funds. Getting the toilets into a suitable condition has been estimated by the council at approximately £6000. The costs of connecting to the mains was not quantified by the council.

As North Ayrshire Council will be aware, Lamlash does not have any other community assets that attract or generate income; Lamlash community facilities are part of the high school, and all income generated by hire of halls is routed into K A Leisure.



**Willingness of Lamlash Improvements Association to Engage in Discussions with Council Officers**

Whilst unable to take on ownership of the public toilets, Lamlash Improvements Association would be willing to discuss any other way that the council thinks we could assist in ensuring the public conveniences are open for the community and visitors.

We, the undersigned, call on North Ayrshire Council to reopen the public conveniences closed on 31<sup>st</sup> March 2017, particularly in Lamlash.

Thank you for giving this matter your full consideration. We look forward to receiving your response.

Kind Regards,

Kirsty Forsyth and Karine Russell  
On behalf of Lamlash Improvements Association

CC

Karen Yeomans, Executive Director (Economy & Communities)

- [karenyeomans@north-ayrshire.gov.uk](mailto:karenyeomans@north-ayrshire.gov.uk)

Craig Hatton, Executive Director (Place)

- [craighatton@north-ayrshire.gov.uk](mailto:craighatton@north-ayrshire.gov.uk)

Arran Community Council Chair

- [acc.chair17@gmail.com](mailto:acc.chair17@gmail.com)

Visit Arran

- [info@visitarran.com](mailto:info@visitarran.com)

Arran Trust

- [info@arrantrust.org](mailto:info@arrantrust.org)

Hilary Paton

- [Hilarybruce@hotmail.com](mailto:Hilarybruce@hotmail.com)

Lamlash Improvements Association

- [info@lamlashimprovements.co.uk](mailto:info@lamlashimprovements.co.uk)

Yours sincerely

Hilary Paton (Mrs)

BSc MSc





# PLEASE Sign the Petition

ASKING

North Ayrshire Council

TO **RE-OPEN/SAVE** ARRAN'S  
REMAINING PUBLIC TOILETS.



**The toilets on Arran we closed by NAC in April 2017, some were adopted by community groups an others were simply closed, few alternatives remain for the thousands of visitors to the island. We think its a vital public service and so do 1800 other who have signed already, but we need more to show NAC we really care about the islands visitor facilities.**

**A new council has been elected and we are hoping that the new administration may vote to re-open and save Arrans public toilets.**

**Please take the time Google "arran toilets petition" or find the petition on [www.change.org](http://www.change.org) - and ask friends and family to sign it.**



# **PLEASE Sign the Petition** **ASKING** **North Ayrshire Council** **TO RE-OPEN/SAVE ARRAN'S** **REMAINING PUBLIC TOILETS.**

**The toilets on Arran we closed by NAC in April 2017, some were adopted by community groups an others were simply closed, few alternatives remain for the thousands of visitors to the island. We think its a vital public service and so do 1800 other who have signed already, but we need more to show NAC we really care about the islands visitor facilities.**

**A new council has been elected and we are hoping that the new administration may vote to re-open and save Arrans public toilets.**

**Please take the time Google "arran toilets petition" or find the petition on [www.change.org](http://www.change.org) - and ask friends and family to sign it.**

Email to Councillor Billings:

If this email is not something you can deal with it please pass to appropriate department.

The closure of the public toilets in Blackwaterfoot is a disgrace. I have now seen 5 people urinating on the grass behind the locked toilets and would like to know what can be done about this as it will only escalate during the holiday season.

Kinloch Hotel

BlackWaterfoot



### Closure of Public Toilets

At its annual budget meeting in February 2016 the Council agreed to close the public toilets in Arran, Cumbrae, Irvine and West Kilbride from 1 April 2017. This decision and the associated saving of £55k recognised the severe financial challenges being faced by the Council and the need to protect statutory and essential services, including education and health and social care. There is no legal requirement for local authorities to provide public conveniences.

Officers have worked with local community groups during the last 12 months to identify options that would enable them to take responsibility for the toilets, through Community Asset Transfer agreements.

**Arran:** There are nine public conveniences on Arran. Council officers held discussions with representatives of the Community Council and local community associations during the last year. Support and advice was provided to assist them in creating a community business model which, following asset transfer, would enable them to assume operational responsibility for the facilities. The outcome of these negotiations is as follows:

- A temporary occupation licence has been granted to the local community association in respect of the facilities in Whiting Bay, pending finalisation of the formal Community Asset Transfer process. Some improvements were made to the Whiting Bay facilities before transfer to ensure they were handed over in reasonable working condition. The Whiting Bay chemical toilet waste disposal facility will be retained in its current location and maintained by the Council. The responsibility and ownership of the facilities at Kilmory and Sandbraes were transferred to local groups with effect from 1 April 2017. Grant funding was provided for each of the three facilities to support further improvement works and a small stock of cleaning supplies was also provided;
- The facilities at Glen Sannox are beyond their useful economic life and consequently were decommissioned and closed on 31 March 2017. New, equivalent prefabricated facilities are currently being procured by the Council. These are expected to be delivered and installed during August 2017, at which time the local community association will assume responsibility for their operation and maintenance through the Community Asset Transfer process.
- The toilets at North Sannox are beyond their useful economic life and consequently were decommissioned and closed on 31 March 2017. Demolition is currently being arranged;
- There were no expressions of interest in the Community Asset Transfer of the public conveniences at Blackwaterfoot, Lochranza or Lamblash prior to the Council's approved closure date of 31 March 2017. The premises were therefore decommissioned and closed on 31 March and marketed for sale.

Following receipt of several expressions of interest, a closing date of 25 April 2017 was set for formal offers to purchase the surplus buildings. The resultant offers are currently being considered by the Council's Estates team. The Council is currently working with officers from Scottish Water to develop options for the relocation of the existing chemical toilet disposal facility located adjacent to the public conveniences at Blackwaterfoot.

- Due to their condition and lack of local volunteers to provide ongoing maintenance, the public conveniences at Brodick Green closed on 31 March 2017, with members of the public able to access the nearby facilities in Brodick Hall during opening hours. Brodick Improvements Group have expressed their concerns regarding the limited opening hours of the hall, but so far have been unable to identify volunteers to enable a Community Asset Transfer of the facilities on the Green to take place. The Council has sought the approval of the landlord, Arran Estate, to demolish the surplus building.
- During the last year Council officers had discussions with CMAL, requesting that they take responsibility for the operation of the Lochranza toilets. CMAL confirmed that they did not wish to take on this responsibility.

**Cumbrae:** Extensive discussions took place in the last year with Cumbrae Community Development Company (CCDC) and other community groups on the island with a view to reaching an agreement on the community asset transfer of the five public toilets on the Island. The Council appointed a financial advisor to support CCDC in the preparation of a business plan. CCDC confirmed in late November 2016 that they were willing to take on this responsibility, subject to the following terms:

- All toilets to be handed over in working condition;
- The Council should transfer ownership of the six portaloos provided on the island to support major events;
- A grant of £65k to be provided to support essential improvement and accessibility works, also recognising the impact of the closure of Millport Town Hall in 2016; and
- A joint meeting should take place with Scottish Water to discuss long standing underground drainage works and issues in Millport.

CCDC assumed responsibility for the facilities on Cumbrae under a temporary occupation licence with effect from 1 April 2017, pending the finalisation of the formal CAT process.

**East Road, Irvine:** The East Road public conveniences closed on 31 March 2017. Members of the public have been redirected to the nearby Portal Leisure Centre, which has public toilets for use within the main entrance. Following receipt of several expressions of interest, a closing date of 25 April 2017 was set for formal offers to purchase the surplus building. The resultant offers are currently being considered by the Council's Estates team.



**Irvine Beach Park:** Coastwatch have assumed responsibility for the toilet pavilion at Irvine Beach Park under a temporary occupation licence, pending the finalisation of the formal CAT process. These facilities will remain operational and available to the general public. The Council carried out internal and external maintenance works prior to handover. Coastwatch are considering extending the use of the toilet block to incorporate a kiosk and office for their own operation.

**West Kilbride:** Following discussions with West Kilbride Civic Society, the group took responsibility for the public conveniences at Glen Road car park with effect from 1 April 2017 under a temporary occupation licence, pending completion of the CAT process. The Council has agreed to pay some servicing contract costs for the first year and has also provided the group with a stock of supplies.

Officers within Connected Communities are continuing to provide support and advice to all community groups concerned in order to finalise Community Asset Transfer agreements. The public conveniences subject to Community Asset Transfer have been operating under a licence agreement since 1 April 2017 and will continue to do so until the formal CAT process is completed later this year.



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## **NORTH AYRSHIRE COUNCIL**

### **Agenda Item 3**

**Audit and Scrutiny Committee**

**30 May 2017**

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**Title:** **Directorate Plans 2017/18 Update**

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**Purpose:** To present for information the Council's 2017 update on the 2015/18 Directorate Plans.

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**Recommendation:** That the Audit and Scrutiny Committee (a) notes the 2017 updates of the 2015/18 Directorate Plans at Appendices 1-5 that will be reported to Cabinet for approval on 23 May 2017, (b) agrees to receive 6-monthly progress reports and, (c) notes the Health and Social Care Partnership's Strategic Plan at Appendix 6.

---

#### **1. Executive Summary**

- 1.1 This paper presents the 2017 updates on the 2015/18 Directorate Plans for noting. Whilst three year plans were approved by Cabinet last year, Plans are reviewed annually to ensure alignment with budgets and reflect any significant changes over the previous year.
- 1.2 The updated Directorate Plans are attached as appendices and the Audit and Scrutiny Committee is asked to scrutinise and note them.

#### **2. Background**

- 2.1 Directorate Plans are a vital component of the Council's corporate governance arrangements. They form part of the "Golden Thread" referred to in the Performance Management Strategy by demonstrating the part each Directorate will play in achieving the outcomes and priorities contained in the Single Outcome Agreement and Council Plan. They also provide the framework for operational or team plans and personal and performance development (PPD) of individual staff.

- 2.2 The period of the Directorate Plans is three years with an annual review to reflect any significant changes and to ensure alignment with the budget planning process. The Directorate Plans 2015/18 were agreed by Cabinet on the 20 April 2015. The Plans have been updated for 2017 to ensure they reflect any significant changes within the Directorate. Plans have been produced in accordance with the revised Directorate Planning and Budgeting Guidance. New three year plans will be developed for 2018/21.
- 2.3 There are five Directorate Plans in total:
- Appendix 1 - Democratic Services
  - Appendix 2 - Finance & Corporate Support
  - Appendix 3 - Education & Youth Employment
  - Appendix 4 - Economy and Communities
  - Appendix 5 - Place
- 2.4 The Health and Social Care Partnership's Strategic Plan was refreshed in August 2016. The Strategic Plan focuses on delivering improved outcomes and reducing health inequalities for the people of North Ayrshire. A new Strategic Plan will be written to come into operation when the current plan lapses in April 2018. The Strategic Plan is attached at Appendix 6.
- 2.5 The Directorate Plans are closely aligned to the Council Plan and are the main mechanism for reporting progress on the Council Plan throughout the year.

### **3. Proposals**

- 3.1 That the Audit and Scrutiny Committee (a) notes the 2017 updates of the 2015/18 Directorate Plans at Appendices 1-5 that will be reported to Cabinet for approval on 23 May 2017, (b) agrees to receive 6-monthly progress reports, and (c) notes the Health and Social Care Partnership's Strategic Plan at Appendix 6.

#### 4. Implications

<b>Financial:</b>	There are no financial implications, as all commitments in Directorate Plans, are aligned with the Council's agreed budgets.
<b>Human Resources:</b>	There are no human resources implications as all commitments in Directorate Plans, are aligned with the Council's agreed budgets.
<b>Legal:</b>	There are no legal implications.
<b>Equality:</b>	The plans outline Directorates' commitment to fulfilling its statutory duty and also their proactive approach to Equalities.
<b>Environmental &amp; Sustainability:</b>	The Plans support the Strategic Priority - <i>Protecting and enhancing the environment for future generations.</i>
<b>Key Priorities:</b>	The Directorate Plans support delivery of the Council's Strategic Priorities.
<b>Community Benefits:</b>	There are no community benefit implications.

#### 5. Consultation

- 5.1 The Executive Leadership Team discussed the updated Directorate Plans on the 15 February 2017. The Performance Management Forum also reviewed the Plans. Staff were consulted in the development of the Plans. Cabinet will consider the reports for approval on the 23 May 2017 and a verbal update will be provided on any changes agreed by Cabinet.



ELMA MURRAY  
Chief Executive

Reference :

For further information please contact Anne Todd, Senior Policy and Performance Officer on 01294 324140

#### Background Papers

Council Plan 2015/20





**Democratic  
Services**

**Directorate Plan**

**2015/18**

**2017 Update**

For more information contact:

Andrew Fraser, Head of Service

[andrewfraser@north-ayrshire.gov.uk](mailto:andrewfraser@north-ayrshire.gov.uk)

01294 324125

## Contents

1. Democratic Services Structure .....	3
2. Foreword .....	3
3. Our budget and how we intend to spend it .....	5
4. Key drivers for our services.....	6
4.1. Introduction.....	7
Our Priorities .....	7
5. What we do.....	8
5.1. Democratic Services .....	8
5.2. Purpose.....	8
5.3. Activities .....	9
5.4. Key Strategies.....	10
6. Context .....	11
6.1. Managing our Risks.....	11
6.2. Equalities .....	11
6.3 Workforce Planning.....	11
6.4 Our Improvement Journey.....	12
6.4.1 Our Improvement Journey Outcomes.....	13
7. Delivery.....	14
8. Directorate Planning Timetable .....	<b>Error! Bookmark not defined.</b>
Appendix A – Risks.....	19



## 1. Democratic Services Structure



Andrew Fraser  
**Head of Democratic Services**



Christine Andrew  
**Senior Manager  
Legal Services**



Margaret Davison  
**Senior Manager  
Democratic Services**



Michele Gilmour  
**Acting Senior Communications  
Manager**



Pauline Palmer  
**Senior Communications  
Manager**

## 2. Foreword

During 2016 we developed a mission for the Service – ‘*Making it Happen.*’ This mission sums up our supporting role in the delivery of the Council’s priorities. We are the glue which links Members, Committees, Services and Community Planning Partners and ensures that the Council’s governance arrangements are effective and transparent.

Of course, all this is set against a background of decreasing resources and increasing demand - a need to deliver more for less. This means that we need to be clear about our priorities and how we will deliver them.

Along with Finance and Corporate Support we have the primary responsibility for ensuring that the underpinnings supporting Council Priorities are in good shape. These include:

- A commitment to reducing inequality, and targeting resources at those most in need
- Making sure all our communications are understandable and accessible
- A commitment to improvement
- Effective governance
- Treating people respectfully, fairly and equally

These principles of reducing inequality, continuous improvement, sound governance, and effective communication provide the bedrock for our priorities, and will remain as my priorities throughout this plan.

**Andrew Fraser**  
**Head of Democratic Services**  
**March 2017**

3. Our budget and how we intend to spend it

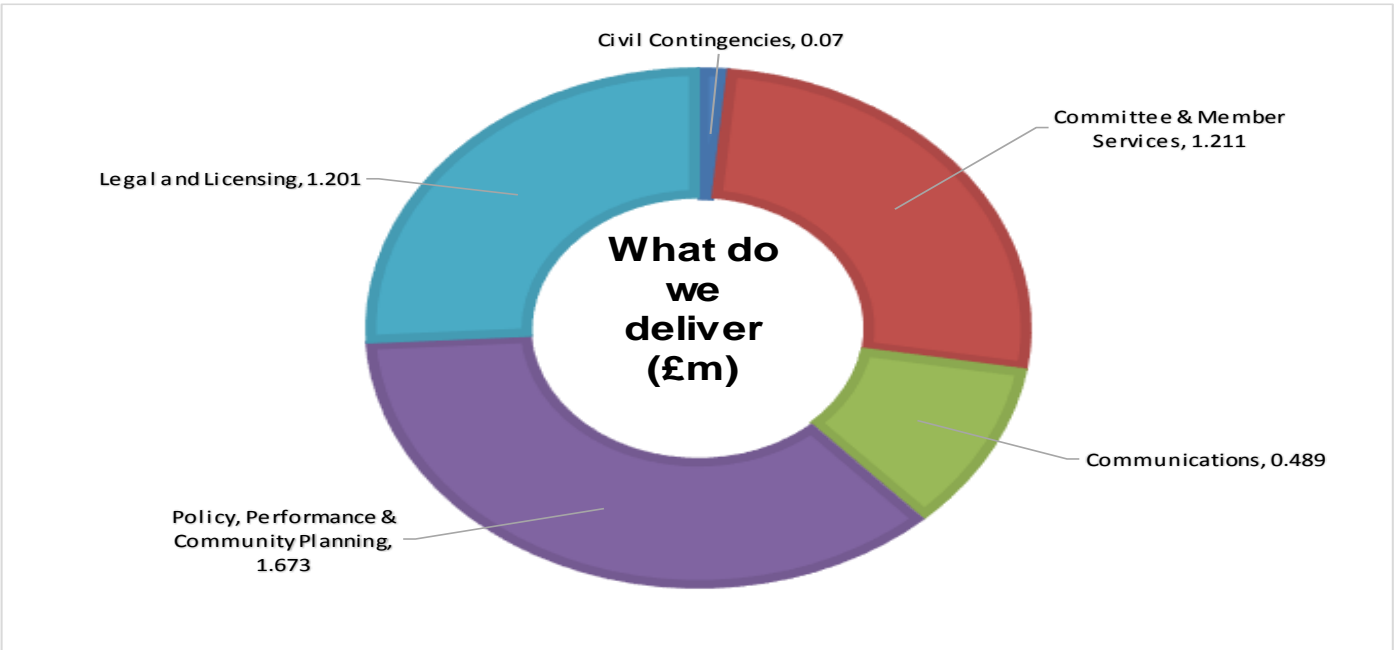
Democratic Services provides a wide range of supporting services for the Council. The charts below show the services delivered and the cost of each service based on 2017/18 revenue budgets, which total £4.644m. They also show where the money goes across the main areas of spend in any one year. This service is delivered by 72.31 FTEs.

In a typical year, Democratic Services delivers many different services to the Council and its residents, such as:

- administering various licences, including taxis, landlord registration and entertainment permits
- delivering legal support around effective court interventions to protect vulnerable people
- facilitating an effective and proactive information governance and data protection regime throughout the Council
- embedding a performance management culture throughout the Council

Corporate Communications offer professional, expert advice and support on how to protect and enhance the Council's reputation and public image as an effective, efficient, ethical and innovative organisation. The team covers a wide variety of disciplines including media, internal communications, social media, marketing and events.

During 2016/17 Legal and Licensing Services recovered a total of £896,404.21 of debt and granted 327 Taxi Drivers' licences in North Ayrshire.



Support and co-ordination of the Community Planning Partnership is a big part of our work.

Around 160 council meetings are organised, facilitated and published each year by Democratic Services

Leading and supporting the work of the Performance Management Forum and driving continuous improvement.

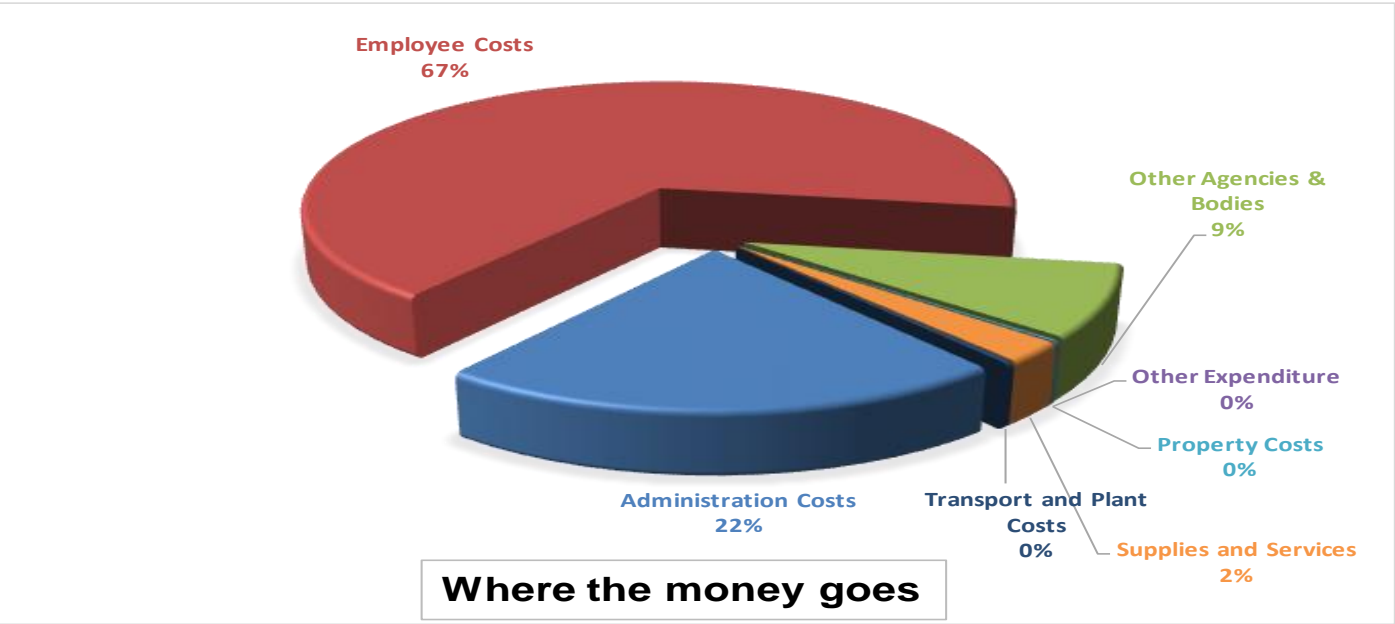


Figure 1

## 4. Key drivers for our services

Our work is guided by legislation and other factors including:

**Supporting Democracy** – We organise elections and manage the interface between Members and officers. As such, the work of the Service, is influenced by the national and local political climate.

**Major Transformational Change** – The Council is facing reducing resources and increasing demands. This is reflected in our transformation programme. Examples include the Integration of Health and Social Care, the biggest change to face Local Government since 1996. Similarly the Ayrshire Growth Deal will also result in extensive work for the service.

**Maximising the benefits of our Information and keeping it secure** - The Service continues to comply with our legal obligations relating to Freedom of Information and Data Protection. We will identify opportunities to ensure the Council maximises the use of its information.

**Locality Partnerships** - The Community Empowerment (Scotland) Act 2015 requires us and our Community Planning Partners to work with localities to tackle inequalities.

**Continuous Improvement** - We continue to look at the most effective ways to deliver our services. We are 'stepping up' our performance and process of self-assessment.

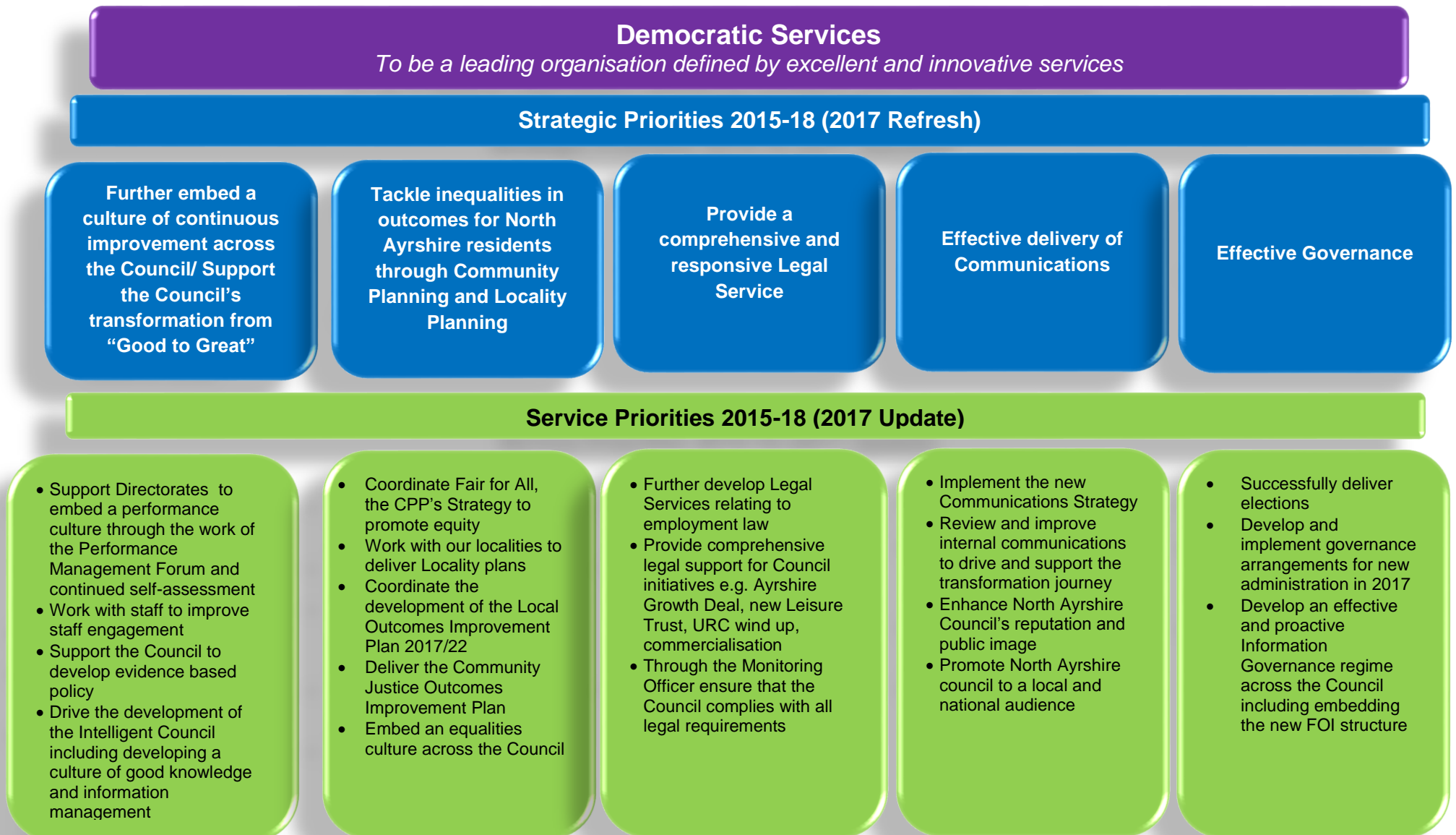
**Inequalities within North Ayrshire** - North Ayrshire has high levels of unemployment, poor health and other inequalities, in particular in the Three Towns and Irvine. The Fair for All Strategy aims to reduce inequality and improve equity across North Ayrshire.

**Reputation** - A robust Communications Strategy plays a critical role in supporting and communicating changes and in managing both internal and external communications.

## 4.1. Introduction

This Plan identifies how we will contribute to the Council's vision – and also outlines our key priorities for the next three years and how we will support our people to deliver these. The plan gives an overview of our services, what we aim to achieve, and how we will measure our progress. Summarised below are our five priority areas:

### Our Priorities



## 5. What we do

Democratic Services provides a wide range of services which support the delivery of the Council's Strategic Priorities. These services are outlined below.

### 5.1. Democratic Services

Manager	Margaret Davison ( Democratic Services)
Number of Staff (FTE)	31.8 ( <i>Incl Head of Service, Chief Executive and Strategic Support and Elections Manager</i> )

Manager	Lynne McEwan (Communications and Member Services)
Number of Staff (FTE)	15

Manager	Christine Andrew (Legal and Licensing Services)
Number of Staff (FTE)	25.5

### 5.2. Purpose

#### Democratic Services

In 2015 Committee Services, Policy and Performance, Information Governance, Community and Locality Planning and Council Officers came together as a single team. The work covers:

- **Committee Services and the Ayrshire Area Support Team.** The team functions at the heart of the Council's democratic core. They play an important part in ensuring efficient and transparent decision making. They also support Elected Members and Children's Panel Members in their roles.
- **Policy and Performance** - supporting performance management capacity and a culture of continuous improvement across the Council. Developing strategic policy advice.
- **Information Governance** - promoting good information governance and management across the Council.
- **Community Planning and Locality Planning** and incorporating coordination of Equalities and health improvement of Council employees. The Team provides communication across the partnership, coordination of partnership groups, strategic development and monitoring of performance.

#### Communications and Member Services

The Corporate Communications Team provides an integrated Communications service for the whole Council. The team cover a wide variety of disciplines and are responsible for ensuring the Council's operations, priorities, values, ambitions and challenges are better understood, both externally and internally. Services include:

- Media Relations
- Internal communications
- Marketing
- Events support and
- Members services

#### Legal and Licensing Services

Legal and Licensing comprises three teams - Contracts, Litigation and Licensing. Together they deliver a comprehensive legal service to the whole Council. The Service provides extensive legal support across many diverse areas of law to all Directorates. This includes representing the Council in court and tribunals and fulfils the Licensing obligation for the

Council in respect of Liquor Licensing and Civic Government Licensing and Landlord Registration.

### Contingencies

In April 2016 South Ayrshire Council became the lead authority for the pan-Ayrshire Civil Contingencies Team. Democratic Services link with the Team and is also the single Point of Contact in relation to counter terrorism and the implementation of the 'Prevent' duty.

### 5.3. Activities

The main activities of the service include:

- Managing Council and Committee Meetings, administering appointments to outside bodies and keeping governance documents up to date
- Supporting new and emerging community councils
- Providing administrative support to the Children's Hearings System in Ayrshire
- Planning and delivery of efficient elections, free from challenge
- Delivery of Council and Directorate Plans and associated performance indicators
- Further developing a culture of continuous improvement through the Performance Management Strategy and Forum
- Supporting the Council to meet and exceed its public performance reporting requirements
- Coordinating the work of the Community Planning and Locality Partnerships
- Developing, delivering and monitoring the Local Outcome Improvement Plans
- Coordinating the work of the Corporate Equality Group
- Supporting health improvement of Council staff
- Research and data analysis to support the development of evidence-based policy
- Implementation of a records management plan, in accordance with the Public Records (Scotland) Act 2011
- Ensuring the Council meets its statutory obligations in responding to requests made under the Freedom of Information (Scotland) Act 2002, the Environmental Information (Scotland) Regulations 2004 and the Data Protection Act 1998.
- Implementing the new Communications Strategy
- Project managing the Provost Civic Pride Awards and Charity Dinner
- Providing professional support and advice to Elected Members, together with dedicated support to the Leader of the Council and the Provost
- Managing an effective and efficient Council Officer Service
- Sale Purchase and Lease of Council property including Council House Sales
- Supporting Services in the delivery of any necessary litigation, including child protection orders, adult support and protection, ASN tribunals, all debt recovery, recovery of heritable property, and other evictions including Traveller evictions
- Providing legal advice and support to the Council committees
- Support and advice for Council contracts and agreements.
- Delivery of the Licensing Board and Licensing in furtherance of the Council's Statutory obligation
- Ensuring the Council's key governance documents are fit for purpose
- Ensuring that Council decisions comply with legal requirements
- Supporting community asset transfers
- Providing support for the creation of a Trust to enable delivery of the Council's obligation to bring about community Empowerment
- Defending decisions of the Council in court
- Support for major initiatives such as the Ayrshire Growth Deal, new Leisure Trust, URC wind up, commercialisation



- Responding to and coordinating emergencies

## 5.4. Key Strategies

We have responsibility for the development and implementation of the following strategies:

Strategy Name	Key Strategy Outcomes	Start Date	End Date	Review Date
Scheme of Administration Scheme of Delegation Standing Orders	■ Ensures proper governance arrangements are in place	2014 2015 2014	2017	2017
Member/Officer Protocol Councillors' Register of Interests	■ Ensures proper governance arrangements are in place	2015 2012		
Local Outcomes Improvement Plan	■ LOIP Priorities	2017	2022	2018
Fair for All Strategy	■ Promote equity in North Ayrshire	2016		Annually
Healthy Working Lives	■ A healthier and more productive workforce	2016	2017	Annually
Equality Action Plan	■ Equality of protected groups	2017	2018	Reviewed annually
Performance Management Strategy	■ To embed a high performance culture throughout the Council	2015		
Council Plan	■ To be a leading organisation defined by excellent and innovative services	2015	2020	2020
Democratic Services Plan	■ To be a leading excellent and innovative service	2015	2018	Updated annually
Information Management Strategy	■ To ensure the Council has robust information management practices	2015	2020	2020
Records Management Plan	■ To set out proper arrangements for the management of records in the Council and Licensing Board.	2015	2020	Annually with major review 5 years
Good to Great (with other services)	■ A great Council providing excellent services	2014	Ongoing	Ongoing
Communications Strategy	■ Ensure the Council is understood externally and internally	2016	Ongoing	Ongoing
North Ayrshire Civil Contingencies Plan	■ Effective handling of emergencies	2012	Ongoing	Ongoing
Emergency Control Centre Plan and Emergency Contact Directory	■ Effective handling of emergencies	2015/ 2014	Ongoing	Annually
Rest Centre Guidelines Recovery Plan	■ Effective handling of emergencies	2012  2013	Ongoing	Ongoing
Procedure Manuals (Legal and Licensing)	■ To deliver a comprehensive legal service to the Council		Ongoing	
Gypsy Traveller Unauthorised Encampment Policy (with Housing)	■ To provide a framework for the Council's interaction with unauthorised encampments	2013	2014	
Licensing Overprovision Policy	■ To provide the policy context for liquor licensing decisions	2013	2016	2016
Licensing Policy Statement				



## 6. Context

### 6.1. Managing our Risks

The key risks for Democratic Services are outlined in Appendix A. We continue to be proactive in responding to the financial challenge.

### 6.2. Equalities

We are committed to fulfilling our statutory duty when developing policies and delivering our services. The Council has a framework in place to carry out Equality Impact Assessments (EIAs) to ensure no discrimination against any of the groups identified as having a protected characteristic. Moving forward the Council will continue to promote key themes around Equality and Diversity issues. Following on from last year's 'Challenging Sectarianism' theme, we will work closely with the Violence Against Women co-ordinator to provide awareness sessions for staff on issues around domestic abuse and how this impacts the workplace.

Democratic Services supports the Council to fulfil its public sector equality duty including:

- Coordination of the Corporate Equality Group which has oversight of equality issues across the Council
- Ensuring the Council is meeting the 'Specific Duties' under the Equality Act
- Developing and monitoring the Equality Action Plan
- Production of an annual Equality Report
- Promotion of equalities training
- Supporting services to undertake equality impact assessments
- Continually reviewing the Council's approach to equalities and making it more transparent and visible.

Following the review and consultation of Equality Outcomes during 2016, new Outcomes and supporting actions will be in place from April 2017.

Equality Outcomes	Actions being taken to support the delivery of Equality Outcomes
In Ayrshire, public bodies will be inclusive and diverse employers	Democratic Services positively support a range of arrangements for flexible working including homeworking and compressed hours Democratic Services has corporate responsibility to ensure that employees are able to respond to the needs of colleagues and customers. Equality awareness and training will be proactively promoted to staff. We will review the Equality Impact Assessment online training programme.

### 6.3 Workforce Planning

Democratic Services is committed to ensuring it has workforce fit for the future when developing plans to deliver our services. The Council has adopted the Six Step Integrated Workforce Planning methodology:

- Step 1: Defining the plan
- Step 2: Mapping service change
- Step 3: Defining the required workforce
- Step 4: Understanding workforce availability
- Step 5: Planning to deliver the required workforce
- Step 6: Implement, monitor and refresh

This methodology provides a simple framework with a toolkit to help managers to ensure that

resources are deployed in the best possible way to support the delivery of excellent and innovate services.

As part of Workforce Planning :

- we will analyse Council priorities and likely projects, and expected areas of demand and growth;
- undertake a review of structures to deal with budgetary pressures and increasing demand;
- align staffing resources and skills to ensure fit with likely areas of future demand; and ensure that training and development is targeted towards new and developing areas and expected skills gaps

## **6.4 Our Improvement Journey**

We believe in continual improvement and constantly look to develop what we do for the community. We also strive to provide value for money. To achieve this we seek information from our community about their satisfaction. We also encourage feedback from our staff, and partner organisations. We gather information and undertake a range of audits and self-assessments. All of these assist us to understand our strengths and identify areas for improvement to inform our plans.

In 2015 we undertook a self-assessment exercise within our Service which used the EFQM Excellence Model. We implemented the improvement plan from the self-assessment during 2016/17. We will also support the establishment of a systematic approach to self-assessment across the Council. This will include supporting a Council-wide PSIF assessment during 2017/18.

## 6.4.1 Our Improvement Journey Outcomes

Democratic Services will contribute to the Council's Improvement Journey and aims to achieve the following outcomes:



COMMUNITIES



- Further development of our Council locality approach, including the development of six Local Outcome Improvement plans. We will involve local residents in the regeneration process and empower communities and develop local leadership.
- Utilising the role of Licensing is to ensure safe delivery of services to the Community.
- Legal Services involved in the support of the creation of a trust to deliver the Council's Community Empowerment obligations.



PLACES



- Legal Services is involved in enhancement of the local environment through planning enforcement and eviction of illegal occupiers.
- Legal Services provide essential support for major regeneration projects, such as the Ayrshire Growth Deal, new Leisure Trust, URC wind up, commercialisation.



PARTNERSHIPS

(ENABLER)



- We lead on Community Planning in North Ayrshire - working in partnership across sectors to improve the lives of North Ayrshire residents.
- Our Information Governance Team is working with East and South Ayrshire Councils on the information governance issues affecting the integration of Social Services and the National Health Service
- Legal Services are currently supporting the Irvine Bay URC wind up and the Ayrshire Growth Deal.



PROCESSES

(ENABLER)



- Policy and Performance is supporting the development of a culture of continuous improvement across the Council.
- Committee Services ensure decision making processes are efficient and effective and that elections are fairly and effectively run.
- Our Information Governance Team is supporting the Council in the development of robust information management practices



PEOPLE

(ENABLER)



- Democratic Services leads the Council's approach to Healthy Working Lives. This provides opportunities for staff to sustain and improve their health and wellbeing.
- Through our corporate role in relation to equalities we promote equality of opportunity and treatment for North Ayrshire residents and staff.
- Legal Services have a key role through child and adult protection work to intervene to protect some of our most vulnerable people.

## 7. Delivery

Details of the 2017 actions and associated performance indicators and risks are shown below.

**Key:** **Enabler** – underpins the delivery of the Council's Strategic Priorities  
**SP2** – Strategic Priority 2: Working Together to Develop Stronger Communities

Performance Indicators															
Strategic Priorities	Improvement Themes					Indicator Ref.	Indicator Description	Actuals			Benchmark	Targets			Lead
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17		16/17	17/18	18/19	
Enabler	✓						Employee Engagement Level	67.9%	69.9%	Not available. Next survey will take place in 2017.		N/A	75%	75%	Democratic Services
SP2				✓			Number of locality plans agreed by Locality Partnerships		New PI	Locality Plans will be agreed in March 2017.		6	6	6	Community Planning
Enabler		✓					% of key corporate governance documents up to date		New PI	100%		100%	100%	100%	Democratic Services
Enabler		✓					Implementation of PMF work plan		New PI	75% (as at Q3)		100%	100%	100%	Policy and Performance
Enabler		✓					Support Services as % of total gross expenditure <sup>1</sup>	2.5%	2.5%	LGBF indicator – data not available until Jan 2018.		2.5%	2.5%	2.5%	Democratic Services
Enabler		✓					% of very satisfied and satisfied customers (Legal Services)	93.22%	95.38%	100%		95%	95%	95%	Legal Services
Enabler		✓					% of Elected Members very satisfied or satisfied with services provided		New PI	94.12%		95%	95%	95%	Democratic Services
Enabler	✓						Absence rate - Days lost per employee per annum	6.9	4.5	3.67 (as at February 2017)		6	5	5	Democratic Services

<sup>1</sup> Local Government Benchmarking Framework (LGBF) - Corp 1

Performance Indicators															
Strategic Priorities	Improvement Themes					Indicator Ref.	Indicator Description	Actuals			Benchmark	Targets			Lead
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17		16/17	17/18	18/19	
Enabler	✓						% of staff who have had a PPD interview in last 12 months	100%	100%	Will be available in April 2017.		100%	100%	100%	Democratic Services
Enabler		✓					Cost of Democratic Core per 1000 population (£) <sup>2</sup>	£30545.99	£29405.72	LGBF indicator – data not available until Jan 2018.		Data only	Data only	Data only	Democratic Services
Enabler		✓					Total cost of the legal function as a percentage of organisational running costs (expenditure) <sup>3</sup>	0.2%	0.13%			0.29%	0.25%	0.25%	Legal Services
Enabler		✓					Average hourly rate of in-house legal team compared to other in-house legal teams per SOLAR Benchmarking	£55.44	£46.95			£60	£55	£55	Legal Services
Enabler		✓					% of invoices paid within 30 days for Democratic Services	95.29%	95.78%	92.26% (as at Q3)		95%	95%	95%	Democratic Services
Enabler		✓					Chief Executive and Cross Directorate Freedom of Information requests responded to in 20 working days (%)	93%	88%	95% (as at Q3)		94%	95%	95%	Information Governance
Enabler		✓					The value of media (print/online/TV/radio) coverage secured for North Ayrshire Council		New PI	5190 (as at Q3)		Data only	Data only	Data only	Communications

<sup>2</sup> Local Government Benchmarking Framework (LGBF) - Corp 2

<sup>3</sup> Joint UK Audit Bodies (Legal Services) recommended indicator -1a

Performance Indicators															
Strategic Priorities	Improvement Themes					Indicator Ref.	Indicator Description	Actuals			Benchmark	Targets			Lead
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17		16/17	17/18	18/19	
Enabler	✓						Staff satisfaction levels with internal communications via annual staff Internal Communications Survey		New PI	59%		Data only	60%	60%	Communications
Enabler		✓					The percentage of marketing campaigns that meet or exceed the campaign objectives <sup>4</sup>		New PI	100%		Data only			Communications
Enabler		✓					The number of Social Media impressions and engagements arising from proactive digital media campaigns			New PI			Data only	Data only	Communications


<sup>4</sup> This indicator has been replaced with - *The number of Social Media impressions and engagements arising from proactive digital media campaigns*, which will provide a more meaningful measure.


Actions										
Strategic Priorities	Improvement Themes					Action Ref.	Action Description	What success will look like	Lead Service	Linked to Risk
	People	Processes	Places	Communities	Partnerships					
Enabler		✓					Support Directorates to embed a performance culture through the work of the Performance Management Forum and continued self-assessment	The Council will have made further progress on its improvement journey	Democratic Services	
Enabler	✓						Work with staff to improve staff engagement	Further motivated and engaged staff	Democratic Services	
Enabler		✓					Support the Council to develop evidence based policy	The Council is developing policy to support its vision	Democratic Services	
Enabler		✓					Drive the development of the Intelligent Council including developing a culture of good knowledge and information management	The Council is consistently and effectively using data, knowledge and intelligence, has a robust Information Governance and Data Protection regime. Staff are aware of their responsibilities	Democratic Services / Information Governance	
Enabler					✓		Coordinate Fair for All, the CPP's Strategy to promote equity	Inequality is reduced	Community Planning	
SP2					✓		Work with our localities to deliver Locality plans	Locality Planning is achieving positive outcomes for communities	Community Planning	
Enabler					✓		Coordinate the development of the Local Outcomes Improvement Plan 2017/22	Outcomes are improved for individuals and communities	Community Planning	
Enabler					✓		Deliver the Community Justice Outcomes Improvement Plan	Reoffending is reduced	Community Planning	
Enabler	✓						Embed an equalities culture across the Council	Staff have embedded equalities into their work practices and staff are aware of their responsibilities	Community Planning	
Enabler		✓					Further develop Legal Services relating to Employment Law	Proactive approach to employment issues and overall savings for the Council	Legal	
Enabler		✓					Provide comprehensive legal support for Council initiatives e.g. Ayrshire Growth Deal, new Leisure Trust, URC wind up, commercialisation		Legal	

Actions										
Strategic Priorities	Improvement Themes					Action Ref.	Action Description	What success will look like	Lead Service	Linked to Risk
	People	Processes	Places	Communities	Partnerships					
Enabler		✓					Through the Monitoring Officer ensure that the Council complies with all legal requirements	Council is fully compliant with all legal requirements	Legal	
Enabler		✓					Implement the new Communications Strategy	Transparent and effective communications for all stakeholders	Communications	
Enabler		✓					Review and improve internal communications to drive and support the transformation journey	Highly engaged workforce	Communications	
Enabler		✓					Enhance North Ayrshire Council's reputation and public image	North Ayrshire Council is viewed as a reputable and innovative local authority	Communications	
Enabler		✓					Promote North Ayrshire Council to a local and national audience	North Ayrshire is seen as a 'Great' Council	Communications	
Enabler		✓					Successfully deliver elections	Successful delivery of Elections	Democratic Services	Election mistakes result in challenge on the basis of the integrity of the election –that election was not fair, transparent or results were not accurate
Enabler		✓					Develop and implement governance arrangements for new administration in 2017	The Council is prepared for the new Administration	Democratic Services	
Enabler		✓					Develop an effective and proactive Information Governance regime across the Council including embedding the new FOI structure	The Council has a robust Information Governance and Data Protection regime. Staff are aware of their responsibilities	Information Governance	The Council does not use its information to best effect or loses information.



## Appendix A – Risks

Risk Code & Title	Information Governance	Current Risk Matrix
Risk	The Council does not use its information to best effect or loses information.	
Consequence	Services are inefficient and there are fines and reputational damage arising from lost information.	Current Risk Score Impact x Likelihood
Current Controls	The service is continuing to deal with risks of loss of personal information through ongoing data protection training and preparation for implementation of the General Data Protection Regulation (GDPR) within North Ayrshire Council. As regards making the best use of information there are several strands to this. The service is working with IT Services on data storage protocols, Master Data Management and opportunities which will arise through the move to Microsoft 360. The Open Data site will continue to be expanded with standard format data information. Work continues to layer information onto Acorn and to identify the potential of projects such as High Tariff Users to better tailor services to needs.	3x3
Linked Actions		
Linked Actions Code & Title		

Risk Code & Title	Elections	Current Risk Matrix
Risk	Election mistakes result in challenge on the basis of the integrity of the election - that election was not fair, transparent or results were not accurate	
Consequence	Reputational damage to RO and subsequently to the Council. Risk of a petition.	Current Risk Score Impact x Likelihood
Current Controls	Effective project management: project plan/risk plan/integrity plan Contingency planning Regular Election Team meetings	4x2
Linked Actions		

Linked Actions Code & Title	Successfully deliver elections
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## **Our Improvement Journey**

## **Finance and Corporate Support Directorate Plan**

**2015/18  
2017 Update**

For more information:

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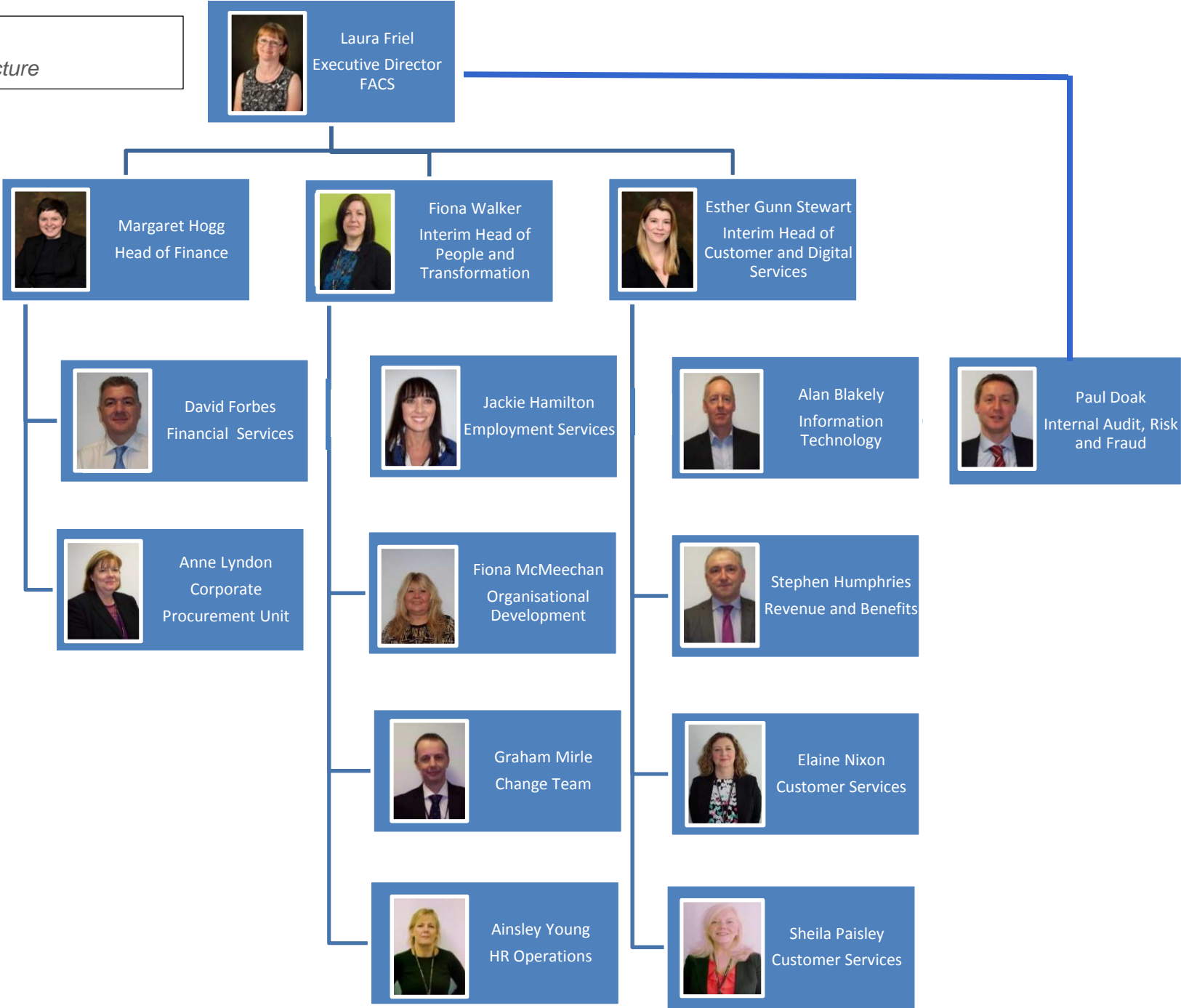
North Ayrshire Council  
Cunninghame House | Irvine | North Ayrshire | KA12 8EE

## Contents

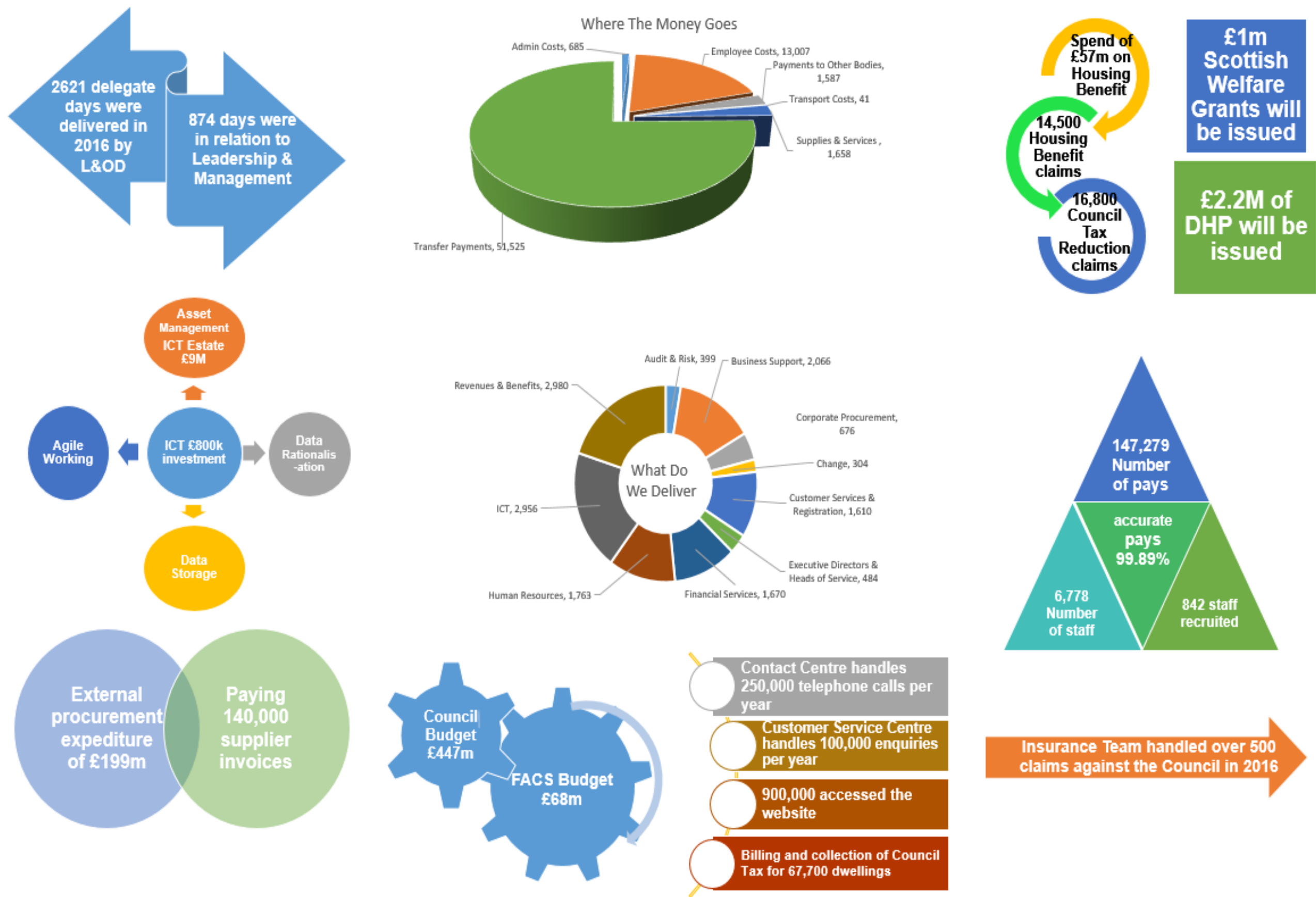
<b>1.</b>	<b>Directorate Structure</b>	<b>2</b>
<b>2.</b>	<b>Our Budget and how we intend to spend it</b>	<b>3</b>
<b>3.</b>	<b>Foreword</b>	<b>4</b>
<b>4.</b>	<b>Introduction</b>	<b>5</b>
4.1	<b>Key Drivers</b>	<b>5</b>
4.2	<b>Key Priorities</b>	<b>8</b>
<b>5.</b>	<b>What we do</b>	<b>9</b>
5.1	Finance and Corporate Support	9
5.2	Finance	9
5.3	Purpose	9
5.4	Activities	10
5.5	Key Strategies	10
5.6	People and Transformation	11
5.7	Purpose	11
5.8	Activities	12
5.9	Key Strategies	12
5.10	Customer and Digital Services	13
5.11	Purpose	13
5.12	Activities	14
5.13	Key Strategies	14
5.14	Internal Audit, Risk and Fraud	15
5.15	Purpose	15
5.16	Activities	15
5.17	Key Strategies	15
<b>6.</b>	<b>Context</b>	<b>16</b>
6.1	Our Improvement Journey Outcomes	16
6.1.1	Our Improvement Journey – Actions and Indicators	17
6.2	Managing our Risk	18
6.3	Equalities	18
6.3.1	Equality impact assessments	18
6.4	Workforce Planning	19
<b>7.</b>	<b>Delivery</b>	<b>20</b>
	<b>Appendix A – Directorate Risks</b>	<b>33</b>

1. Directorate Structure

1.1 Directorate Structure  
*Figure 1: Directorate Structure*



2. Our Budget and how we intend to spend it



### 3. Foreword

#### **Welcome to the Finance and Corporate Support Directorate Plan 2017/18**

This Plan sets out the key priorities for the Directorate for 2017/18, building on the great work that we're doing to innovate and deliver better service at a time of reducing resources. The priorities reflect the challenging environment within which the Council continues to operate and the work that we need to do to continue to meet the wide and varied needs of our community and Services.

Customer and Digital Services are committed to developing and embedding our digital approach whilst continuing to provide excellent services to our customers. As part of our digital journey we'll take time to consider how our Information Communication Technology (ICT) service can best support the scale and pace of change that we need.

Our People and Transformation team continues to support the development of the organisational culture that will help transform the Council to be a leaner, more efficient and a higher performing organisation. Finance and Corporate Support has helped shape the Council's transformation programme but we need to do more to focus on realisable efficiencies and financial benefits, key to supporting the Council through the challenging years ahead.

Finance has a significant role in developing the short and longer term revenue and capital financial plans and strategies and supporting Services and the Health and Social Care Partnership in the financial management of these resources, totalling around £460m in 2017/18, and compliant procurement of all goods and services.

This Plan maps out what the Directorate will do to continue to support the Council's vision '***to be a leading organisation defined by excellent and innovative services***'.



**Laura Friel**  
**Executive Director**

## 4. Introduction

This Plan identifies how FACS will contribute to achieving the Council's vision - ***To be a leading organisation defined by excellent and innovative services***. The plan outlines our key priorities for the period 2017/18 and gives an overview of our services, what we aim to achieve, information on our resources, our key actions and the performance indicators we will use to measure how well we are meeting the needs of our customers and communities.

### 4.1 Key drivers for our Services

There are a number of factors and emerging legislation which directly influence the work carried out by the Directorate, the most significant are:

**Financial Environment** – The UK economy continues to show signs of recovery with the International Monetary Fund forecasting that UK growth levels will be the fastest of any G7 country this year and the Bank of England is forecasting growth of around 1.3% - 1.8% over the next three years. However, this is slower growth than previously forecast and consumer spending is projected to slow from previous strong rates. The Consumer Price Index (CPI) measure of inflation rose towards the end of 2016 and is projected to reach 2% within the first half of 2017.

The UK's financial environment is closely linked to the wider global economy. Although the short term global outlook has improved, this is counterbalanced by more elevated risks and volatility in the sterling exchange rate which is expected as a result of uncertainty on the UK's future relationship with the European Union.

There is broad consensus that there will be further pressure on public expenditure at a UK and Scottish level with significant cuts already experienced for 2017/18 and further cuts predicted for 2018/19 to 2019/20. The potential for a second independence referendum during this period increases the levels of uncertainty around future funding levels.

**Resource Pressures and Organisational Change** – North Ayrshire Council has responded to the challenging financial climate and the real reduction in resources that it has faced. The Council has delivered £73m of savings over the period 2010/11 to 2016/17. This approach will continue with the approval of the Council's budget which will deliver further savings during 2017/18. The remaining budget gap for the period to 2019/20 has been estimated as more than £30m. The long term financial strategy (2013/14 to 2022/23) and the availability of good quality financial information sit alongside this sound financial planning.

Delivery of savings of this magnitude creates a challenge in delivering further sustainable savings in future years. This will require an increase in the scale and pace of change alongside workforce resizing.



**Integration of Health and Social Care** – The North Ayrshire Integrated Joint Board (IJB) has financial and strategic oversight responsibility for social care and a range of health services. Finance and Corporate Support provide the IJB with a range of services including Financial Services, Audit, Information Communication Technology (ICT), Human Resources (HR) and Organisational Development (OD).

There has been a recurring overspend in Health and Social Care services in recent years. Audit Scotland has recognised that, given the demand led nature of health and social care services, there is a risk of overspend if scrutiny of partnership budgets is not effective. This requires effective partnership working to ensure there is a clear understanding of the IJB's financial performance and the corrective action required to deliver services within available resources.

A new strategic Workforce Planning group has been established on a pan-Ayrshire basis.

**Transformation (T2)** – FACS is the lead Directorate for T2 and has developed an integrated approach to change across programme management, communications and staff engagement alongside implementation of the new Graduate Business Improvement Programme. The scale and pace of transformation requires to increase to ensure the Council and its Partners respond effectively to the challenges they are facing.

**Digital Services** – A key driver for FACS Directorate is the development and delivery of the Council's Digital Strategy providing customer-focussed, digital services which are a key element of Transformation 2. FACS plays the leading role in driving the development of digital services across the Council. Utilising technology to secure effective service delivery through development of new 'end to end' digital services that meet customer needs in the most cost effective, efficient and streamlined way.

**Our Improvement Journey** – FACS remains committed to continuous improvement and supporting the Council's transformation journey. This shared aim aligns with the Council's "***vision to be a leading organisation defined by excellent and innovative services***". Much of the strategic focus of the FACS Directorate plan is in driving that shared vision across our teams, to ensure delivery of excellent levels of service recognising the challenges and being more innovative and radical in our thinking and leading the way nationally.

**Legislation** – The following legislation is likely to have an impact on service delivery:

**Welfare Reform and Work Act 2016** – Makes further provision for the phased introduction of a number of welfare reforms from 1 April 2017 that will impact significantly on people on low income who are in and out of work. These will impact on local communities within North Ayrshire and may increase demand for Council Services.

**Scotland Act 2016** – Makes provision for the devolution of powers to the Scottish Government including welfare powers to vary elements of Universal Credit; to design and deliver welfare benefits for carers, people with a disability or illness; and Funeral Payment, Sure Start Maternity Grant and Winter Fuel Payment.

**Small Business, Enterprise and Employment Act 2015** – The UK government is planning to cap public sector exit payments. At present this policy will extend to all of the bodies where employment and remuneration practices are the responsibility of the UK Government. The Scottish Government has yet to determine if and how it may take forward similar arrangements. If the Scottish Government chooses to implement this policy this could have a significant impact on future workforce planning within the Council. The Scottish Government is planning to undertake a full consultation exercise on proposals regarding the £95k cap on exit payments, a date for the outcome is yet to be confirmed.

## 4.2 Key Priorities

This plan focuses on delivering Finance and Corporate Support's key priorities. Summarised below are our **three** priorities along with the key actions we will take to deliver them. The Finance and Corporate Support priorities underpin delivery of the Council's five outcomes.

### Finance and Corporate Support Directorate

#### Council Plan 2015-2018

Growing our economy, increasing employment and regenerating towns

Working together to develop strong communities

Ensuring people have the right skills for learning, life and work

Supporting all of our people to stay safe, healthy and active

Protecting and enhancing the environment for future generations

#### FACS Priorities 2015-18

##### Embedding Digital First to Provide Exceptional Customer Service

- Develop customer-focussed, end to end digital services
- Increase and improve digital offering and develop marketing strategy to deliver channel shift
- Support increased customer access and self-service
- Review Customer Service's key systems to ensure that they are fit for purpose and future proofed
- Deliver ICT services that align with the Council's Digital Strategy

##### Effective Financial Planning and Stewardship for the Council and its Partner Organisations

- Refresh the long term financial plan to 2026/27
- Develop 2018/19 – 2020/21 medium term financial plan
- Rollout and embed the new Financial Management System including Procurement functionality
- Implement Business Partnering by Financial Services to the Council and HSCP
- Develop Procurement excellence through PCIP

##### Lead and Support the Delivery of Transformational Change and Organisational Development

- Lead and support Transformation 2
- Develop approach to increase realisable benefits and savings from change investment
- Consolidate lean programme and Kaizen Blitz rapid improvement projects across Services
- Support services to deliver work force plans
- Deliver and evaluate People and Culture interventions which support the People Strategy

## 5. What we do

### 5.1 Finance and Corporate Support

The Directorate provides a wide range of services through 11 teams within Finance, People and Transformation, Customer and Digital Services and Internal Audit, Risk and Fraud.

### 5.2 Finance

These sections fall within the service delivery area of Finance.

Manager:	David Forbes – Financial Services
Number of Staff (FTE) :	43
Location:	Cunninghame House

Manager:	Anne Lyndon – Corporate Procurement Unit
Number of Staff (FTE):	22.3
Location:	Cunninghame House

### 5.3 Purpose

**Financial Services** – provides high-quality financial management information and advice to support decision-making by the Council and Services. Financial Services leads the development of the Council's medium and long term financial plans including revenue and capital budgets, the preparation of annual accounts and other statutory returns, as well as providing support to Service Managers to manage their budgets.

Finance Business Partnering – working in partnership with services to provide strategic insights, financial information, tools and analysis to drive strategy and inform decision making.

Treasury Management – manages the Council's cash flow, loans and deposits.

**Corporate Procurement** – is responsible for: ensuring adherence to policy and legislation; developing and implementing the Council's Corporate Procurement Strategy; providing advice and support with tendering; promoting community benefits; developing electronic procurement solutions and the Council's procurement processes. Accounts Payable ensure Council suppliers are paid accurately and promptly.

## 5.4 Activities

- Provision of high quality financial management information and advice
- Continued development of medium and long term financial strategies and plans which support service delivery and capital investment
- Preparation of annual accounts and other statutory returns as part of the governance arrangements in place
- Provision of financial management information and advice to support the HSCP
- Provision of business partnering services and financial analysis to support decision making
- Paying suppliers and other creditors accurately and promptly
- Developing the Council's procurement processes

## 5.5 Key Strategies

Finance has a range of strategies that set out what we want to achieve for aspects of our business, these are noted below:

Strategy Name	Key Strategy Outcomes	Start Date	End Date	Review Date
Corporate Procurement Strategy	Guidance on the recommended practices and policies required when purchasing all externally provided Goods, Works and Services.	2017	2020	Annual
Financial Strategy	To ensure longer term financial sustainability that provides for appropriate investment in priority services	2013	2023	2017/18
Treasury Management and Investment Strategy	To ensure that the Council has a clear framework to undertake borrowing which is affordable, prudent and sustainable and to undertake investments which have security and liquidity as a priority	April 2017	March 2018	Annual

## 5.6 People and Transformation

These sections fall within the service delivery area of People and Transformation.

Manager:	Jackie Hamilton – Employment Services
Number of Staff (FTE):	24
Location:	Cunninghame House

Programme Manager:	Fiona McMeechan – Organisational Development
Number of Staff (FTE):	13.4
Location:	Cunninghame House

Programme Manager:	Graham Mirtle – Change Team
Number of Staff (FTE):	5.3
Location:	Cunninghame House

Manager:	Ainsley Young – HR Operations
Number of Staff (FTE):	14.4
Location:	Cunninghame House

## 5.7 Purpose

**Employment Services** supports the recruitment of employees including advertising, issuing contracts, Disclosure/PVG checking, redeployment, pension administration and payment of employees and Elected Members. The section develops and maintains the Council's HR systems and provides workforce analytics to support strategic workforce planning.

The **Organisational Development Team** develops and delivers a strategic approach to people and organisational development. It is responsible for creating and implementing interventions designed to facilitate change and achieve improvements in organisational effectiveness. The team provides organisational and employee development support, advice and guidance to leadership teams, all employees and Elected Members. In addition, a suite of corporate learning and development programmes are designed, delivered and evaluated to develop and enhance the knowledge, skills and behaviour of our employees.

The **Change Team** supports the Council's transformation programme. It focuses on projects which; help address the financial constraints facing the Council; support delivery of the Council Plan outcomes; streamline processes including using Lean techniques; and actively address service demand.

**HR Operations** provides two core services:

Operations provide professional Human Resources support for management of workforce matters including; supporting the implementation of workforce change, employment law, the development and implementation of Human Resource policies and procedures and Terms and Conditions of Employment. The team supports and manages the relationships between employees and trades unions to support effective employee relations within the workplace.

Health and Safety provides a strategic approach to promote Health, Safety and Wellbeing to ensure the Council complies with Health and Safety Legislation. The team provides support, guidance and training to leadership teams, all employees and Elected Members. Investigations and auditing of health and safety management systems are an integral part of the team's responsibility.

## 5.8 Activities

- Provision of HR operational support
- Timely payment of salaries and wages
- Provision of a Corporate Health and Safety function
- Provision of skills, knowledge and behavioural development
- Provision of Organisational Development interventions
- Supporting the Health and Social Care Partnership
- Leads and supports Transformation 2
- Supports roll out Lean Six Sigma and Kaizen Blitz rapid improvement
- Provision of People Analytics

## 5.9 Key Strategies

People and Transformation has a range of strategies that set out what we want to achieve for aspects of our business, these are noted below:

Strategy Name	Key Strategy Outcomes	Start Date	End Date	Review Date
Corporate Health, Safety and Wellbeing Policy	To ensure the Council meets its statutory and compliance obligations under the Health and Safety at Work Act, etc. 1974, and related Regulations and Codes of Practice	2017	2022	2021/22
People Strategy	The People Strategy will support the delivery of the Council Plan and its strategic priorities through focussing on developing the right culture and helping the Council transform to be a leaner, more efficient and high performing organisation where people can develop and thrive	2015	2018	2018

## 5.10 Customer and Digital Services

These sections fall within the service delivery area of Customer and Digital Services.

Manager:	Alan Blakely – Information Technology
Number of Staff (FTE):	64.5
Location:	Cunninghame House

Manager:	Stephen Humphries – Revenues and Benefits
Number of Staff (FTE):	65.8
Location:	Bridgegate House

Manager:	Elaine Nixon – Customer Services and Business Support
Number of Staff (FTE):	140.9
Location:	Various

Manager:	Sheila Paisley – Business Improvement (CS and BS)
Number of Staff (FTE):	13.3
Location:	Bridgegate

## 5.11 Purpose

**Information Technology** provides a comprehensive support and development service for Information and Communication Technology (ICT) related activity across the Council, aligned to the Council's Customer Services Strategy and ICT Strategy for Education Establishments.

Information Technology Services maintain and develop the Council's infrastructure, including desktop and laptop devices, servers and networks, and support the development of the Council's website and business applications, information security and Public Services Network (PSN) compliance. A managed service is also provided to all schools and libraries.

**Revenues and Benefits** – undertakes the administration of income collection; including billing and collection of Council Tax and Water and Wastewater Charges on behalf of Scottish Water from around 67,700 chargeable dwellings and non-domestic rates from almost 5,000 local businesses on behalf of the Scottish Government. Income is also collected where the Council has provided goods or services to a customer. The team administers around 14,500 Housing Benefit and 16,800 Council Tax Reduction claims, maximises the take-up of benefits in the local community, works with the DWP to implement Universal Credit, and administers the Scottish Welfare Fund, Discretionary Housing Payments and recovery of overpaid Housing Benefit.



**Customer Services and Business Support** - the Contact Centre handles in excess of 250,000 calls per year for a range of Council Services including Council Tax, Benefits, Waste, Streetscene, Building Services, Roads Services and Education. The section is responsible for a network of Customer Service Centres incorporating Registration Services which handle approximately 120,000 enquiries. Customer Services has ownership of a number of digital access channels including the external website, the intranet, web chat and the 'Report It' smartphone app. Business Support provides administrative support to all Directorates with the exception of the Health and Social Care Partnership, PA support is also provided to the Heads of Service and Directors.

**Business Improvement** – supports the Digital Strategy to deliver service improvements across the Council. It focuses on developing digital capabilities and promotion of self-serve for customers and staff.

## 5.12 Activities

- Comprehensive Information Technology support and development
- Implementation of new technology solutions within Customer Service
- Provision of business support to all Directorates with the exception of H&SCP
- Provision of first point of contact to access services
- Support for the development and delivery of digital access channels
- Supporting the integration of Health and Social Care
- Discretionary Housing Payments to mitigate the impact of welfare reforms
- Billing and collection of Council Tax from around 67,700 dwellings
- Administration of around 14,500 Housing Benefit and 16,800 Council Tax Reduction claims

## 5.13 Key Strategies

Customer and Digital Services have a range of strategies that set out what we want to achieve for aspects of our business, these are noted below:

Strategy Name	Key Strategy Outcomes	Start Date	End Date	Review Date
ICT Strategy for Educational Establishments	An ICT Strategy to establish a standard approach to the ICT delivery for Educational Establishments, and to integrate ICT within the curriculum	2015	2018	2018
Strategy pending approval	Key Strategy Outcomes	Start Date	End Date	Review Date
Council Digital Strategy	Integration of over-arching corporate strategic approach to digital services (consolidating this across digital elements of Customer Services Strategy, ICT Strategy and Business Support Strategy)	2017/18	2021	2021/22

## 5.14 Internal Audit, Risk and Fraud

Manager:	Paul Doak – Internal Audit, Risk and Fraud
Number of Staff (FTE):	14.4
Location:	Cunninghame House

## 5.15 Purpose

Internal Audit provides independent assurance to Elected Members and senior managers that effective governance and internal control arrangements are in place across the Council. The Risk Management team ensures the Council is risk aware, with effective risk management embedded across Services and appropriate arrangements in place to ensure, as far as possible, business continuity. The section also manages all insurance matters for the Council. The Performance Team helps FACS deliver the Council's Performance Management Strategy. Corporate Fraud provides pro-active fraud prevention advice and investigates fraud within and against the Council. The Fraud team has also entered into a partnership agreement to investigate alleged fraud against East Ayrshire Council.

## 5.16 Activities

- Provision of the Internal Audit Service
- Performance Management across the Directorate
- Providing effective Risk Management and Insurance Services
- Pro-active fraud prevention, detection and investigation

## 5.17 Key Strategies

Internal Audit, Risk and Fraud has a range of strategies that set out what we want to achieve for aspects of our business, these are noted below:

Strategy Name	Key Strategy Outcomes	Start Date	End Date	Review Date
Risk Management Strategy	The integration of risk management throughout the Council and its use as a general management tool within operational activities	2017	2019	Biennial
Business Continuity Strategy	Assesses which functions within the Council are critical for service delivery and helps ensure recovery plans are in place	2015	2018	2018
Counter Fraud and Corruption Strategy	To reduce the Council's exposure to fraud risk and to ensure a robust response where instances occur	2016	2018	2018

## 6. Context

### 6.1 Our Improvement Journey Outcomes

Effective 'Business Partnering' is at the core of our approach in supporting services to deliver change and make progress towards operational excellence. We do this by engaging with our customers, encouraging feedback from our staff and partner organisations and establishing what best practice looks like. External scrutiny and self-assessment are corner stones of our improvement journey. All of this evaluation helps us understand our strengths and identify areas for improvement which informs our plans.

We continue to develop and improve service delivery and have identified priority actions to ensure this happens. As part of our journey, we support our people to develop and encourage them to contribute their ideas, thus enabling us to meet the needs of the communities we serve.

Finance and Corporate Support supports the establishment of a systematic approach to self-assessment across the Council. This includes implementing a proportionate and structured three-year rolling programme of self-assessment activity. The Directorate will undertake a self-assessment exercise once every three years employing an established quality improvement model.

## North Ayrshire Council

### 6.1.1 Our Improvement Journey - Actions and Indicators

The Directorate will contribute to the Council's Improvement Journey and aims to achieve this by:

FACS Priorities	Activity	Action/Indicator
Embedding Digital First to Provide Exceptional Customer Service	<ul style="list-style-type: none"> <li>Developing customer-focussed, end to end digital services</li> <li>Implementation of an improved digital offering and marketing strategy to deliver channel shift</li> <li>Supporting increased customer access and self -service</li> <li>Reviewing Customer Service's key systems to ensure that they are fit for purpose and future proofed</li> <li>Delivering ICT services that align to service business needs and the Council's Digital Strategy</li> </ul>	<p>A09, PI13, PI15 A05, A06, A07, A09</p> <p>A08, A12, A13 A12, A14, A15, PI11, PI12, PI13, PI14 PI04, PI05, PI06, PI07, PI08, PI10, CORP4, CORP7</p>
Effective Financial Planning and Stewardship for the Council and its Partner Organisations	<ul style="list-style-type: none"> <li>Refreshing the long term financial plan to 2026/27</li> <li>Develop 2018/19 – 2020/21 medium term financial plan</li> <li>Rollout and embedding the new Financial Management System including new Procurement functionality</li> <li>Implementation of Business Partnering by Financial Services to the Council and HSCP</li> <li>Developing Procurement excellence through PCIP</li> <li>Maximising the use of Community Benefit Clauses in a wider range of contracts</li> </ul>	<p>A21 A24, A26 A22, PI02, PI03</p> <p>A03, A04, A25</p> <p>A01, A02, PI02 A01, A02, PI01, PI02</p>
Lead and Support the Delivery of Transformational Change and Organisational Development	<ul style="list-style-type: none"> <li>Leading and supporting Transformation 2</li> <li>Enhancing reporting of realisable benefits and savings from change investment</li> <li>Consolidating delivery of current lean programme and Kaizen Blitz rapid improvement projects across the Council</li> <li>Supporting services to deliver staffing and structural changes</li> <li>Delivering and evaluating People and Culture interventions which support the People Strategy</li> </ul>	<p>A27 A27 A27, CORP1</p> <p>A20 A07, A18, A19, A20, PI17, PI18, PI19, PI20</p>

## 6.2 Managing our Risk

The key risks for Finance and Corporate Support are outlined in Appendix A.

## 6.3 Equalities

Finance and Corporate Support is committed to fulfilling its statutory duty when developing policies and delivering our services. The Council developed a toolkit for managers to support the implementation of Equality Impact Assessments (EIAs). The tool kit will help to ensure that there is no discrimination against any of the seven different groups under the protected characteristics within the community and that equality is promoted. Equality Impact Assessments are carried out in the early development stages of a new policy or procedure.

By carrying out EIAs when developing policies, we will:

- Improve the quality of services by making sure they are suitable and accessible to everyone
- Identify any possible discrimination which may exist and means of overcoming these
- Help to develop good practice and achieve best value
- Promote equal opportunities and good relations between groups

Equality Outcome	Actions being taken to support the delivery of Equality Outcomes	Action /PI Reference
In Ayrshire public bodies will be inclusive and diverse employers	<ul style="list-style-type: none"> <li>■ Providing a variety of interventions which make the Council a great place to work</li> <li>■ Implementation of the revised Health and Safety Policy</li> <li>■ Monitoring the results of a Council wide stress management survey</li> </ul>	<p>A17</p> <p>A18</p> <p>A19</p>

### 6.3.1 Equality Impact Assessments

The Directorate has completed Equality Impact Assessments for new or revised policies and procedures relating to:

- Management of Unacceptable Contact Policy
- Dignity and Respect at Work Policy
- Flexible Working Hours Policy
- Alcohol, Drug and Gambling Policy and Procedure
- Corporate Health and Safety Policy

## 6.4 Workforce Planning

Finance and Corporate Support is committed to ensuring it has a workforce fit for the future when developing plans to deliver our services. The Council has adopted the Six Step Integrated Workforce Planning methodology:

- Step 1: Defining the plan
- Step 2: Mapping service change
- Step 3: Defining the required workforce
- Step 4: Understanding workforce availability
- Step 5: Planning to deliver the required workforce
- Step 6: Implement, monitor and refresh

This methodology provides a simple framework with a toolkit to help managers to ensure that resources are deployed in the best possible way to support the delivery of excellent and innovative services.

By undertaking Workforce Planning when developing our plans, we will:

- Review the FACS structure to ensure fit with future service delivery models including business partnering, digital and “One Team” approach
- Develop a strategy to address current skills gaps and recruitment challenges within Procurement
- Implement a professional development plan and business partnering within Financial Services
- Implement a performance management framework across all teams
- Proactively support our Teams to have a healthy work life balance aiming to reduce absence and increase wellbeing

## 7. Delivery

Details of the performance indicators that the Directorate will measure are shown within this section, together with the associated actions and risks. In line with the rest of the plan, the actions and indicators are linked to the Improvement Journey.

**Priority Key :**

CP P1 – Council Plan Priority 1 – Growing our economy, increasing employment and regenerating towns

Underpinning delivery of the Council's Priorities

FACS Priority 1: Embedding Digital First to Provide Exceptional Customer Service

FACS Priority 2: Effective Financial Planning and Stewardship for the Council and Partner Organisations

FACS Priority 3: Lead and support the delivery of transformational change and Organisational Development

### Performance Indicators

Priorities	Improvement Journey Themes					Indicator Reference	Indicator Description	Actuals			Benchmark and rank 15/16	Targets			Lead Service
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17 as at Q3		17/18	18/19	19/20	
CP P1						PI01	No of weeks employment through using Community Benefit clauses	-	-	-		1,000	1,200	1,500	Corporate Procurement Unit

Priorities	Improvement Journey Themes					Indicator Reference	Indicator Description	Actuals			Benchmark and rank 15/16	Targets			Lead Service
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17 as at Q3		17/18	18/19	19/20	
FACS P2		√				PI02	Procurement & Commercial Improvement Programme (PCIP)	-	-	-		Baseline improvement plan	2 <sup>nd</sup> quartile	2 <sup>nd</sup> quartile	Corporate Procurement Unit
FACS P2		√				PI03	Percentage of FACS invoices that were paid within 30 days	96.84 %	95.73 %	95%	LGBF 92.5% Whole Council (18)	96.5%	97%	97.5%	Corporate Procurement Unit
FACS P1		√				PI04	Speed of processing (HB) new claims (days)	26.27	23.11	21.2	CIPFA DOF 23 days (20)	21	20.5	20	Revenue and Benefits
FACS P1		√				PI05	Speed of processing (HB) change of circumstance (days)	15.73	16.3	14.6	CIPFA DOF 7 days (32)	13	11	9	Revenue and Benefits
FACS P1		√				PI06	Speed of processing (CTR) new claims (days)	31.25	29	26.75	CIPFA DOF 23 days (27)	26	25	24	Revenue and Benefits



Priorities	Improvement Journey Themes					Indicator Reference	Indicator Description	Actuals			Benchmark and rank 15/16	Targets			Lead Service
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17 as at Q2		17/18	18/19	19/20	
FACS P1		√				PI07	Speed of processing (CTR) changes of circumstance (days)	9.88	5.97	4.83	CIPFA DOF 8 days (8)	4.6	4.4	4.2	Revenue and Benefits
FACS P2		√				PI08	Gross cost of administration per benefit claim	£41.49	£41.42	Annual	CIPFA DOF £39.47 (14)	£40.14	£40.14	£40.14	Revenue and Benefits
FACS P2		√				CORP04	Cost of collection of council tax	£10.19	£10.43	Annual	LGBF/CIPFA DOF £10.34 (19)	£9.70	£9.70	£9.70	Revenue and Benefits
FACS P2		√				CORP07	Percentage of Council Tax collected in year	94.63 %	94.7%	85.5	LGBF 95.66% (25)	94.69 %	94.69%	94.69 %	Revenue and Benefits
FACS P2		√				PI09	Percentage of business rates collected in year	95.7%	96.2%	79%	CIPFA DOF 97.2% (25)	95.8%	96.5%	97%	Revenue and Benefits
FACS P1		√				PI10	IT Services Customer Satisfaction	5.49	5.54	5.54	SOCITM average 4.97	5.58	5.58	5.58	Information Technology

Priorities	Improvement Journey Themes					Indicator Reference	Indicator Description	Actuals			Benchmark and rank 15/16	Targets			Lead Service
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17 as at Q3		17/18	18/19	19/20	
FACS P1		√				PI11	% of Customers delighted with overall Customer Service	74%	69%	76% (mid year)		77%	77%	77%	Customer Services
FACS P1		√				PI12	% of calls answered by the Contact Centre	90.44 %	93%	89%		90%	90%	90%	Customer Services
FACS P1		√				PI13	% of self-service transactions	-	22.37%	24.77%		30%	35%	40%	Customer Services
FACS P1		√				PI14	% of customers seen within 15 minutes	78%	91%	89%		92%	92%	92%	Customer Services
FACS P1		√				PI15	EBilling for Council Tax Customers	-	330	2,525		15,000	27,000	51,000	Customer Services

Priorities	Improvement Journey Themes					Indicator Reference	Indicator Description	Actuals			Benchmark and rank 15/16	Targets			Lead Service
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17 as at Q3		17/18	18/19	19/20	
FACS P1		√				PI16	% of accuracy for Registration	98.31 %	95%	Annual		98.8%	99%	99%	Customer Services
FACS P3	√					PI17	Overall Employee Engagement Level – FACS	62.7%	65.6%	65.6%		68%	68%	70%	Organisational Development/ Performance Management
FACS P3	√					PI18	Percentage of FACS staff who received a Performance & Personal Development interview in the last 12 months	98%	95%	Annual		95%	95%	95%	FACS
FACS P3		√				PI19	Percentage of FACS staff (avg) with no sickness absence	78.5%	79.25%	79%		80%	80%	80%	FACS

Priorities	Improvement Journey Themes					Indicator Reference	Indicator Description	Actuals			Benchmark and rank 15/16	Targets			Lead Service
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17 as at Q3		17/18	18/19	19/20	
FACS P3	✓					PI20	Sickness absence days per employee (FACS) per FTE	7.1	8.19	8.33		7	7	7	FACS

## CORPORATE INDICATORS COLLECTED BY FACS

Priorities	Improvement Journey Themes					Indicator Reference	Indicator Description	Actuals			Benchmark and rank 15/16	Targets			Lead Service
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17 as at Q3		17/18	18/19	19/20	
FACS P3	✓					PI22	Number of Reportable Incidents (RIDDOR) per 100,000 employees	329.3	509	Full year Estimate 571		545	517	491	HR Operations
FACS P2		✓				CORP1	Support Services as a percentage of total gross expenditure	2.46%	2.5%	Annual	LGBF 5.04% (1)	2.5%	2.5%	2.5%	Financial Services

## Actions

Priorities	Improvement Journey Themes					Action Reference	Action Description	What success will look like	Lead Service	Linked to Risk
	People	Processes	Places	Communities	Partnerships					
FACS P2		✓				A01	Develop a new framework and reporting regime that complies with Procurement Legislation	A consistent Corporate approach that meets legislative requirements and drives an improvement plan	Corporate Procurement Unit	
FACS P2		✓				A02	Update of Procurement Manual	Documents will reflect the Procurement Reform Scotland Act and EU Regulations	Corporate Procurement Unit	
FACS P2		✓				A03	Update the Standing Orders relating to Contracts	Refreshed Standing Orders relating to Contacts which have been approved by Council	Corporate Procurement Unit	
FACS P2					✓	A04	Development of contract management	Improved stakeholder engagement including development of a procurement board	Corporate Procurement Unit	
FACS P1		✓				A05	Implement a marketing plan to channel shift council tax customers to electronic billing as part of a customer self-service	30% of council tax bills produced electronically	Customer Services	

Priorities	Improvement Journey Themes					Action Reference	Action Description	What success will look like	Lead Service	Linked to Risk
	People	Processes	Places	Communities	Partnerships					
FACS P3		✓				A06	Develop a Digital Strategy	Transformational Change in the way we deliver effective and efficient online services to customers and staff	Customer Services/Information Technology	
FACS P3	✓					A07	Develop 'Staff Voice' to identify key drivers within services around employee engagement and give qualitative feedback on emerging and planned workforce issues	Increased employee engagement	Customer Services	
FACS P1		✓				A08	Provide additional support to customers to access self-service channels	Increased percentage of customers accessing services online, satisfaction levels with online services have increased	Customer Services	

Priorities	Improvement Journey Themes					Action Reference	Action Description	What success will look like	Lead Service	Linked to Risk
	People	Processes	Places	Communities	Partnerships					
FACS P1		√				A09	Increase the number of online transactions available	The top 20 online enquiries will be available as transactions and will be the channel of choice by 25% of our customers	Customer Services	
FACS P1		√				A10	Support a new complaint handling procedure for Social Care	A consistent two stage complaint handling procedure will be in place across the Council. Complaint handling times will reduce within Social Care	Customer Services	
FACS P1		√				A11	Implement the Business Support strategy	A consistent, cost effective and high quality service will be provided centrally. Efficiencies will be generated. A structured performance management system will be in place. Customer Satisfaction will be measured. Human Resource, staff engagement and customer processes will be improved	Customer Services	

Priorities	Improvement Journey Themes					Action Reference	Action Description	What success will look like	Lead Service	Linked to Risk
	People	Processes	Places	Communities	Partnerships					
FACS P1				✓		A12	Redesign service delivery in Bridgegate Customer Service Centre to increase take up of self-service	A redesigned Customer Service Centre which facilitates self-service	Customer Services	
FACS P1	✓	✓				A13	Review customer access channels, resources and Service Level Agreements to align the service with Digital Strategy	A reduction in calls and face to face enquiries and an increase in self-serve	Customer Services	
FACS P1		✓				A14	Review the content management system for the Website and Connects	Determine suitability of the current system and obtain potential future options	Customer Services	
FACS P1		✓				A15	Review the customer and staff contact management system	Determine suitability of the current system and obtain potential future options	Customer Services	
FACS P3	✓					A16	Extend roll out of HR21 Employee/Manager Self Service	Employees and managers will be able to access information securely and self-serve for a range of transactions generating savings across the Council and improving staff engagement	Employment Services	




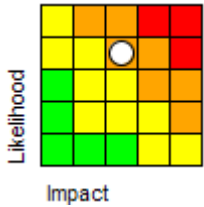
Priorities	Improvement Journey Themes					Action Reference	Action Description	What success will look like	Lead Service	Linked to Risk
	People	Processes	Places	Communities	Partnerships					
FACS P3	√					A17	Provide a variety of interventions that make North Ayrshire Council a great place to work	Low absence, low turnover, increased engagement. Supporting North Ayrshire Council as an Employer of Choice	Organisational Development	People and Transformation
FACS P3	√					A18	Promote and monitor the implementation of the revised Health Safety and Wellbeing Policy	The refreshed policy will be embedded ensuring clear governance arrangements which support ownership of Health, Safety and Wellbeing across the Council	HR Operations	
FACS P3	√					A19	Implement the actions from the Council wide stress management survey	A reduction in stress factors which will allow managers to minimise stress in the workforce	HR Operations	People and Transformation
FACS P3	√					A20	Develop and assess the options for Workforce Change and Redeployment	Effective Workforce planning across all Services	HR Operations/ Employment Services	
FACS P2		√				A21	Refresh the long term resources strategy to cover 2017/18 to 2026/27	Provide visibility of the financial challenge and allow the Council to proactively develop longer term mitigation strategies	Financial Services	Financial Environment

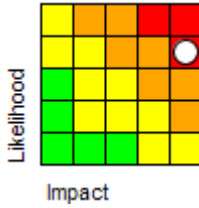
Priorities	Change Journey Themes					Action Reference	Action Description	What success will look like	Lead Service	Linked to Risk
	People	Processes	Places	Communities	Partnerships					
FACS P2		√				A22	Rollout and embed the new financial management system (FMS)	Provision of robust, timely management information to support effective financial management and control to support decision making processes	Financial Services	Financial Environment
FACS P2				√		A23	Further develop a Budget Engagement/Consultation process using locality planning	Improved consultation with the public around the budget setting process	Financial Services	Financial Environment
FACS P2		√				A24	Update the medium term financial plan	Production of a medium term financial plan which reflects the economic and demographic environment in which we operate support delivery of a medium term balanced budget	Financial Services	Financial Environment
FACS P2					√	A25	Introduce the Business Partnering approach for Financial Planning	A clear strategic and operational financial service which meets the needs of Services and supports more effective decision making	Financial Services	

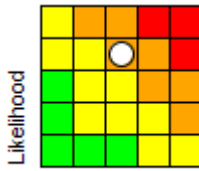
Priorities	Improvement Journey Themes					Action Reference	Action Description	What success will look like	Lead Service	Linked to Risk
	People	Processes	Places	Communities	Partnerships					
FACS P2		✓				A26	Medium term financial planning HSCP	Delivery of HSCP social care services within budget	Financial Services	Integrated Health and Social Care Partnership
FACS P3		✓				A27	Development and management of the Transformation Programme 2	The Council will continue with the Transformational Plan for Phase 2 of our change journey that will be aligned with the Council strategic priorities	Directorate / Change Team	People and Transformation

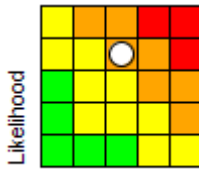
## Risks

Risk Code & Title	FACS1718 R01 Financial Environment	Current Risk Matrix
Risk	<p>The risk is that due to the anticipated continuation of austerity the Council will be required to take increasingly difficult and challenging decisions, potentially operating with increasing levels of risk and having insufficient resources to invest in core assets.</p> <p>Government funding has been reducing since 2010/11. This, together with the demographic pressures, in particular that of an ageing population, impacts on the ability of services to meet need with resources.</p> <p>The 2017/18 local government settlement represents a further reduction in funding. Planning for future years reflects further anticipated reductions in 2018/19 and 2019/20. The major external influence for 2017/18 will be the UK's progress in negotiating a smooth exit from the European Union. Negotiations are expected to start once the UK formally triggers exit in early 2017 and will last for at least two years. Uncertainty over future economic prospects will therefore remain throughout 2017/18.</p>	
Consequence	<p><b>Consequence of Risk Impacting Upon Service</b></p> <p>Less funding means that there will be a reduction in delivery of some service areas potentially resulting in higher risks for service users.</p>	Current Risk Score
Current Controls	<p>The Council continues to be proactive in responding to the financial challenge and seeks to ensure that budget decisions are taken in line with key priorities.</p> <p>Robust monitoring of the Council's revenue and capital budgets is in place. Regular reporting of financial performance within the HSCP to Cabinet.</p> <p>The Council has a long-term capital investment programme to 2025/26. The current long-term financial strategy to 2022/23 will be extended to 2026/27 during 2017/18.</p> <p>The Council has agreed a balanced budget for 2017/18 and work has already begun to identify the remaining savings for 2018/19 and 2019/20. This forward looking process supports greater financial security and stability and provides an opportunity for longer term service redesign plans to be implemented.</p>	20

Risk Code & Title	FACS1718 R02 People and Transformation	Current Risk Matrix
Risk	<p>There is an overarching corporate risk that transformation and change management activities which are core to the Council's future delivery models and long-term financial sustainability, fail to deliver and potentially disengage employees.</p> <p>The workforce context of significant organisational change, decreasing job security, increasing service demands, relative pay restraint and budget efficiencies may impact on employee engagement and the stability of employee relations which further impacts on the Council's capacity to meet service requirements and deliver key objectives.</p>	
Consequence	<p><b>Consequence of Risk Impacting Upon Service</b></p> <p>Any gaps in workforce planning and organisational development arrangements may lead to difficulties in having a workforce with the appropriate knowledge, engagement levels and skills to meet service demand and achieve desired outcomes. It will further impact on the Council's ability to continue to deliver change, meet Strategic Priorities and achieve the required efficiencies. Failure to deliver transformational change will impact on the Council's financial sustainability and its effectiveness of service delivery.</p>	Current Risk Score
Current Controls	<p>Continuing focus on implementing Organisational Development interventions through the People Strategy which supports the Council's transformation, improves effectiveness and capability as well as develops an organisational culture which fosters involvement, engagement and high performance.</p> <p>Employee Engagement Surveys monitor employee engagement levels and identify any issues or areas for improvement required. Following the 2015 survey, Directorates identified improvement actions. The next survey is due to take place in 2017 and this and future surveys will continue to monitor progress.</p> <p>The LiveWell group work to encourage staff to consider their own health and wellbeing through providing opportunities to engage in wellbeing activities. A range of programmes, events and activities are promoted to staff. Participation in wellbeing activities can have positive impacts on personal resilience, stress reduction, presenteeism and absenteeism.</p> <p>Development of a corporate, co-ordinated approach to transformational change through an agreed Transformation 2 (T2) approach. Mechanisms for consultation and engagement with Trades Unions enable open dialogue with unions and elected members on key strategic workforce issues. Key strategic organisational change issues are developed through regular leadership team conferences. Inclusion of workforce planning information within Directorate Plans. Ensuring that the Redeployment and VER programmes support service redesign and help manage workforce change.</p> <p>Clearly defined workstreams with People and Transformation and Customer and Digital Services to drive forward corporate transformation.</p>	12

Risk Code & Title	FACS1718 R03 Effective Interaction with the Integrated Health and Social Care Partnership to Ensure Financial Control and sustainability	Current Risk Matrix
<b>Risk</b>	<p>The operation of pooled budgets with Health presents a risk to the Council in terms of the potential burden of additional demographic/demand related costs and a decrease in direct financial control.</p> <p>The IJB has the responsibility for the distribution of resources to partner bodies to achieve the delivery of its strategic plan. Effective integration will deliver joined up services, focused on delivery at home or in a homely setting. Effective integration is made more difficult in a time of financial austerity when demand is rising and resources are diminishing. Differences in culture, historic structures, priorities and systems are being addressed in order for the Health and Social Care Partnership to achieve significant improvements for service users and patients.</p>	
<b>Consequence</b>	<p><b>Consequence of Risk Impacting Upon Service</b></p> <p>Growing demand for services across Health and Social Care at a time of decreasing resources creates a financial pressure for Partnerships. In order to address this, Partnerships need to focus on delivering transformational change which will deliver services in a more sustainable way and secure a shift in the balance of care from acute to the community.</p> <p>There is a risk that decisions made by the new Partnership and Integrated Joint Board (IJB) could result in negative publicity and adverse scrutiny of the authority and its partners.</p> <p>Aligned to this there is a risk that if the Partnership fails to manage its budgets effectively that the Council and Health Board may be required to provide additional funding support which could significantly impact on Partner resources.</p>	<b>Current Risk Score</b>
<b>Current Controls</b>	<p><b>Internal Controls</b></p> <p>The IJB meets monthly and monitors progress against the Strategic Plan and the Partnership financial position on a regular basis. Finance reports include projected outturns and are reviewed by Partnership Management and the IJB on a regular basis. These monitoring reports are also shared with the Directors of Finance of the Council and Health Board to ensure full transparency. These identify emerging financial issues as early as possible to enable corrective recovery actions to be put in place to address these.</p> <p>A Medium Term Financial Plan is currently being developed. This plan outlines pressures for services linked to demographic and cost increases, assumptions about future funding and the transformation programme in place to assist with service redesign. The purpose of the plan is to outline the cost implications of these for the partnership, as well as identify the opportunities to address these challenges including a shift in the balance of care from Acute to Community.</p>	20

Risk Code & Title	FACS1718 R04 Information and Cyber Security	Current Risk Matrix
<b>Risk</b>	Cyber risk is the potential for loss or harm related to technical infrastructure or the use of technology within the Council. IT Security standards aim to address cyber risk. The ICT Security Policy framework supports compliance. Failure to adopt and comply with these strategies, policies and procedures may result in a failure to adequately maintain, manage and protect the information individual services are responsible for and present risks to the computing and networking environment.	 <p>Likelihood</p> <p>Impact</p>
<b>Consequence</b>	<p>Loss of confidentiality, integrity or availability of critical and customer data. Increased risk of fines and penalties for poor management of information and technical infrastructure within the authority. Loss of IT Service or system failure Reduced ability to delivery critical services. Increased risk of successful cyber-attacks such as hacking, ransomware etc.</p> <p>Failure to meet compliance criteria, resulting in:</p> <ul style="list-style-type: none"> <li>. Reputational damage through loss of confidence by stakeholders</li> <li>. The withdrawal of access to applications hosted on the PSN, such as GROS, DWP; GCSx email</li> <li>. The withdrawal of access to applications with sharing agreements such as the CHS</li> <li>. The withdrawal of UK Government's email blueprint compliance status</li> </ul>	<b>Current Risk Score</b>
<b>Current Controls</b>	<ul style="list-style-type: none"> <li>. Access to information systems is controlled and secure; laptops have data encryption installed along with anti-virus software.</li> <li>. The Council adheres to government security standards and guidelines to access and share information securely</li> <li>. The Council pro-actively maintains the security profile of the computing and networking estate</li> <li>. Remote access is limited to Council owned and managed devices reducing any potential vector for a breach</li> <li>. The Council has a Data Protection Policy and this along with the Acceptable Computer Use Policy, ICT Security Policy and other security policies and guidelines (annual independent health check, PSN action group) forms part of the Information Governance Arrangements</li> <li>. Senior Information Risk Owners (SIROs) support the information management training framework to ensure employees and elected members are aware of their roles and responsibilities. The Council also mitigates the risk to information residing on servers through the Disaster Recovery and off-line backup processes and ongoing business continuity and disaster recovery testing.</li> </ul>	12

Risk Code & Title	FACS1718 R05 Health and Safety Environment	Current Risk Matrix
Risk	<p>Statistics show that the number of incidents within Council operations are increasing. This is also reflected in the number of Statutory reportable incidents under the Reporting of Incidents Diseases and Dangerous Occurrences Regulations (RIDDOR).</p> <p>The Council is committed to the provision of a safe work environment for its employees and service users. As an employer the Council has a moral obligation to show a duty of care to employees and 'as far as reasonably practicable' reduce the risk to employees and others.</p>	 <p>Likelihood</p> <p>Impact</p>
Consequence	<p>The related effects may include:</p> <ul style="list-style-type: none"> <li>. Personal injury/loss of capacity;</li> <li>. Legal and regulatory censure;</li> <li>. Criminal proceedings against senior management</li> <li>. Financial fines and fees for intervention from the Health and Safety Executive (new fine guidelines of up to £10m for organisations with turnover over £50m);</li> <li>. Sustained media attention and reputational damage;</li> <li>. Increased corporate risk profile including insurance costs;</li> <li>. Loss of public confidence;</li> <li>. Loss of confidence by the workforce re the operating environment.</li> </ul>	Current Risk Score
Current Controls	<p>The Council has a number of existing controls in place to help reduce the likelihood of a serious Health and Safety incident. These include:</p> <ul style="list-style-type: none"> <li>. Health and Safety Strategy, Policies and Procedures;</li> <li>. A risk assessment framework;</li> <li>. Corporate Health and Safety Team;</li> <li>. Corporate programme of 'Safety in Mind';</li> <li>. IOSH Managing Safely Course;</li> <li>. Internal briefing sessions;</li> <li>. Corporate Health and Safety group;</li> <li>. Six monthly premises specific Health and Safety inspection programme;</li> <li>. Annual Internal Audit programme;</li> <li>. Heads of Service chairing directorate planning group meetings;</li> <li>. Ongoing stakeholder engagement and support from Corporate Health and Safety.</li> </ul>	12





## **Our Improvement Journey**

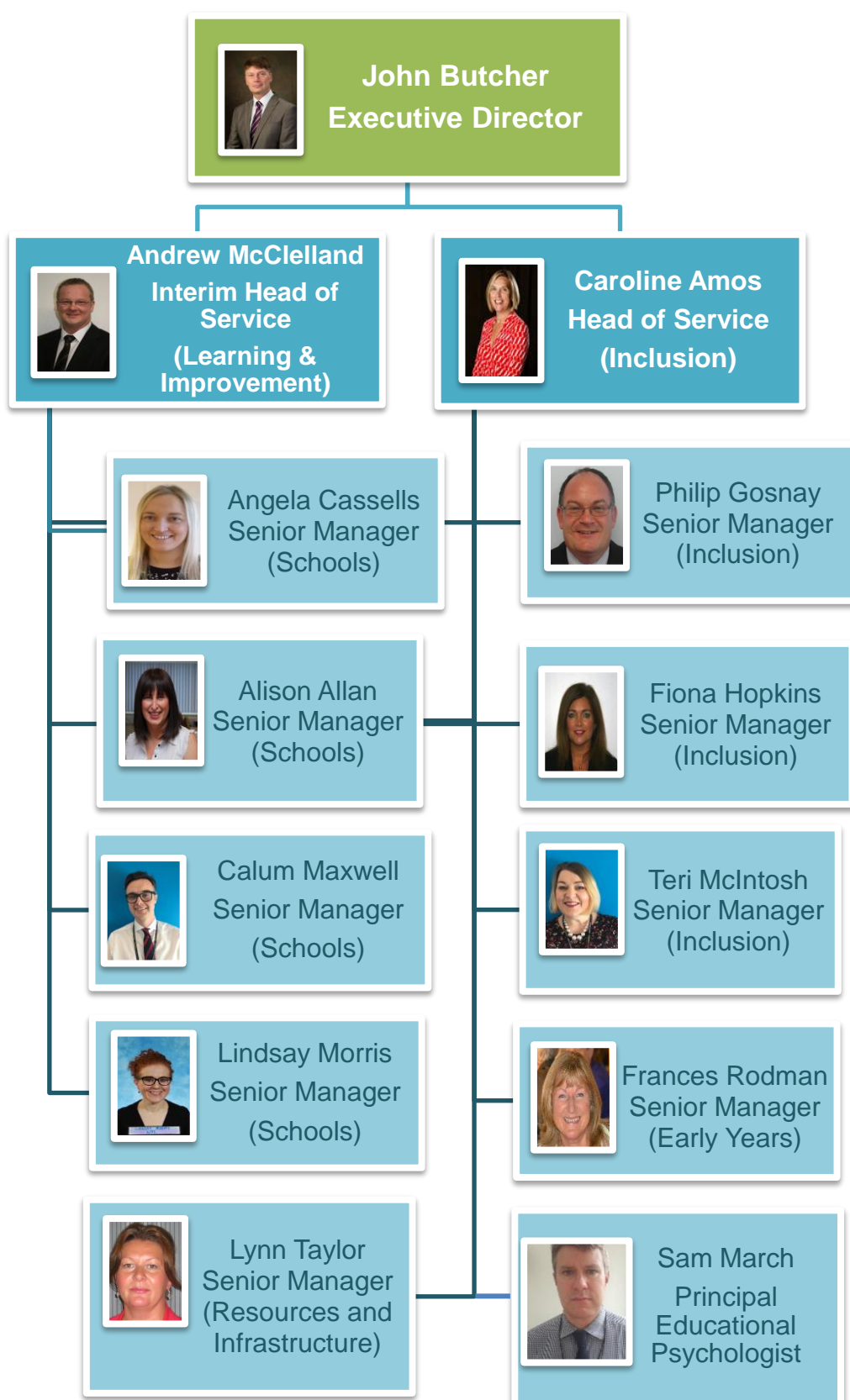
**Education and Youth Employment  
2015 – 2018**

**2017 Update**

## Contents

1.	Directorate Structure	3
2.	Our Budget and how we intend to spend it	4
3.	Foreword	5
4.	Introduction	6
4.1	Strategic Planning Framework	8
5.	What we do	9
5.1	Learning & Improvement	9
5.1.1	Purpose	9
5.1.2	Activities	10
5.2	Inclusion	10
5.2.1	Purpose	11
5.2.2	Activities	11
5.3	Key Strategies	12
6.	Context	13
6.1	Our Improvement Journey	13
6.2	Our Improvement Journey – Outcomes	15
6.3	Managing our Risks	16
6.4	Equalities	16
6.5	Equality Outcomes	16
6.6	Equality Impact Assessments	17
6.7	Workforce Planning	18
6.8	Delivery	19
7.	Appendix A. Key Risks	29

## 1. Directorate Structure

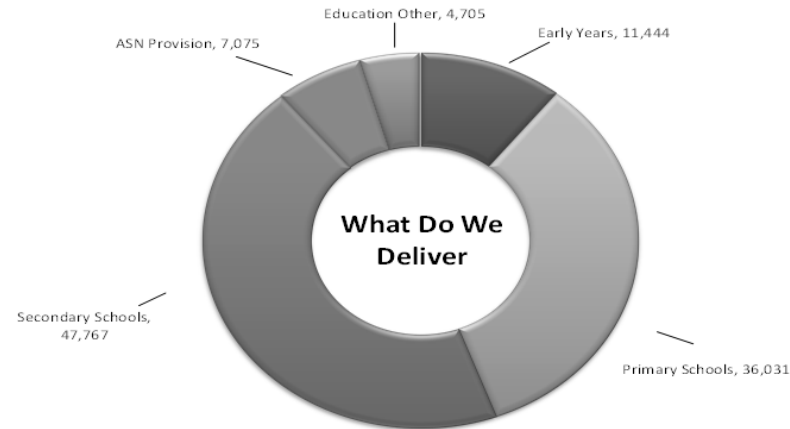


## Our budget and how we intend to spend it

£1m invested in Teachers pensions

£25m to build a new ASN school

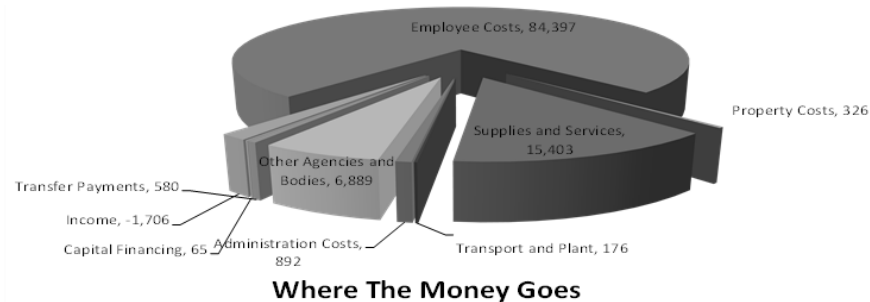
£350k annual investment modernising schools ICT



£3m towards upgrading Moorpark School

£32m towards a new school in Ardrossan

£2m for Early Years expansion at Annick PS



Education and Youth Employment provides a wide range of services for the Council. The charts above show the main services delivered and the cost of each service based on 2016/17 revenue budgets. They also show where the money goes across the main areas of spend in any one year.

Annually the Council undertakes investment in its assets and infrastructure and some of the main areas are also highlighted on this page.

The main services Education and Youth Employment deliver are :

- 1,925 children in our early years centres and 624 in private nurseries
- 10,289 primary school pupils
- 7,703 secondary school pupils
- 176 pupils attending our additional support needs schools

### 3. Foreword

Welcome to the Corporate Directorate Plan for Education and Youth Employment.

Public confidence in our education system in North Ayrshire continues to increase. We have maintained and continue to develop strategies to ensure our drive for continuous improvement across the service, with evidence showing an improved trend in educational outcomes as well as successfully increasing numbers of our school leavers progressing into a positive destination. We have continued to embed the new national curriculum and national qualifications in our schools, helping to ensure that all our young people are provided with a firm foundation for progression and access to the right qualifications.

**Further Developing the Senior Phase:** Working with partners in further and higher education, employers and third sector providers will continue to be the cornerstone of ensuring sustained positive destinations for our young people. Closing the attainment gap, giving our young people a high quality learning experience in quality learning environments will enhance opportunities for all. Our staff are our biggest asset and investment focused on developing their skills will deliver improved outcomes for our young people.

This Directorate Plan is ambitious, with the principal objective of ensuring that all children and young people in North Ayrshire have access to high quality education delivered by staff in a learning environment that will provide them with knowledge, experiences and skills to secure employment and be active and responsible citizens. We will remain focused on improving educational outcomes for all our children and young people and ensure that education continues to be the heart of our communities here in North Ayrshire.

This three year plan will be reviewed on an annual basis to ensure that the actions contained in it are still relevant and continue to drive improvement across services. Through this plan, we will support and challenge our staff to improve the quality of the service we provide and we look forward to making well-evidenced progress towards our planned outcomes over the next three years.

**John Butcher (Executive Director)**

## 4. Introduction

This Directorate Plan identifies how Education and Youth Employment will contribute to achieving the Council's vision '**to be a leading organisation defined by excellent and innovative services**'. Our Plan outlines the Directorates key priorities over the next three years and how we will support our people to deliver on these. It also provides an overview of our services, what we aim to achieve, information on our resources, our key actions and the performance indicators we will use to measure how well we are meeting the needs of the communities we serve.

This plan details our five key priorities and the associated high level actions that we will undertake to support the Council's strategic objective of 'Ensuring People have the Right Skills for Learning, Life and Work'.

### Key drivers for our services

Education and Youth Employment carries out its main functions within a legislative framework that has been established at the national level by the Scottish Government and also by strategic objectives established at the local level by the North Ayrshire Community Planning Partnership and by North Ayrshire Council. This framework includes national legislation and associated guidance such as Best Value and also local strategic objectives as outlined in the North Ayrshire Single Outcome Agreement (SOA) and the North Ayrshire Council Plan.

### Legislative Framework

The principal legislation and guidance which impacts upon the provision of education service are:

- Education (Scotland) Act 1980.
- Children and Young People (Scotland) Act 2014.
- Education (Additional Support for Learning) (Scotland) Acts 2004 and 2009.
- Standards in Scotland's Schools etc Act 2000.
- Education (School Meals) (Scotland) Act 2003.
- Scottish Schools (Parental Involvement) Act 2006.
- Schools (Health Promotion and Nutrition) (Scotland) Act 2007.

- Equality Act 2010.
- Human Rights Act 1998.
- Education (Scotland) Act 2016

We also work within the following policy initiatives:

- Curriculum for Excellence.
- Getting it Right for Every Child (GIRFEC).
- Early Years Framework.
- Early Years Collaborative.
- United National Convention on the Rights of the Child.
- National Improvement Framework
- Scottish Attainment Challenge
- Pupil Equity Fund
- Developing Scotland's Young Workforce

# Education and Youth Employment Directorate

## Strategic Outcomes 2017-2018

“Ensuring people have the right skills for learning, life and work”

## Service Priorities 2017-2018

### 1. We are reducing inequalities and delivering improved outcomes for children and young people

- Embed and extend nurturing approaches to promote inclusion across all education establishments.
- Within the framework of the corporate Fair for All and directorate inclusion strategy, ensure effective support for children and young people.
- Ensure effective implementation of Children & Young People (Scotland) Act 2014.
- Encourage and support active collaboration and engagement with parents, including family learning in partnership with other Council directorates and partners.
- Develop a range of strategies to support the mental and emotional wellbeing of our children and young people.
- Ensure we develop and deliver an effective early years' service which will provide flexible learning and a blended model of childcare provision.
- Ensure our school estate provides high quality learning environments

### 2. High quality learning and teaching is taking place in all our establishments

- Develop and implement a strategic vision for learning and teaching for all of our learners.
- Evaluate and enhance our curriculum from early level to Senior Phase.
- Support and strengthen the professional capacity of staff.
- Design and implement a framework to ensure we develop high quality leaders of learning.

### 3. Self-evaluation and performance improvement are embedded throughout our schools and central support teams

- Consolidate our approach to self-evaluation to ensure a consistency of rigour which will support continuous improvement planning in all education establishments.
- Further refine our approaches to the use of data and research to inform effective teaching and learning, including benchmarking, Teachers' Professional Judgement, national standardised assessments and 'what works' elsewhere.
- Further develop reporting of management information to inform policy and practice, and to meet the requirements of the National Improvement Framework
- Develop and implement plans to respond to employee engagement and stress surveys.

### 4. Levels of attainment and achievement are improving for all learners

- Raise attainment and achievement throughout the BGE and Senior Phase through innovative approaches to learning and teaching.
- Further develop a Senior Phase curriculum that blends different types of learning and provides a range of appropriate learning pathways leading to the achievement of qualifications and awards at all levels.
- Integrate a range of personal and wider achievement options into learning programmes to enhance the skills and qualifications of learners.
- Maintain a specific focus on reducing poverty related attainment gap and maximise learning potential of specific groups of learners including LAC.

### 5. High numbers of our young people are entering positive and sustained post-school destinations

- Strengthen partnership links and collaborative arrangements with the FE and HE sectors, employers, commerce and the third sector.
- Continue to support young people with additional support needs (ASN) to secure a sustained destination that meets their needs.
- Ensure our young people leave school with the skills employers need.
- Work towards embedding national career and work placement standards.
- Work with key partners to enable young people to participate in appropriate apprenticeship programmes for our young people.



## 5. What we do

The Education and Youth Employment Directorate provides a wide range of services across two main areas of integrated service delivery. These are 'Learning and Improvement' led by Interim Head of Service, Andrew McClelland, and 'Inclusion' led by Head of Service, Caroline Amos.

Number of Staff (FTE):	Teachers	1354	(Figures based on September 2015 Census)
	Non-Teaching	702	
	<b>Total</b>	<b>2056</b>	
Locations:	1. All Early Years Centres, Primary, Secondary and ASN schools.		
	2. Education and Youth Employment HQ, Cunninghame House.		
	3. Psychological Service, Cunninghame House		

### 5.1 Learning & Improvement

Andrew McClelland, Head of Service (Learning & Improvement), is the strategic lead for learning with overarching responsibility for school improvement, covering areas such as quality assurance and the curriculum. The Head of Service (Learning & Improvement) also has operational responsibility for around half of all schools in North Ayrshire. He is supported by five senior managers, four of whom are based within the Quality Improvement Service and they each have responsibility for a locality based school cluster in addition to carrying a specific remit across our key strategic areas. These include the Broad General Education (BGE), the Senior Phase, quality assurance, raising attainment and leadership. A further Senior Manager has responsibility for resources and infrastructure.

#### 5.1.1 Purpose

The key purpose of this part of the service is to support the successful implementation of Curriculum of Excellence, enable our children and young people to develop their capacities as successful learners and to develop our staff and improve the organisational capability of the service. The main areas of focus include learning and teaching, quality assurance and evaluation in our Primary and Secondary schools, the skills young people require to secure employment, further education, training as well as developing the professional capacity of our staff. In addition, this area of the Service also has a focus on Directorate wide planning and performance, resource management (staff, finance and the school estate) and the co-ordination of ICT and health and safety.

### 5.1.2 Activities

- Providing children and young people with high quality teaching and learning within innovative, flexible and nurturing environments.
- Ensuring the appropriate implementation of the national curriculum.
- Raising attainment and achievement so that more of our young learners are securing positive and sustainable post school destinations.
- Supporting our schools to raise standards through continuous improvement in line with national priorities and expectations.
- Reducing the educational attainment gap for children from disadvantaged groups.
- Using data and research to identify “what works” and adapting best practice to North Ayrshire context.
- Introduce and develop approaches to delivery of the National Improvement Framework.

## 5.2 Inclusion

The Head of Service (Inclusion) is the strategic lead for promoting and supporting inclusion, this covers areas such as the identification and minimising of barriers to learning and participation and the elimination of discrimination and promotion of equality. The Head of Service for Inclusion also has operational responsibility for around half of all schools in North Ayrshire. Support is provided by four senior managers each of whom has responsibility for a locality based school cluster in addition to carrying a specific remit across key areas, which include additional support needs, specialist provision, GIRFEC, Early Years Framework, parental engagement, youth employment and child protection. The Head of Service also has line management responsibility for the Principal Psychologist who has strategic responsibility for ensuring the effective planning and delivery of the full range of services provided by the Educational Psychology service.

### 5.2.1 Purpose

This area of the service has a number of key responsibilities centred on reducing inequalities and improving outcomes for vulnerable children, young people and families. These include promoting equality of educational opportunity and inclusion and supporting our young people to enter positive and sustained post school destinations. The Educational Psychology service also contributes to the identification of support needs and works in partnership with key agencies involved with children to bring about positive change. The main areas of focus include learning and teaching in our Early Years Centres, the promotion and management of inclusion and improving opportunities for young people to maximise their attainment and achievement.

### 5.2.2 Activities

The main activities of the service in 2017/18 will be:

- Establishing 'nurturing schools' so that they become a focus for tackling inequalities and improving opportunities for young people.
- Providing targeted support for vulnerable children and families.
- Ensuring full implementation of the duties in the Children and Young People Act 2014.
- Removing barriers to learning and helping children and young people access the curriculum at an appropriate level
- Supporting young people to enter positive and sustained post school destinations
- Enhancing the role of evidence based practice in education in order to reduce the poverty-related attainment gap.

## 5.3 Key Strategies

The Directorate has responsibilities across a range of strategies that set out what we want to achieve for a particular priority, outcome or targeted group, including also what we will do with our partner services and agencies to deliver on agreed outcomes. Inclusion has a shared responsibility with our key partners for the development, review and delivery of the following strategies:

Strategy Name	Key Strategy Outcome	Start Date	End Date	Review Date
North Ayrshire Early Intervention and Prevention Strategy 2013-17	■ To improve outcomes for vulnerable children from 0 to 8.	2013	2017	Annually
Youth Employment Strategy for North Ayrshire 2013 - 2020	■ Increasing youth employment to above the national average by 2020.	2013	2020	Annually
North Ayrshire Children's Services Plan 2016-2020	■ To get it right for every child in North Ayrshire, improving outcomes through the delivery of key promises.	2016	2020	Annually

## 6. Context

### 6.1 Our Improvement Journey

We believe in continual improvement and constantly look to develop what we do for the community as well as ensure that we provide value for money. To achieve this improvement, we seek information from our community about their satisfaction and encourage feedback from our staff and partner organisations. We gather information and undertake a range of audits and self-assessments by external bodies and internally. All of these are used to assist us to understand our strengths and identify areas for improvement which inform our plans.

We are changing service delivery through internal improvement by looking inside the Council and we have identified the priorities for development to support delivery of our range of services. Improving capacity in each of these areas will help us to make North Ayrshire stronger in the future.

We are on a journey of shaping the services we provide and helping our people develop so that they are able to respond to the challenging needs of the communities we serve.

Our improvement journey will also involve reshaping our finances and the way we work. We want to do that by working with the public, North Ayrshire businesses, other public bodies and of course, our staff.

The Directorate has in place a strategy to ensure it continues to improve as it aspires to move along its improvement journey. Building on a sound Framework of Quality Assurance and Improvement .It aims to ensure every establishment and officer knows where they are on that journey. Plans, which are clear and concise, provide the framework to deliver and manage improvement.

The Directorate has embraced the national challenge to reduce the poverty-related attainment gap. Attainment Challenge funds are focused on improving learning and teaching supporting wellbeing; engaging families in learning as well as ensuring our young people get the best possible start in their education journey. The Directorate is learning from 'what works' elsewhere, as well as embedding the national improvement framework.

North Ayrshire Council, Education and Youth Employment Quality Improvement Framework sets out the Directorates approach to self-assessment and evaluation in order to support establishments on their journey to excellence. The framework is centred around How Good is Our School 4(HGIOS 4), which is mapped to the EFQM model. A series of planned self-evaluation activities takes place throughout the year, where staff, pupils and senior management evaluate against national quality indicators. In addition they review their performance against authority and school priorities, producing an annual evaluative report. Success is qualified as “good”, “very good” etc. in line with HGIOS levels 1-6. All establishments are required to produce evidence to support their self-evaluation. This is validated as part of the formal Quality Improvement visits carried out three times a year. In addition two formal reviews of the performance of Secondary Schools against national and comparator data takes place. These reviews look at the attainment and achievement of the previous cohort of children, but more importantly seek to improve future results. The data is segmented, and can identify School, Department, teacher and pupil performance across all subject areas.

## 6.2 Our Improvement Journey Outcomes



The directorate will contribute to the council's Improvement Journey and aims to achieve the following outcomes:

- Vulnerable children and families in our communities are receiving appropriate targeted support.
- Levels of attainment and achievement are improving for all learners.
- The extent to which inequality and deprivation is constraining educational outcomes and life chances has been reduced.
- High numbers of our young people continue to progress into positive and sustainable post-school destinations.
- Collaborative working between schools, schools communities and community organisations is enhancing achievement and civic engagement.



- Children and young people are involved in shaping sustainable futures.
- Through Eco Schools, our young people are being empowered to take action towards an environmentally just world.
- Our school estate is being managed to encourage energy efficient practices and to reduce carbon emissions.



- Improved outcomes for all our young people are being achieved through working closely with a wide range of partners.
- Partnership working with colleges, universities and employers is enhancing opportunities for our school leavers.
- Partnership arrangements with Health and Social Care are helping to reduce inequalities for vulnerable children and families.
- More parents are actively engaged in their child's learning encouraging their intellectual and social development.



- Our approach to quality assurance and self-evaluation is facilitating improved outcomes for all learners.
- Efficient financial management is supporting the business objectives of the Directorate.
- We are securing continuous improvement in all our schools through the effective use of performance evidence.



- We are developing staff capability, capacity and leadership to support a culture of learning in our schools.
- Our 'Workforce Strategy' is ensuring that we have committed, skilled and empowered staff, enabling us to meet the priorities and outcomes to which we aspire.

### 6.3 Managing our Risks

The key risks for Education and Youth Employment are outlined in Appendix A.

### 6.4 Equalities

Education Services promotes an inclusive approach in all aspects of service delivery. We manage our staff and deliver our services to ensure no discrimination. The protected characteristics within the Equality Act (2010) are disability, gender transgender, pregnancy and maternity, race, religion or belief, gender, sexual orientation, marriage and civil partnership and age. In accordance with the Equality Act (2010), we aim to ensure that all children and young people in our authority have equal access to quality educational experiences. We work with schools, staff, partners and parents to support those pupils and staff who have a protected characteristic to ensure our services meet the needs of children and reflect the values we hold.

### 6.5 Equality Outcomes

Under the Equality Act in Scotland, North Ayrshire Council has a specific duty to produce a set of equality outcomes which are informed by engagement with different equality groups and stakeholders. Our outcomes are designed to help us achieve our vision and meet our general duty to eliminate discrimination and harassment; promote equality of opportunity and promote good relations.

Education and Youth Employment play a contributory role to all of North Ayrshire Council's Equality Outcomes with specific responsibility for delivering Outcomes 6 and 7. The actions being taken by the Directorate to support the delivery of these outcomes is highlighted in the table below.



Equality Outcomes	Actions being taken to support the delivery of Equality Outcomes
More young people are leaving schools for positive, sustained destinations	<ul style="list-style-type: none"> <li>■ Development and implementation of a strategy to reduce the extent to which inequality and deprivation constrain educational outcomes and life chances.</li> </ul>
More young people are leaving schools for positive, sustained destinations	<ul style="list-style-type: none"> <li>■ Provision of high quality education and support to narrow the outcomes gap for children from disadvantaged groups.</li> </ul>
More young people are leaving schools for positive, sustained destinations	<ul style="list-style-type: none"> <li>■ Through our Accessibility Strategy, ensure that all young people have equality of access to the curriculum.</li> </ul>
Pupils feel safer in schools	<ul style="list-style-type: none"> <li>■ Capacity building for schools Equalities Champions to enable whole school approaches to Equalities.</li> </ul>

## 6.6 Equality Impact Assessments

Education and Youth Employment is committed to fulfilling its statutory duty when developing policies and delivering our services. The Council has a framework in place for carrying out Equality Impact Assessments (EIAs) to ensure that there is no discrimination against any of the different groups (under the protected characteristics) within the community and that equality is promoted. It is important that Equality Impact Assessments are carried out in the early development stages of a new policy or procedure.

By carrying out EIAs when developing policies, we will:

- Improve the quality of services by making sure they are suitable and accessible to everyone.
- Identify any possible discrimination which may exist and means of overcoming these.
- Help to develop good practice and achieve best value.
- Promote equal opportunities and good relations between groups.

## 6.7 Workforce Planning

Education and Youth Employment is committed to ensuring it has workforce fit for the future when developing plans to deliver our services. The Council has adopted the Six Step Integrated Workforce Planning methodology:

- Step 1: Defining the plan
- Step 2: Mapping service change
- Step 3: Defining the required workforce
- Step 4: Understanding workforce availability
- Step 5: Planning to deliver the required workforce
- Step 6: Implement, monitor and refresh

This methodology provides a simple framework with a toolkit to help managers to ensure that resources are deployed in the best possible way to support the delivery of excellent and innovate services.

As part of Workforce Planning:

- we will analyse Council priorities and likely projects, and expected areas of demand and growth;
- undertake a review of structures to deal with budgetary pressures and increasing demand;
- align staffing resources and skills to ensure fit with likely areas of future demand; and ensure that training and development is targeted towards new and developing areas and expected skills gaps

## 6.8 Delivery

Details of the actions that the directorate will deliver during 2015/2018 are shown within this section, together with the associated performance indicators and risks. In line with the rest of the plan, the actions and indicators are linked to the Improvement Journey themes.

### PIs

Strategic Priorities	Themes					Indicator Description	Actuals			Benchmark	Targets		
	People	Processes	Places	Communities	Partnerships		13/14	14/15	15/16		15/16	16/17	17/18
3	✓			✓		% of leavers attaining SCQF Level 5 in Literacy	68.2%	74.1%	n/a	72.6%	69%	70%	71%
3	✓			✓		% of leavers attaining SCQF Level 5 in Numeracy	56.6%	64.9%	n/a	62.4%	59%	60%	62%
3	✓			✓		Average total tariff score of the highest 20% attainment cohort	1691	1719	n/a	1832	1748	1788	1820

Strategic Priorities	Themes					Indicator Description	Actuals			Benchmark	Targets		
	People	Processes	Places	Communities	Partnerships		13/14	14/15	15/16		15/16	16/17	17/18
3	✓			✓		Average total tariff score of the middle 60% cohort	708	756	n/a	820	802	876	898
3	✓			✓		Average total tariff score of the lowest 20% attainment cohort	161	186	n/a	168	168	189	210
3	✓			✓		Average total tariff score of pupils living in SIMD 30% most deprived areas	640	665	n/a	634	696	718	728
3	✓			✓		% of school leavers in a positive destination	94.1%	96.1%	n/a	92.3%	94.5%	94.8%	95%

Strategic Priorities	Themes					Indicator Description	Actuals			Benchmark	Targets		
	People	Processes	Places	Communities	Partnerships		13/14	14/15	15/16		15/16	16/17	17/18
3				✓	✓	% of participants (on completion of parenting programmes) who report a positive impact.	N/A	N/A	Available March 2016	n/a	80%	82%	85%
Enabler	✓					% of non-teaching staff who have had a PPD in the last twelve months.	92.5%	85%	Available March 2016		98%	98%	98%
Enabler	✓					% of teaching staff who have had a PRD in the last twelve months.		95%	Available March 2016		98%	98%	98%
Enabler	✓					Employee Engagement Level.		65.6%	70.5%	69.6%	72%	73%	74%

## Actions

Strategic Priorities	Themes					Action Description	What success will look like	Head of Service	Linked to Risk
	People	Processes	Places	Communities	Partnerships				
3				✓		Embed and extend nurturing approaches to promote inclusion across all education establishments.	All our children and young people are receiving the highest standards of teaching and learning caring, supportive and nurturing learning environments.	Caroline Amos	1,4,5
3				✓		Within the framework of the corporate Fair for All and directorate inclusion strategy, ensure effective support for children and young families.	All our children and young people are aspiring to achieve their full potential, giving them the basis to achieve their full potential.	Caroline Amos	1,4,5
3				✓	✓	Ensure effective implementation of Children and Young People (Scotland) Act 2014.	As part of a shared approach with partners, the service is supporting wellbeing effectively, meeting the needs of vulnerable children and young people, facilitating them to reach their full potential.	Caroline Amos	1,4,5
3				✓	✓	Encourage and support active collaboration and engagement with parents, including family learning in partnership with other Council directorates and partners	Our schools are building stronger links with parents and are effective in supporting parental engagement and family learning.	Caroline Amos	1,2

Strategic Priorities	Themes					Action Description	What success will look like	Head of Service	Linked to Risk
	People	Processes	Places	Communities	Partnerships				
3				✓	✓	Develop a range of strategies to support the mental and emotional wellbeing of our children and young people.	Our schools are effectively promoting the (mental) health and wellbeing of children and young people and of all those in the educational communities to which they belong.	Caroline Amos	1,4
3	✓			✓	✓	Ensure we develop and deliver an effective early years' service	The service will provide flexible learning and blended model of childcare provision in high quality learning environments.	Caroline Amos	1,2,3,5,6
3	✓					Develop and implement a strategic vision for learning and teaching for all our learners.	Our staff share the clear vision for high quality learning and teaching and use it to underpin their practice.	Andrew McClelland	2,6
3		✓		✓	✓	Evaluate and enhance our curriculum from early level to Senior Phase.	Our curriculum is innovative and creative and provides a range of learning pathways to meet the needs and aspirations of all our learners	Caroline Amos / Andrew McClelland	1,2,5,6
3	✓					Support and strengthen the professional capacity of staff.	Our school leaders are improving teaching and learning through their influence on staff, pupil motivation and commitment.	Andrew McClelland	6

3	✓					Design and implement a framework to ensure we develop high quality leaders of learning.	Our schools and early years centres are well led. Distributive leadership is evident and staff are leaders of learning in their classrooms, leading to improved outcomes for children and young people.	Andrew McClelland	6
3		✓				Consolidate our approach to self-evaluation to ensure a consistency of rigour which will support continuous improvement planning in all education establishments.	Our schools have robust systems in place for monitoring and evaluation which is providing clear evidence on what works well, and what can be improved further.	Andrew McClelland	6
3		✓				Further refine our approaches to the use of data and research to inform effective teaching and learning, including benchmarking, Teachers' Professional Judgement, national standardised assessments and 'what works' elsewhere.	Performance information and research is being widely used to inform improvements in quality of teaching and learning , and to enhance pupil outcomes	Andrew McClelland	6

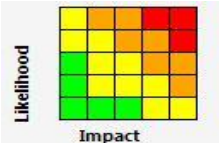



Strategic Priorities	Themes					Action Description	What success will look like	Head of Service	Linked to Risk
	People	Processes	Places	Communities	Partnerships				
3		✓				Further develop reporting of management information, to inform policy and practice, and to meet the requirements of the National Improvement Framework.	Robust information is being reported to relevant stakeholders in line with National Improvement Framework.	Andrew McClelland	
3				✓		Raise attainment and achievement throughout the BGE and Senior Phase, through innovative approaches to learning and teaching.	Improved attainment and achievement.	Andrew McClelland	5
3				✓		Further develop a Senior Phase curriculum that blends different types of learning and provide a range of appropriate learning pathways leading to the achievement of qualifications and awards at all levels.	Our secondary schools are offering appropriate opportunities and advice for young people to achieve qualifications at the highest level of which they are capable.	Andrew McClelland	5

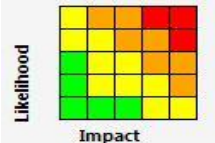

Strategic Priorities	Themes					Action Description	What success will look like	Head of Service	Linked to Risk
	People	Processes	Places	Communities	Partnerships				
3	✓			✓		Integrate a range of personal and wider achievement options into learning programmes to enhance the skills and qualifications of all learners.	Children and young people have opportunities to participate and achieve in a wider range of activities.	Andrew McClelland	
	✓	✓		✓	✓	Maintain a specific focus on reducing the poverty-related attainment gap and maximise the learning potential of specific groups of learners, including LAC.	Improved attainment for all and measurable reduction in poverty-related attainment gap.	Andrew McClelland	5
3				✓	✓	Strengthen partnership links and collaborative arrangements with the FE and HE sectors, employers, commerce and the third sector.	A range of programmes are being delivered through these partnerships, enabling school leavers to secure a positive post school destination.	Andrew McClelland	1
3	✓			✓		Continue to support young people with additional support needs (ASN) to secure a sustained destination that meets their needs.	Young people with additional support needs are consistently progressing to positive and sustained destinations.	Caroline Amos	5

3	✓				✓	Ensure young people leave school with the skills employers need.	Improved attainment, better participation measure statistics and improved feedback from employers.	Andrew McClelland	1,2
3		✓				Work towards embedding national career and work placement standards.	Curricular programmes and plans will integrate employment themes throughout primary and secondary schools.	Andrew McClelland	
3	✓				✓	Work with key partners to enable young people to participate in appropriate apprenticeship programmes for our young people.	Improved range and uptake of apprenticeship opportunities.	Andrew McClelland	1,6

Strategic Priorities	Themes					Action Description	What success will look like	Head of Service	Linked to Risk
	People	Processes	Places	Communities	Partnerships				
Enabler	✓			✓		Develop and implement plans to respond to employee engagement and stress surveys.	Employee engagement continues to improve and there is a positive impact on the reduction in reported stress levels.	Andrew McClelland/ Caroline Amos	
Enabler			✓			Manage and deliver the modernisation of the school estate to improve the environment that supports the learning and teaching for children and young people.	The school estate is fit for the 21 <sup>st</sup> Century.	Andrew McClelland	3



Risk Code & Title	E&S_1617_R01: Partnership Working				Current Risk Matrix
Risk	Many of our partners continue to experience financial and funding pressures. This has the potential to adversely impact on their ability to provide and deliver effective services in partnership with Education and Youth Employment. The delivery of the requirements of new legislation, with key partners, to ensure we ‘Get it Right for Every Child’.				
Consequence	The risk to the service relates to the service not realising the benefits achieved through effective partnership working.				Current Risk Score: 16
Current Controls	Partnership working and programmes are being delivered across communities and schools involving closer service integration across a wider range of programmes. Education and Youth Employment also continue to collaborate with a wide range of partners in the Strategic Review of Education.				
Linked Actions					
Linked Actions Code & Title	Expected Outcome	Linked Actions Progress	Linked Actions Latest Note	Due Date	Assigned To
Further strengthen and embed existing high-quality approaches to ensure to ensure that we are Getting it Right for Every Child.				31 <sup>st</sup> March 2018	Caroline Amos

Risk Code & Title	E&S_1617_R02: Stakeholder Engagement				Current Risk Matrix
Risk	Our partners and stakeholders are key to the service achieving our strategic objectives. As such the service must endeavour to inform, consult, involve and listen to all our stakeholders so that we can use feedback and information to improve the way we deliver our services and ultimately deliver our key strategic priorities and objectives.				<div><div>Likelihood</div><div>Impact</div><div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div></div></div>
Consequence	An inability to effectively consult, engage and collaborate with all of our different stakeholder groups increases the likelihood that the service will not effectively deliver on our key priorities and achieve our key objectives.				Current Risk Score: 9
Current Controls	Schools regularly consult with staff, parents, guardians and pupils as part of the school review process and responses are used to inform service improvements and to measure progress against key performance targets. The service also undertakes widespread consultation with a range of key stakeholders as part of the Service Planning process.				
Linked Actions					
Linked Actions Code & Title	Expected Outcome	Linked Actions Progress	Linked Actions Latest Note	Due Date	Assigned To
Encourage and support active collaboration and engagement with parents	<div></div>			31 <sup>st</sup> March 2018	Caroline Amos

Risk Code & Title	E&S_1516_R03: Review of the School Estate					Current Risk Matrix
Risk	North Ayrshire Council has undertaken a review of the school estate and has indicated that it will use the results of the review to ensure that our school estate is fit for purpose in terms of effectively supporting and enhancing learning and teaching for children and young people. The risk is that having raised public expectations we may not be able to deliver the improvements that meet expectations across the authority.					
Consequence	As a result of being unable to deliver improvements to the school estate the service may lose the goodwill and support of many parents. Additionally, our inability to deliver improvements will see a continuation in the physical deterioration of a number of our schools allied to the potential for poorer education and learning experiences for children and young people attending these schools. .					Current Risk Score: 16
Current Controls	A key strand of the current ‘Strategic Review of Education’ is centred on provision of a school estate that is fit for the 21 <sup>st</sup> century. Effective governance to deliver the new capital plan.					
Linked Actions						
Linked Actions Code & Title	Expected Outcome	Linked Actions Progress	Linked Actions Latest Note	Due Date	Assigned To	
Manage and deliver the modernisation of the school estate to improve the environment that supports learning and teaching for children and young people.				31 <sup>st</sup> March 2018	Andrew McClelland	

<b>Risk Code &amp; Title</b>	<b>E&amp;S_1516_R04: Children and Young People Act 2014</b>				<b>Current Risk Matrix</b>
<b>Risk</b>	The Children & Young People (Scotland) Act 2014 became law on the 27th of March, 2014 and contains a number of changes to how children and young people in Scotland will be cared for. These changes will come into force in Scotland over the next two to three years and will have significant implications for the service.				<div><div>Likelihood</div><div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div></div>
<b>Consequence</b>	If the service fails to deliver the duties stipulated in the Act we will be unable to offer enhanced opportunities and support for children and young people and increased levels of flexibility to support the needs of parents.				<b>Current Risk Score: 12</b>
<b>Current Controls</b>	Education and Skills have developed proposals to support the implementation of 600 hours Early Learning and Childcare for 3-5 year olds and entitled 2 year olds as an aspect of the Children and Young People (Scotland) Bill. This will allow delivery of 600 hours ELC in North Ayrshire within the associated time frame. The service is also working closely with PMI to examine likely requirements for extensions/renovations to early years establishments and continues to train and recruit child minders and day carers. The service is working with partners to ensure that effective assessment, planning and a named person service is in place for August 2016.				
<b>Linked Actions</b>					
<b>Linked Actions Code &amp; Title</b>	<b>Expected Outcome</b>	<b>Linked Actions Progress</b>	<b>Linked Actions Latest Note</b>	<b>Due Date</b>	<b>Assigned To</b>
Within the framework of the inclusion strategy, ensure effective support for children and young families.	<div><div></div></div>			31 <sup>st</sup> March 2018	Caroline Amos



Risk Code & Title	E&S_1516_R05: Reducing Attainment Gap				Current Risk Matrix
Risk	The service is committed to addressing the educational attainment gap on the basis that educational outcomes are a strong determinant of later life chances. By giving our young people the best skills for life, learning and work, a route will be provided through which we can aim to improve social mobility, reduce poverty and enable our young people and communities to reach their potential.				
Consequence	If we are not successful in reducing the educational attainment gap for young people who reside in North Ayrshire’s more deprived areas, they will continue to experience limited opportunities to secure a positive post-school destination and limited expectations of their life chances.				Current Risk Score: 12
Current Controls	The service continues to provide high quality education and support to narrow the outcomes gap for children from disadvantaged groups.				
Linked Actions					
Linked Actions Code & Title	Expected Outcome	Linked Actions Progress	Linked Actions Latest Note	Due Date	Assigned To
Levels of attainment and achievement are improving for all learners.				31 <sup>st</sup> March 2018	Andrew McClelland

Risk Code & Title	E&S_1516_R06: Leadership Development				Current Risk Matrix
Risk	As part of our approach to ensuring high quality learning and teaching is taking place in our schools, the service is supporting leadership development for education practitioners in North Ayrshire. The key risk is that we fail to develop effective leaders for our schools and that teachers in leadership roles will not be as effective in leading their teams, initiating and managing change effectively and in developing leadership capacity in others (school leadership).				<div><div>Likelihood</div><div><div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div></div></div>
Consequence	We have only limited success in ensuring high quality teaching and learning is taking place in our schools and the professional capacity of our teachers is not being fully realised.				Current Risk Score: 9
Current Controls	We are providing a range of accredited training opportunities aimed at developing school leaders as agents of transformational change. We are delivering high quality CPD via the Learning Academy.				
Linked Actions					
Linked Actions Code & Title	Expected Outcome	Linked Actions Progress	Linked Actions Latest Note	Due Date	Assigned To
Support and strengthen the professional capacity of staff.	<div><div></div></div>			31 <sup>st</sup> March 2018	Andrew McClelland



**Economy and  
Communities  
Directorate Plan  
2015/18  
2017 Update**

**For more information contact:**

**Karen Yeomans, Executive Director**

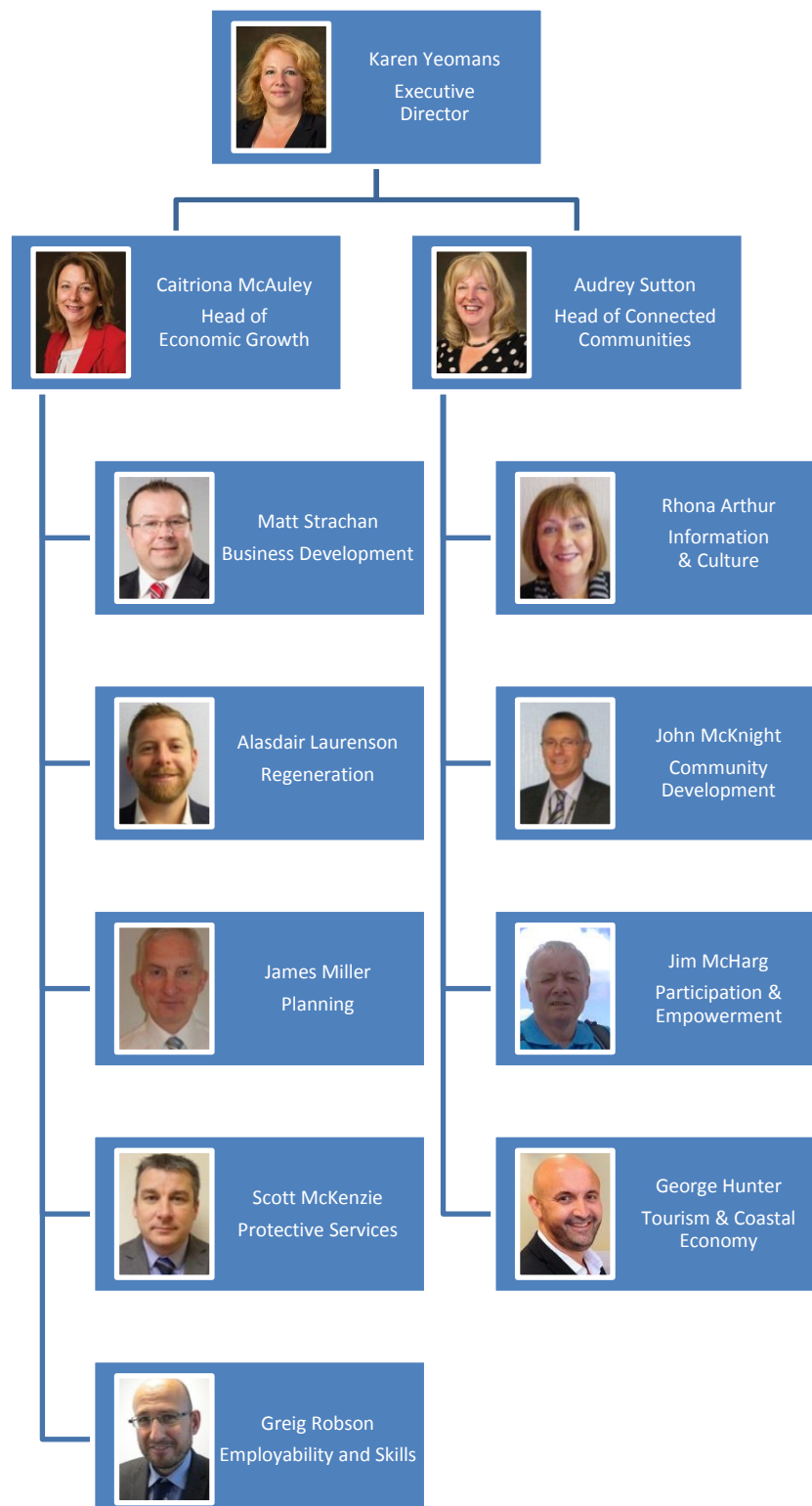
**[KarenYeomans@North-Ayrshire.gov.uk](mailto:KarenYeomans@North-Ayrshire.gov.uk)**

**01294 324030**

## Contents

1	Directorate Structure .....	3
2	Foreword .....	4
3	Our budget and how we intend to spend it.....	6
4	Key drivers for our services.....	7
5	What we do .....	13
5.1	Economic Growth.....	13
5.1.1	Purpose .....	14
5.1.2	Activities .....	15
5.1.3	Strategies .....	17
5.2	Connected Communities.....	20
5.2.1	Purpose .....	21
5.2.2	Activities .....	21
5.2.3	Strategies .....	24
6	Context.....	27
6.1	Managing our Risks .....	27
6.2	Equalities .....	27
6.2.1	Equality Impact Assessments.....	29
6.3	Workforce Planning.....	30
6.4	Our Improvement Journey.....	30
7	Delivery .....	34
7.1	Performance Indicators .....	35
7.2	Actions .....	46
8	Risk Appendix .....	59

## 1 Directorate Structure



## 2 Foreword

### **Welcome to the Economy & Communities Directorate Plan 2015/18 2017 Update**

Economy and Communities is an ambitious and exciting directorate pivotal as North Ayrshire is building its reputation as the fastest growing economic area in Scotland and is nationally recognised for the excellence of its locality planning approach.

Importantly, Economy and Communities recognises and shares the Community Planning Partnership's (CPP) overarching themes, which shape how we go about our business. Early intervention and prevention, community empowerment and increasing equity are at the heart of everything we do.

North Ayrshire Council with East and South Ayrshire Councils is a Pathfinder for Regional Partnerships, as part of the Scottish Government Ministerial led Enterprise and Skills Review. The outcome of this could have a major impact on how we deliver economic development services across Ayrshire in the future.

Our first key focus is on securing the Ayrshire Growth Deal with East and South Ayrshire Councils to further develop and build on the success of the area's key industries – including Aerospace and Space, Life Sciences and Manufacturing – while providing the infrastructure and support to make our businesses even more innovative and international in their outlook. At the centre of our marine tourism proposals proposal is a Coastal Corridor which will include development at Irvine Harbourside and the Ardeer Peninsula and a Maritime Quarter at Ardrossan Harbour.

We are working with the Economic Development and Regeneration (EDR) Board on implementing our refreshed EDR Strategy. The sector leading Team North Ayrshire's partnership approach is key to ensuring we are offering the best business support. Our International Strategy is supporting our businesses to access international markets and striving to attract global businesses. Our new Social Enterprise Strategy has been launched, we have a new Steering Group and the resources are now secured that will boost delivery this year.

We are passionate about inclusive growth, where all sections of our community can benefit from economic growth. We will conclude our work with Scottish Government on the Inclusive Growth Diagnostic and start to work with East and South Ayrshire Councils on rolling this out. We will develop a Poverty Challenge Fund and make a significant contribution to the development of the pledges as set out in the Community Planning Partnerships new equality strategy, Fair for All.

We continue to deliver first class services across the directorate. Phase 1 of Quarry Road is underway and future phases are planned for this year. We have just agreed our Main Issues Report as part of our preparation of the Local Development Plan 2. We will publish our proposed plan this year.

Our second key focus is Community Empowerment through our partnership working with communities. This can be seen in the CPP and Cabinet support for our-Locality Partnerships. New investment announced in the 2017/18 budget will see substantial activity to develop a Poverty Challenge Fund and a Community Food Plan. Our inspiring community and youth participatory budgeting events have secured further funds. A £3.1m Community Investment Fund and new Community Empowerment Unit will ensure that our communities are fully involved with decisions on their futures. They now have opportunities to be equal partners in identifying local priorities.

With our industry partners we are co-designing a sustainable marine tourism through our Coastal Corridor initiative. Our coastline, leisure and heritage is outstanding and we believe we have the potential to rival world marine tourism leaders and provide opportunities for the benefit of residents and visitors.

Finally we are thrilled to welcome the unique opportunity for our tourism sector as Dundonald Links hosts both the Aberdeen Asset Management's Scottish Open Golf and Ladies Scottish Open Golf in 2017.

We're excited by the progress we've making on key priorities and very much looking forward to working with our partners in business, communities and across the Council to deliver these.



**Karen Yeomans**  
**Executive Director**

### 3 Our budget and how we intend to spend it

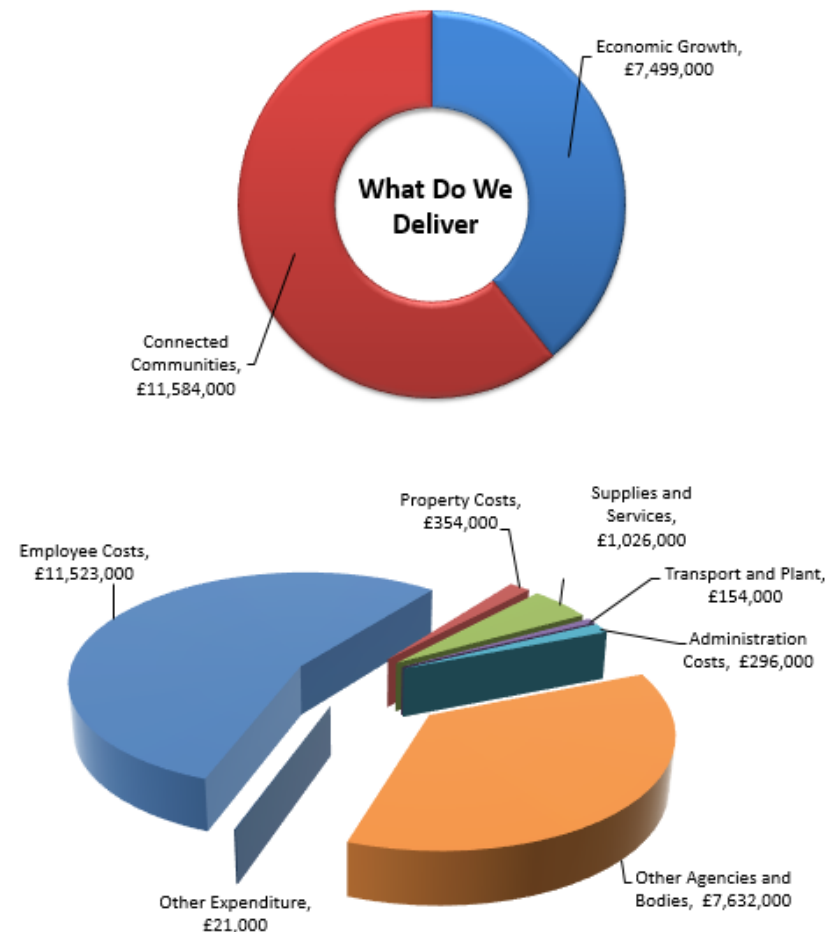
£3.1m  
Community  
Investment  
Fund

£1.95m for  
cycling, walking  
and Access Path  
Network

£4m investment  
in the Irvine  
Enterprise Area

Economy and Communities provides a wide range of services for the Council. The charts above show the main services delivered and the cost of each service based on 2016/17 revenue budgets totalling £22.464M. They also show where the money goes across the main areas of spend in any one year.

Annually the Council undertakes investment in its assets and infrastructure and some of the main areas are also highlighted on this page.



£10m towards  
the Ayrshire  
Growth Deal

£848k Poverty  
Challenge Fund

£5.15m  
planned on  
town centre  
regeneration

In 2017/18 we plan to:

- Provide tailored business support to 255 local businesses and help local businesses create 333 jobs
- Create Community Empowerment Unit
- Recruit 105 Modern Apprentices
- Support 500 community groups
- Complete 1600 Environmental Health visits/inspections
- Issue between 1500 and 1600 building warrantes
- Contact almost 1100 businesses regarding Trading Standards



## 4 Key drivers for our services

There are a number of factors and legislation which directly influence the work carried out by the directorate on a day to day basis. The strategic drivers which influence the work of the directorate are wide ranging but in the main relate to tackling our significant issues of unemployment and inequality through a range of measures- see Section 7 for further details. The Community Empowerment (Scotland) Act 2015, has significant implications for the governance and operation of CPPs and the role played in local government by communities.

The uncertainty in relation to the national economy and how this will affect North Ayrshire has an impact in terms of resourcing and statutory income generation mainly relating to the construction industry. The poor economy also encourages an influx of less expensive, sub-standard goods and services which has an impact on the council's Trading Standards service in relation capacity and resources.

The following legislation is likely to have an impact on service delivery:

- Scotland Bill
- Government Economic Strategy
- European Youth Strategy 2014-20
- Scottish Government Regeneration Strategy 2015
- European Union Financial Compliance Framework 2017
- Local Government (Scotland) Act 2003
- Community Empowerment (Scotland) Act 2015
  - Including guidance on asset transfer and participation
- Children and Young People's Bill 2014
- Land Reform (Scotland) Act 2003
- CLD Regulations 2013
- National Youth Work Strategy 2014-19
- Statement of Ambition for Adult Learning 2014-2019
- Active Scotland Outcomes and sportscotland Corporate Plan 2015-2019
- Curriculum for Excellence Implementation Plan
- The National Gaelic Language Plan 2012-17
- Invest in Youth 2015
- Developing Scotland Young Workforce

# Economy and Communities Directorate

*To be the best at what we do in Scotland*

## Strategic Outcomes 2016-19

### Healthy, Working Communities

Support 4000 jobless people with opportunities, training, education and support towards work.

### Vibrant Places

North Ayrshire is the place for families to live, visitors to enjoy and business to invest.

### Growing Business

Support new and growing business to create 1000 new jobs by April 2019

## Service Priorities 2016-2019

### Ayrshire Growth Deal

- Governance
- Business Case
- Projects:
  - Life sciences
  - Coastal Corridor
  - Connecting communities for growth

### Locality Planning

- Community Empowerment Unit
- Developing & Supporting Locality Partnerships
- Community Investment Fund
- Community Engagement & Participatory Budgeting
- Active Communities
- Community Food Plan

### Inclusive Growth

- Roll-out of Inclusive Growth pilot to other Ayrshires
- Social Economy Development
- Employability Hubs
- Employability Service
- Co-hub development
- 250 Council Apprentices
- Poverty Challenge Fund
- Digital inclusion
- Fair for All

### Service Transformation

- Regional Economic Development Pathfinder Project
- Re-shaping our Regeneration delivery
- Tourism development
  - Clyde Island Renaissance
- Team North Ayrshire
- Cultural, leisure and sports development

### Best in Class – the 2020 challenge

- Benchmarking results
- National Indicators
- Awards
- Attract, develop and support international events

### Essential Ingredients

- Staffing
- Leadership
- Financial Management
- Customer Consultation
- Stakeholder Engagement
- Communication
- External Funding

## Economy and Communities Directorate Plan 2016-19

Service Priority	PI	Action
<b>Ayrshire Growth Deal</b>	<ul style="list-style-type: none"> <li>■ Progress against actions</li> </ul>	<ul style="list-style-type: none"> <li>■ Develop the Ayrshire Growth Deal final business case</li> <li>■ Refine the Ayrshire Growth Deal projects</li> <li>■ Secure approval of Ayrshire Growth Deal with partners and UK &amp; Scottish Governments</li> <li>■ Establish and promote our Coastal Corridor launching investment projects at Irvine Harbourside and Ardeer peninsula, a Maritime Quarter at Ardrossan Harbour and marine tourism strategy</li> <li>■ Develop strategic plans for the future development of sites purchased from IBRC.</li> <li>■ Complete construction of commercial development within strategic investment sites and attract new business and jobs to these sites.</li> </ul>
<b>Locality Planning</b>	<ul style="list-style-type: none"> <li>■ The number of agreed and active local and neighbourhood plans agreed by communities</li> <li>■ The number of community management and ownership initiatives</li> <li>■ The number of people who are accessing the opportunities and support they need in their local area</li> </ul>	<ul style="list-style-type: none"> <li>■ Establish a Community Empowerment Unit</li> <li>■ Develop and embed the 6 Locality Partnerships</li> <li>■ Co-produce and commence implementation of 6 Locality Plans</li> <li>■ Align Local Development Plan and Locality Planning processes</li> <li>■ Co-design and roll-out with Communities processes to distribute the Community Investment Fund</li> <li>■ Continue to develop Participatory Budgeting approach and support the mainstreaming of Participatory Budgeting</li> <li>■ Support and develop Community Councils</li> <li>■ Introduce a process, in line with Scottish Government guidance, for establishing participation requests</li> <li>■ Refine Community Asset Transfer procedures in line with Scottish Government guidance</li> <li>■ Develop a food strategy and community food plan for North Ayrshire.</li> </ul>

## Economy and Communities Directorate Plan 2016-19

Service Priority	PI	Action
Inclusive Growth	<ul style="list-style-type: none"> <li>■ Unemployed people participating in council funded/operated employability programmes</li> <li>■ Number of Economic Growth clients entering employment through Economic Growth sponsored initiatives</li> <li>■ Number of unemployed people registered with employability hubs</li> <li>■ Number of Modern Apprentices on North Ayrshire Council programmes at 31 March</li> <li>■ The percentage of participants accessing learning opportunities whose confidence, knowledge and skills has improved as a result</li> </ul>	<ul style="list-style-type: none"> <li>■ Roll-out of Inclusive Growth pilot to other Ayrshires, including continued development and use of Scottish Government's diagnostic tool to develop our approach to inclusive growth</li> <li>■ Continue to work through the Welfare Reform Group's three year action plan to increase equity and reduce the impact of welfare reform and poverty</li> <li>■ Commence implementation of the Lottery Financial Inclusion programme</li> <li>■ Continue to manage and develop the skills pipeline through the £5M ESF project</li> <li>■ Widen the network of employability hubs and refine the service offer for integration into pipeline</li> <li>■ Deliver the Council's Modern Apprentice programme, meet annual target for new starts and job outcomes, continue to diversify Modern Apprentice offer in North Ayrshire with additional investment</li> <li>■ Continue to build the placemaking approach, including progressing the Go Garnock charrette and deliver the Three Towns charrette</li> <li>■ Lead the implementation of new Social Enterprise Strategy and action plan</li> <li>■ Design and implement process for distributing a Poverty Challenge Fund</li> <li>■ Identify new ways of widening digital participation</li> <li>■ Support the CPP's Fair for All Strategy through the Poverty challenge Fund, new investment, financial inclusion actions and digital inclusion</li> </ul>

## Economy and Communities Directorate Plan 2016-19

Service Priority	PI	Action
Service Transformation	<ul style="list-style-type: none"> <li>■ Tourism bed nights within North Ayrshire</li> <li>■ Tourism visitor numbers</li> <li>■ Number of jobs created by business in North Ayrshire supported by Business Support and Development</li> <li>■ Number of businesses actively account managed by Business Support and Development</li> <li>■ Number of businesses receiving support from Business Support and Development</li> <li>■ Number of volunteers who are active in Connected Communities and Third Sector Interface activities</li> <li>■ Sqm of business space created</li> <li>■ Hectares of vacant/derelict land developed</li> <li>■ Number of jobs forecast through secured investment</li> <li>■ Value of investment secured for North Ayrshire</li> </ul>	<ul style="list-style-type: none"> <li>■ Develop Ayrshire Pathfinder as part of the National Review of Enterprise and Skills</li> <li>■ Deliver the URC legacy plan as agreed by the IBRC Transition Group</li> <li>■ Review the regeneration resource and plans post IBRC wind up and as part of AGD preparedness</li> <li>■ Support the transition of the ownership of URC acquired assets into management structure as agreed with the IBRC Transition Group</li> <li>■ Establish the Strategic Infrastructure Group to improve the management of future developments</li> <li>■ Develop Clyde Island Renaissance linking with the Coastal Corridor initiatives in Ayrshire Growth Deal</li> <li>■ Further develop the North Ayrshire and collaborative pan-Ayrshire tourism approach with the Ayrshire Industry Tourism Group</li> <li>■ Consolidate the Team North Ayrshire partnership to continue to build the offer in North Ayrshire as the best local authority business support in Scotland</li> <li>■ Launch Business Development's International action plan by autumn 2017 to encourage exports to international markets and attract jobs-growth with international business partners</li> <li>■ Explore the integration of cultural, leisure and sports development within arms-length organisation</li> </ul>

## Economy and Communities Directorate Plan 2016-19

Service Priority	PI	Action
<b>Best in Class</b>	<ul style="list-style-type: none"> <li>■ LGBF Cost per visit and Customer Satisfaction Levels (Libraries, Museums &amp; Galleries, Parks &amp; Open Spaces, Trading Standards &amp; Environmental Health, Leisure Services, Economic Growth) Please see section 7.1</li> <li>■ External recognition and awards</li> <li>■ Number of community groups accessing support and guidance provided by Connected Communities</li> <li>■ Number of adults accessing adult learning opportunities provided by Connected Communities</li> <li>■ Number of participants accessing Connected Communities youth programmes - Youth work</li> <li>■ Number of individuals participating in Active Schools activities</li> <li>■ % of customers satisfied with Planning Services</li> <li>■ Town centre footfall</li> </ul>	<ul style="list-style-type: none"> <li>■ Achieve our 2020 Challenge: Meet customer expectations by delivering excellent and innovative services in challenging times</li> <li>■ Nurture and support arts, sports, cultural and heritage opportunities to increase civic pride</li> <li>■ Promote healthy and active lifestyles to increase health and well-being and to develop participation in sport through the Active Communities Strategy</li> <li>■ Support and develop community capacity, empowerment and leadership, including work with young people, citizenship, participation and enterprise</li> <li>■ Continue to implement our Young People's Citizenship and Participation Strategy, including promoting Participatory Budgeting</li> <li>■ Attract, develop and support international events</li> <li>■ Promote access to the e-Development Scotland Portal for Building Standards and Planning Services</li> <li>■ Maintain performance in the decision times on planning applications</li> </ul>
<b>Essential Ingredients</b>	<ul style="list-style-type: none"> <li>■ Sickness absence days per employee (E&amp;C) per FTE</li> <li>■ Employee engagement level (E&amp;C)</li> <li>■ Leverage of external funding</li> </ul>	<ul style="list-style-type: none"> <li>■ Improve our Employee Engagement</li> <li>■ Continue to improve processes across the Directorate using the Lean Six Sigma training</li> <li>■ Complete a new North Ayrshire external funding strategy</li> <li>■ Improve customer satisfaction and stakeholder perception measures</li> </ul>

## 5 What we do

The directorate provides a wide range of services through nine integrated delivery areas led by Caitriona McAuley – Head of Economic Growth and Audrey Sutton – Head of Connected Communities, designed to deliver increased benefits to our customers through increased synergy and impact among these services.

### 5.1 Economic Growth

This service falls within the service delivery area of Caitriona McAuley – Head of Economic Growth.

Manager:	Matthew Strachan Business Development
Number of Staff (FTE):	17.2
Location:	Cunninghame House
Manager:	Alasdair Laurenson Regeneration
Number of Staff (FTE):	13
Location:	Cunninghame House
Manager:	James Miller Planning Services
Number of Staff (FTE):	15.3
Location:	Cunninghame House
Manager:	Scott McKenzie Protective Services
Number of Staff (FTE):	34.84
Location:	Cunninghame House
Manager:	Greig Robson Employability & Skills
Number of Staff (FTE):	21.68
Location:	Cunninghame House

### 5.1.1 Purpose

The Business Development Team is responsible for: designing a Business Support Offering for North Ayrshire (Team North Ayrshire); providing tailored support to business and inward investors; implementing the business focused recommendations from the ED&R Board; delivering the Business Gateway service, including leading on strategic relationships with all other Team North Ayrshire partners; developing strategy for key sectors within North Ayrshire and developing support for Social and Community Enterprises in conjunction with Connected Communities; the promotion of North Ayrshire by marketing key assets nationally and internationally through the delivery of our International strategy.

The Regeneration Team is responsible for: leading the Ayrshire Growth Deal within NAC; developing and regenerating the economy and communities of North Ayrshire by creating the conditions for new investment and employment; the promotion of physical regeneration projects; the promotion of our town centres; the development and implementation of area based regeneration plans in partnership with our communities; and, securing external funding. The team also are responsible for Active Travel and Transport Strategy, the implementation of active travel and transport investment projects and the administration of the Roads Construction Consent process.

The Planning Service is responsible for: statutory and informal advice and guidance on sustainable economic development and land use; the protection and enhancement of the natural and built environment, through the implementation and enforcement of the Planning Acts and associated legislation. The Service is also responsible for the production of the North Ayrshire Local Development Plan, Digital Strategy and Connectivity.

Protective Services is responsible for Building Standards (health, safety, welfare and convenience in and around buildings and structures; energy efficiency; enforcement in relation to dangerous buildings and the Council's Corporate Land and Property Gazetteer); Environmental Health (food safety, health & safety, pollution control, public health, port health, pest control and dog wardens); and Trading Standards (legal compliance amongst businesses for the goods and service they provide, along with animal welfare standards).

Employability and Skills provides advice, guidance and support to individuals to gain and retain employment and to support the business team to achieve their purpose of meeting business skills' needs. The Employability Team also manage the Council's Modern Apprenticeship programme, the development of a network of Employability Hubs, the Employability Skills Pipeline, the provision of socio-economic reports and leading the Council response on Welfare Reform. Most recently the team has developed the "Better off North Ayrshire" service and has secured £3M of Lottery funding to deliver new financial inclusion products.



### 5.1.2 Activities

The main activities of the service in 2017/18 will be:

#### **Business Development**

- Lead the development of Team North Ayrshire;
- Develop the International Strategy to support business access to wider markets and to assist with attracting jobs to North Ayrshire;
- Nurture innovation within North Ayrshire businesses;
- Support early stage growth;
- Social Enterprise Development;
- Deliver Business Gateway in North Ayrshire.

#### **Regeneration**

- Promote the Ayrshire Growth Deal including development of business cases for investment;
- Oversee the Irvine Bay URC wind-up and transfer of assets;
- Promote and manage the Irvine Enterprise Area;
- Establish and promote our Coastal Corridor launching investment projects at Irvine Harbourside and Ardeer peninsula, a Maritime Quarter at Ardrossan Harbour and marine tourism strategy;
- Promote the Hunterston site;
- Co-operate with Place on a partnership investment and regeneration programme;
- Develop new models for regeneration;
- Develop and implement significant physical interventions within town centres including Irvine High Street public realm, Quarry Road and the redevelopment of Brodick Harbour (phase 2);
- Deliver local regeneration projects including the Kilbirnie and Millport Conservation Area Regeneration Schemes, the North Ayrshire shopfront improvement scheme, Largs Promenade and Garrison House Masterplan;
- Implement active travel and transport projects as set out in relevant strategies
- Manage the expenditure of Vacant and Derelict Land Funding;
- Develop as business case for i3 investment area in Irvine, as one of only two agreed new projects in Scotland.

## **Planning Services**

- Manage the implementation of the Local Development Plan (LDP) and other regeneration activities through the determination of planning applications;
- Engage with Locality Planning Partnerships to improve alignment of community planning and spatial planning;
- Engage with partners to deliver the Clyde Marine Plan;
- Protect the local built and natural environment through the investigation of potential breaches of planning control;
- Process all planning application as effectively as possible to maintain the top ranking Planning Service;
- Promote the findings as set out in the main issues report as part of preparation of LDP 2 to be published in December 2017;
- Work with community planning officers to undertake a charrette for Ardrossan, Saltcoats and Stevenston, to shape LDP 2 and community action plans;
- Lead a Delivery Development corporate working group to manage the impact of future housing development on infrastructure – particularly the education estate;
- Undertake an annual audit of available housing land and maintain an effective supply of housing land;
- Implement a simplified planning zone at Montgomerie Park, Irvine to stimulate house-building activity in North Ayrshire, as part of Scottish Government pilot scheme.

## **Protective Services**

- Manage the determination of Building Warrant applications and Completion Certificates and associated site verification inspections;
- Undertake statutory inspections, sampling, complaint investigations; provide advice and interventions to protect public health and deal with pests; reduce pollution; ensure Food Safety, safeguard the hygiene of food premises and the Health & Safety welfare of workplaces;
- Provide advice and enforcement to businesses and suppliers in relation to legal compliance in a variety of sectors.

## **Employability and Skills**

- Further develop the services in Employability Hubs in Stevenston, Kilbirnie and Ardrossan and a new hub at Fullarton;
- Remove barriers to employment through contracted provision;
- Launch of “Better off North Ayrshire” financial inclusion programme;
- Support employers with recruitment incentives;
- Recruit 105 Modern Apprentices within North Ayrshire Council including five positions ring fenced for care leavers;

- Launch and delivery of a new Health Visitor/Employability programme;
- Work with partners to develop access to the Poverty Challenge Fund;
- Promote digital inclusion;
- Work with partners to deliver the CPP's Fair for All Strategy.

### 5.1.3 Strategies

The directorate has a range of strategies that set out what we want to achieve for a particular priority, outcome or targeted group within a planning period (three years) including what we will do with our partner services and agencies to deliver those outcomes. The following Services have responsibility for the development and implementation of the following strategies:

Strategy Name	Key Strategy Outcomes	Start Date	End Date	Review Date
<b>Business Development &amp; Support</b>				
International Strategy	Active FDI Location with top position within Scotland	2014/15	2018	Annual
	Greater Glasgow's back office and life sciences hub	2014/15	2020	Annual
	Increased export activity	2014/15	2018/19	Annual
Innovation Strategy	To increase innovation and R&D activity within business base	2015	Ongoing	Annual
ED&R Strategy Refresh	Development of Business Competitiveness	2016	2019	Annual
Social Enterprise Strategy	Supports the growth and development of the Social Enterprise sector in North Ayrshire	2016	2019	

Regeneration				
ED&R Strategy Refresh	Increased employment and inward investment	2016	2019	Annual
Irvine Vision	Vision for the future of Irvine and framework for community involvement/ action	2015	2025	
Vacant and Derelict Land Strategy	To secure the redevelopment or improvement of vacant and derelict land	2014		
Local Transport Strategy	To set out the strategic actions for improved transport connectivity and modal shift within North Ayrshire	2015	2020	2020
Naturally Active North Ayrshire	To provide the strategic direction and vision for outdoor access and active travel	January 2015	January 2020	January 2020

Planning				
Locality Plans	To align community plans with spatial plans	2017	Ongoing	Ongoing
Clyde Marine Plan	To provide the marine framework for future development of the Clyde Coast	2017	Ongoing	Ongoing
Local Development Plan	To provide the land use framework for future development of North Ayrshire	2014	2019	By 2019

Protective Services				
Joint Health Protection Plan	Ensure resilience in responding to public health incidents	2016	2018	
Private Water Strategy	Ensure the safety and improvement of private water supplies	2016		
Scottish Regulators Strategic Code of Practice	Achieving sustainable economic growth within the regulatory frameworks	2015		

Employability & Skills				
Developing Scotland's Young Workforce	Positive destinations and careers for young people	2013	ongoing	Annual
Welfare Reform	Support to secure employment for those affected by Welfare Reform	2013	ongoing	Quarterly
Economic Development and Regeneration Strategy Refresh	Meeting Business Needs for skills	2016	2019	Annual
Fair for All	Deliver on our Inclusive Growth Pledges including increasing female employment and opportunities for disabled people.	2016	2031	On-going

## 5.2 Connected Communities

This service falls within the service delivery area of Audrey Sutton – Head of Connected Communities.

Manager:	John McKnight Community Development
Number of Staff (FTE):	46
Location:	Cunninghame House and various locations

Manager:	Jim McHarg Community Empowerment and Participation
Number of Staff (FTE):	25
Location:	Cunninghame House and various locations

Manager:	Rhona Arthur Information and Culture
Number of Staff (FTE):	115
Location:	Cunninghame House and various locations

Manager:	George Hunter Tourism/Visitor Economy
Number of Staff (FTE):	3
Location:	Cunninghame House

### 5.2.1 Purpose

Community Development works to ensure that individuals and groups, including young people, have the rights skills and opportunities to participate fully in their communities and to develop and promote citizenship, health, sport, well-being and civic pride. This includes opportunities for volunteering and to develop leadership skills.

Community Empowerment and Participation supports the development of Community Empowerment through Locality Planning for the Community Planning Partnership, leading implementation of the Community Empowerment (Scotland) Act and the roll-out of Strategic Learning Plan. This includes opportunities for community enterprise, inclusive growth, the CPP's Fair for All Strategy and participation in local democracy and community activity.

Information and Cultural Services add value to people's lives through participation in libraries, culture and the arts, heritage and museums, community facilities such as Saltcoats Town Hall, Irvine's Townhouse, local community centres and Eglinton Country Park. This includes literacy, digital participation, children's literacies and arts as well as health and wellbeing and play. These services offer opportunities for life-enriching volunteering, digital skills, nurturing the creative industries and link strategically to employability, tourism, community and individual development and the health and wellbeing agenda.

Tourism and Coastal Economy will develop a new tourism approach which establishes a North Ayrshire focus on marine and coastal tourism opportunities while continuing to develop a pan-Ayrshire collaborative approach to marketing and promotion and major projects through the Ayrshire Growth Deal. The team supports and promotes the local tourism industry and events to develop places where people are proud to live and visit. This includes engaging with and consulting our residents and visitors to ensure services and activities are focussed on their needs.

### 5.2.2 Activities

The main activities of the service in 2017/18 will be:

#### **Community Development**

- Implement Active Communities Strategy 2016-2021 and Framework Plans;
- Align-sports development and Active Schools with KA Leisure to ensure better outcomes for schools and communities;
- Develop Community Sport Hubs;
- Refresh the Sports Facilities Strategy 2016-2021;
- Contribute to raising attainment in schools through participation in physical activity, sport, dance and drama;

- Develop and deliver the key priorities for children and young people, which are youth work, participation, citizenship, outdoor education and learning, including locality youth forums and European partnerships;
- Work with the third and voluntary sector to develop service provision in partnership with our communities;
- Support for locality partnerships;
- Contribute to develop the Arran Outdoor Education Centre.

## **Community Empowerment and Participation**

- Establish a Community Empowerment Unit;
- Develop the locality approach, including participation and empowerment, which is key to ensuring that communities play a central role in placemaking, taking part in charrettes and shaping local priorities. Connected Communities will play a key role in the development of community networks to ensure full local participation in the development of locality plans;
- Support for locality partnerships and the development of locality plans;
- Co-design and roll-out with Communities processes to distribute the Community Investment Fund;
- Ongoing support for Community Councils;
- Continue to develop Participatory Budgeting and support the development of mainstreaming Participatory Budgeting so that residents have a real say in shaping services;
- Work in partnership with the third and voluntary sectors to identify more effective ways of delivering relevant services at a local level, including work with community associations;
- Deliver the Strategic Learning Plan, which includes literacy and digital participation;
- Promote, support and champion requests for Asset Transfer;
- Promote, encourage and support Participation Requests;
- Work with partners to develop access to the Poverty Challenge Fund;
- Work with partners to deliver the CPP's Fair for All Strategy.

## **Information and Culture**

- Explore the development of an arm's length approach to service delivery.
- Develop and deliver library services to support reading and literacy development, digital participation, lifelong learning and access to business community and health information, based on neighbourhood local requirements;
- Develop and deliver a cultural strategy and Place Partnership with Creative Scotland;



- Launch of Irvine Townhouse and continued development of the Portal and Saltcoats Town Hall as community venues;
- Further develop community facilities such as halls and centres;
- Manage the CARIS childcare information service for Ayrshire, children's literacies, play and parenting;
- Develop and deliver culture and the arts to widen participation and understanding and nurture networks to support local artists and creative industries;
- Develop and deliver heritage and museums with partners and to widen understanding and participation, as well as conservation and promotion;
- Develop Eglinton Country Park through a Master Plan and contribute to Local Biodiversity Action Plan outcomes; and
- Continue to implement the North Ayrshire Gaelic Language Plan.

### **Tourism and Coastal Economy**

- Further develop the North Ayrshire and collaborative pan-Ayrshire tourism approach with the Ayrshire Industry Tourism Group;
- Establish and promote our Coastal Corridor linking investment projects at Irvine Harbourside and Ardeer peninsula, a Maritime Quarter at Ardrossan Harbour and marine tourism strategy;
- Continue to promote the events strategy and forum;
- Provide support for and liaison with the major events such as the golf events at Dundonald in 2017;
- Review and implementation of the most effective approaches to service delivery to ensure support for the sector;
- Manage a programme of engagement and consultation with residents and visitors to ensure services and activities are focussed on their needs;
- Work in partnership to develop and implement the Clyde Island Renaissance.

### 5.2.3 Strategies

The directorate has a range of strategies that set out what we want to achieve for a particular priority, outcome or targeted group within a planning period (three years) including what we will do with our partner services and agencies to deliver those outcomes. The following Services have responsibility for the development and implementation of the following strategies:

Strategy Name	Key Strategy Outcomes	Start Date	End Date	Review Date
<b>Information &amp; Culture</b>				
Library Strategy	Improved library experiences; Increased customer satisfaction	2014		Annual
Cultural Strategy	Increased cultural participation locally; Improved access to information and skills for participants; Increased confidence and sense of connection to place.	Under development		
Eglinton Park Master Plan	Improve the ambition and sustainability, including infrastructure, of Eglinton Park visitor attractions	2015	2020	Annual
Play Strategy	Develop and promote play in North Ayrshire, including building the capacity of partners	2006		Annual

Community Development and Community Empowerment and Participation				
CLD Regulations 2013	<p>Ensuring communities—particularly the disadvantaged – have access to the CLD support they need;</p> <p>Strengthening co-ordination between the full range of CLD providers, ensuring that CPPs, local authorities and other providers of public services respond appropriately to the expectations set by the CLD plan.</p>	2013		
National Youth Work Strategy 2014-19	Ensuring young people have the best opportunities to participate in society	2014	2019	
Statement of Ambition for Adult Learning	Ensuring young people have the best opportunities to participate in society	2015	2019	2018
Community Empowerment (Scotland) Act and associated guidance	Communities are empowered to boost local democratic participation, increase confidence and skills among local people	2015		
North Ayrshire Community Learning and Development Plan	Improved life chances and stronger more resilient communities	Sep 2015	2018	2016

Community Asset Transfer Strategy	Building the capacity and confidence of community organisations and groups to explore the potential to undertake local management of community buildings and facilities			
North Ayrshire Active Communities Strategy 2016-2021	Opportunities – to continue to promote and provide opportunities for participation in regular physical activity and sport for the community of North Ayrshire.	2016	2021	2018
North Ayrshire Council, sportscotland Partnership Agreement 2015 - 2019	Ensuring there are more and higher quality opportunities to participate in sport	2015	2019	2017
Fair for All	Increasing equity in North Ayrshire	2016	2031	On-going

Tourism/Visitor Economy				
ED&R Strategy	Refreshed North Ayrshire approach to marine and coastal tourism	In development	Ongoing	
North Ayrshire Tourism Action Plan	North Ayrshire action plan and pan-Ayrshire collaborative approach	In development	Ongoing	
Ayrshire Growth Deal	Ayrshire marine tourism projects	In development	Ongoing	

Awakening the Giant – Marine Tourism Strategy for Scotland	Framework for marine tourism developments	2015	Ongoing	
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## 6 Context

### 6.1 Managing our Risks

We start our planning journey by assessing our risks. We use information from past performance to learn for the future. This includes information from our analysis following incidents, reviews undertaken by statutory bodies such as the Accounts Commission and feedback from the public, North Ayrshire businesses and, of course, our staff.

We also try to anticipate what will happen in the future, for example changes in legislation, the population and the economic situation.

Key risks are identified, recorded and monitored within the Council's risk register.

This plan tells you what our risks are, how we have identified them and how we intend to reduce them to help us improve the lives of North Ayrshire people and develop stronger communities.

The risks for Economy and Communities are:

- E&C-1 Economic Inequalities
- E&C-2 Partnership Working
- E&C-3 Community Empowerment and Capacity Building
- E&C-4 Arran Outdoor Education Centre

Further details can be found in appendix 8.

### 6.2 Equalities

Economy and Communities is committed to fulfilling its statutory duty when developing policies and delivering our services. The Council has a framework in place for carrying out Equality Impact Assessments (EIAs) to ensure that there is no discrimination against any of the different groups (under the protected characteristics) within the community and that equality is promoted. It is important that Equality Impact

Assessments are carried out in the early development stages of a new policy or procedure.

By carrying out EIAs when developing policies, we will:

- Improve the quality of services by making sure they are suitable and accessible to everyone.
- Identify any possible discrimination which may exist and means of overcoming these;
- Help to develop good practice and achieve best value;
- Promote equal opportunities and good relations between groups.

Equality Outcomes	Actions being taken to support the delivery of Equality Outcomes
1. In Ayrshire people experience safe and inclusive communities	<ul style="list-style-type: none"> <li>■ Help raise awareness and reduce the incidence of hate crime through partnership activities with Police Scotland</li> <li>■ Support the Place directorate in implementing the Violence Against Women Strategy</li> <li>■ Support the CPP's Fair for All Strategy through the Poverty Challenge Fund, new investment, financial actions and digital inclusion</li> </ul>
2. In Ayrshire people have equal opportunity to access and shape our public services	<ul style="list-style-type: none"> <li>■ Establish a Community Empowerment Unit</li> <li>■ Develop and embed the 6 Locality Partnerships</li> <li>■ Co-produce and commence implementation of 6 Locality Plans</li> <li>■ Align Local Development Plan and Locality Planning processes</li> <li>■ Co-design an roll-out with Communities processes to distribute the Community Investment Fund</li> <li>■ Continue to develop Participatory Budgeting approach and support the mainstreaming of Participatory Budgeting</li> <li>■ Support and develop Community Councils</li> <li>■ Introduce a process, in line with Scottish Government guidance, for establishing participation requests</li> <li>■ Refine Community Asset Transfer procedures in line with Scottish Government guidance</li> <li>■ Develop a food strategy and community food plan for North Ayrshire.</li> </ul>

Equality Outcomes	Actions being taken to support the delivery of Equality Outcomes
3. In Ayrshire people have opportunities to fulfil their potential throughout life	<ul style="list-style-type: none"> <li>■ Conduct audit of existing modern apprenticeships by protected characteristics of race, disability and gender</li> <li>■ Work with internal and external stakeholders to promote uptake across protected characteristic groups</li> <li>■ Provide English as a Second Language (ESOL) learning opportunities across North Ayrshire.</li> <li>■ Implement the Social Enterprise Strategy including developing a social impact framework</li> <li>■ Youth Services to achieve the LGBT Youth Chartermark and develop peer led programmes for LGBT in each locality across North Ayrshire.</li> </ul>
4. In Ayrshire public bodies will be inclusive and diverse employers	<ul style="list-style-type: none"> <li>■ Recruit in line with North Ayrshire Council's recruitment policy.</li> </ul>

### 6.2.1 Equality Impact Assessments

The directorate has completed Equality Impact Assessments for new or revised policies and procedures relating to:

- LGBT Charter Mark and LGBT Youth Provision
- Children and families – Literacies, Play and Health and Wellbeing
- Healthy Start
- Library Opening Hours
- Community Facilities

Between February and December 2017 the directorate will be undertaking an Equality Impact Assessment in relation to the Local Development Plan.

### 6.3 Workforce Planning

The Council is committed to ensuring it has a workforce fit for the future when developing plans to deliver our services. The Council has adopted the Six Step Integrated Workforce Planning methodology:

- Step 1: Defining the plan
- Step 2: Mapping service change
- Step 3: Defining the required workforce
- Step 4: Understanding workforce availability
- Step 5: Planning to deliver the required workforce
- Step 6: Implement, monitor and refresh

This methodology provides a simple framework with a toolkit to help managers to ensure that resources are deployed in the best possible way to support the delivery of excellent and innovate services. By undertaking Workforce Planning when developing our plans, we will ensure we have the right people with the right skills in the right place at the right time.

### 6.4 Our Improvement Journey

We believe in continual improvement and constantly look to develop what we do for the community as well as ensure that we provide value for money. To achieve this improvement we seek information from our community about their satisfaction and encourage feedback from our staff, and partner organisations.

We gather information and undertake a range of audits and self-assessments, by external bodies and internally. In November 2015 we carried out a self-assessment using an EFQM Enabler Map approach and are planning to contribute to the corporate PSIF approach in April 2017. Self-assessment, together with the Peer Review Meetings has helped to provide a systematic approach and robust assessment of the new Directorate. This has been used to assist us to understand our strengths and identify areas for improvement and inform our plans.

Our improvement journey will also involve reshaping our finances, exploring at new models for service delivery and reforming the way we work. We want to do that by working with the public, North Ayrshire businesses, and other public bodies, and, of course, our staff. We have set up an Employee Engagement Forum, with representation from across the Directorate to ensure that there is a clear, formal mechanism to gather staff ideas and views.



## Action



- Establish a Community Empowerment Unit
- Develop and embed the 6 Locality Partnerships
- Co-produce and commence implementation of 6 Locality Plans
- Align Local Development Plan and Locality Planning processes
- Co-design and roll-out with Communities processes to distribute the Community Investment Fund
- Support and develop Community Councils
- Develop a food strategy and community food plan for North Ayrshire
- Continue to work through the Welfare Reform Group's three year action plan to increase equity and reduce the impact of welfare reform and poverty
- Commence implementation of the Lottery Financial Inclusion programme
- Nurture and support arts, sports, cultural and heritage opportunities to increase civic pride
- Promote healthy and active lifestyles to increase health and well-being and to develop participation in sport through the Active Communities Strategy
- Support and develop community capacity, empowerment and leadership, including work with young people, citizenship, participation and enterprise
- Continue to implement our Young People's Citizenship and Participation Strategy, including promoting Participatory Budgeting
- Support the CPP's Fair for All Strategy through the Poverty Challenge Fund, new investment, financial inclusion actions and digital inclusion



- Develop strategic plans for the future development of sites purchased from IBRC.
- Complete construction of commercial development within strategic investment sites and attract new business and jobs to these sites.
- Continue to build the placemaking approach, including progressing the Go Garnock charrette and deliver the Three Towns charrette
- Review the regeneration resource and plans post IBRC wind up and as part of AGD preparedness
- Support the transition of the ownership of URC acquired assets into management structure as agreed with the IBRC Transition Group
- Deliver the URC legacy plan as agreed by the IBRC Transition Group
- Establish the Strategic Infrastructure Group to improve the management of future developments



- Development of Ayrshire Growth Deal final business case
- Refinement of Ayrshire Growth Deal projects
- Approval of Ayrshire Growth Deal with partners and UK & Scottish Governments
- Establish and promote our Coastal Corridor launching investment projects at Irvine Harbourside and Ardeer peninsula, a Maritime Quarter at Ardrossan Harbour and marine tourism strategy
- Continue to manage and develop the skills pipeline through the £5M ESF project
- Widen the network of employability hubs and refine the service offer for integration into pipeline
- Lead the implementation of new Social Enterprise Strategy and action plan
- Roll out Inclusive Growth pilot to other Ayrshires
- Consolidate the Team North Ayrshire partnership to continue to build the offer in North Ayrshire as the best local authority business support in Scotland
- Launch Business Development's International action plan by autumn 2017 to encourage exports to international markets and attract jobs-growth with international business partners
- Attract, develop and support international events



- Align Local Development Plan and Locality Planning processes
- Continue to develop Participatory Budgeting approach and support the mainstreaming of Participatory Budgeting
- Introduce a process, in line with Scottish Government guidance, for establishing participation requests
- Refine Community Asset Transfer procedures in line with Scottish Government guidance
- Work with Scottish Government to refine and implement the use of a diagnostic tool to develop our approach to inclusive growth
- Develop Ayrshire Pathfinder as part of the national Review of Enterprise and Skills
- Further develop the North Ayrshire and collaborative pan-Ayrshire tourism approach with the Ayrshire Industry Tourism Group
- Develop Clyde Island Renaissance linking with the Coastal Corridor initiatives in Ayrshire Growth Deal
- Promote access to the e-Development Scotland Portal for Building Standards and Planning Services
- Maintain performance in the decision times on planning applications
- Continue to improve processes across the Directorate using the Lean Six Sigma training
- Complete a new North Ayrshire external funding strategy
- Improve customer satisfaction and stakeholder perception measures



- Deliver the Council's Modern Apprentice programme, meet annual target for new starts and job outcomes, continue to diversify Modern Apprentice offer in North Ayrshire with additional investment
  - Identify new ways of widening digital participation
  - Explore the integration of cultural, leisure and sports development within arms-length organisation
  - Achieve our 2020 Challenge: Meet customer expectations by delivering excellent and innovative services in challenging times
  - Improve our Employee Engagement
-

## 7 Delivery

Details of the actions that the directorate will deliver during 2015/2018 are shown within this section, together with the associated performance indicators and risks. In line with the rest of the plan, the actions and indicators are linked to the Improvement Themes and associated areas of focus.

Directorate performance can also be measured and compared through the Local Government Benchmarking Framework (LGBF) which scrutinises areas such as cost and customer satisfaction in Libraries, Museums & Galleries, Parks & Open Spaces, Trading Standards & Environmental Health, Leisure Services, Economic Development

A further indication is external recognition and awards which are monitored and reported monthly within the corporate framework and available on the Council website.

## 7.1 Performance Indicators

Strategic Priorities	Improvement Themes					Indicator Ref	Indicator Description	Actuals			Benchmark	Targets			Lead Service
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17		16/17	17/18	18/19	
1	-	-	-	-	✓	-	(Ayrshire Growth Deal progress monitored via actions.)	-	-	-	-	-	-	-	Economic Growth
2	✓	✓	-	✓	✓	-	(Community Empowerment Unit progress monitored via actions and CC_05)	-	-	-	-	-	-	-	Connected Communities
2				✓	✓	CC_03	The number of agreed and active local and neighbourhood plans agreed by communities	n/a	16		25	28	31		Connected Communities

Strategic Priorities	Improvement Themes					Indicator Ref	Indicator Description	Actuals			Benchmark	Targets			Lead Service
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17		16/17	17/18	18/19	
1-5	✓	✓	-	✓	✓	-	(Community Investment Fund progress monitored via actions and funding distributed)	-	-	-	-	-	-	-	Connected Communities
2		✓	✓	✓	✓	CC_04	The number of community management and ownership initiatives	n/a	3		1	5	5		Connected Communities
2			✓	✓	✓	CC_05	The number of people who are accessing the opportunities and support they need in their local area	n/a	799		799	1100	1150		Connected Communities

Strategic Priorities	Improvement Themes					Indicator Ref	Indicator Description	Actuals			Benchmark	Targets			Lead Service
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17		16/17	17/18	18/19	
1					✓	SP_DE_08	Unemployed people participating in council funded/operated employability programmes	n/a	1,263			1435	1435	TBC	Economic Growth
1					✓	SP_DE_A03	Number of Economic Growth clients entering employment through Economic Growth sponsored initiatives	962	428			573	573	573	Economic Growth
1		✓			✓	EG20	Number of unemployed people registered with employability hubs	n/a	n/a			900	900	900	Economy & Communities

Strategic Priorities	Improvement Themes					Indicator Ref	Indicator Description	Actuals			Benchmark	Targets			Lead Service
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17		16/17	17/18	18/19	
1					✓	SP_FCS_P_B01	Number of modern apprentices on North Ayrshire Council programmes at 31 March	103	97			85	85	85	Economic Growth
1-5	✓	✓	-	✓	✓	-	<i>(Poverty Challenge Fund progress monitored via actions and funding distributed)</i>	-	-	-	-	-	-	-	Economic Growth and Connected Communities
3	✓			✓	✓	-	<i>(Increasing digital participation monitored via actions and CC_01)</i>	-	-	-	-	-	-	-	Economic Growth and Connected Communities
3	✓			✓	✓	-	<i>(Increasing equity monitored via delivery of Fair for All and implementation of Poverty Challenge Fund)</i>	-	-	-	-	-	-	-	Economic Growth and Connected Communities



Strategic Priorities	Improvement Themes					Indicator Ref	Indicator Description	Actuals			Benchmark	Targets			Lead Service
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17		16/17	17/18	18/19	
3				✓		CC_01	The percentage of participants accessing learning opportunities whose confidence, knowledge and skills has improved as a result	n/a	96.5%			95%	95%	96%	Connected Communities
1,2			✓	✓	✓	EG_13	Tourism bed nights within North Ayrshire	n/a	496,000		496k	489,600			Connected Communities
1,2			✓	✓	✓	SOA_WNA_15	Tourism visitor numbers	1,623,600	1,661,870			1,171,333			Connected Communities
1		✓			✓	EG21	Number of jobs created by business in North Ayrshire supported by Business Support and Development	n/a	n/a			333	333	333	Economic Growth

Strategic Priorities	Improvement Themes					Indicator Ref	Indicator Description	Actuals			Benchmark	Targets			Lead Service
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17		16/17	17/18	18/19	
1		✓			✓	EG22	Number of businesses actively account managed by Business Support and Development	n/a	n/a			223	239	255	Economic Growth
1		✓			✓	EG23	Number of businesses receiving support from Business Support and Development	n/a	n/a			400	400	400	Economic Growth
2			✓	✓	✓	CC_09	Number of volunteers who are active in Connected Communities and Third Sector Interface activities	n/a	7585		7000	7000	7500		Connected Communities

Strategic Priorities	Improvement Themes					Indicator Ref	Indicator Description	Actuals			Benchmark	Targets			Lead Service
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17		16/17	17/18	18/19	
1			✓		✓	EG24	Sqm of business space created	n/a	n/a			Data Only	5000	2000	Economic Growth
1&2			✓	✓	✓	SP_DE_05	Hectares of vacant/derelict land developed	8.24	-						Economic Growth
1	✓			✓	✓	EG25	Number of jobs forecast through secured investment	n/a	n/a	n/a		n/a	Data Only	TBC	Economic Growth
Enabler		✓				EG26	Value of investment secured for North Ayrshire	n/a	n/a			Data Only	£3M	TBC	Economic Growth
1	✓		✓	✓		SOL_C&L0 5b	% of adults satisfied with parks and open spaces	93%	85%			88%	88%	88%	Place / Connected Communities
1-5		✓	✓	✓	✓	SENV05a	Cost of Trading Standards per 1000 population £	£5,027	£4,936			Data Only	Data Only	Data Only	Economic Growth

Strategic Priorities	Improvement Themes					Indicator Ref	Indicator Description	Actuals			Benchmark	Targets			Lead Service
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17		16/17	17/18	18/19	
1-5		✓	✓	✓	✓	SENV05b	Cost of Environmental Health per 1,000 population £	£11,835	£13,289			Data Only	Data Only	Data Only	Economic Growth
4		✓	✓	✓	✓	SOL_C&L01	Cost per attendance at sports facilities £	£2.15	£0.75			£0.75	£0.75	£0.75	KA Leisure / Connected Communities
1, 2 & 3		✓		✓		SOL-C&L02	Cost per library visit £	£1.52	£1.47			£1.50	£1.50	£1.50	Connected Communities
2 & 3		✓		✓		SOL_C&L03	Cost per museum visit £	£0.38	£0.31			£0.35	£0.35	£0.35	Connected Communities
1, 2 & 3	✓			✓		SOL_C&L05a	% of adults satisfied with libraries	93%	92%			90%	90%	90%	Connected Communities
2 & 3	✓			✓		SOL_C&L05c	% of adults satisfied with museums and galleries	79%	77%			75%	75%	75%	Connected Communities

Strategic Priorities	Improvement Themes					Indicator Ref	Indicator Description	Actuals			Benchmark	Targets			Lead Service
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17		16/17	17/18	18/19	
4	✓			✓		SOL_C&L05d	% of adults satisfied with leisure facilities	72%	75%			80%	80%	80%	KA Leisure / Connected Communities
2		✓		✓		CC_02	Number of community groups accessing support and guidance provided by Connected Communities	n/a	588		500	500	550	550	Connected Communities
3				✓	✓	CC_08	Number of adults accessing adult learning opportunities provided by Connected Communities	n/a	63,588		60,000	37,500	43,500	43,500	Connected Communities
2				✓	✓	SP_ES_P_A13	Number of participants accessing Connected Communities youth programmes - Youth work	25,220	45,846		29,392	25,000	35,000	35,000	Connected Communities

Strategic Priorities	Improvement Themes					Indicator Ref	Indicator Description	Actuals			Benchmark	Targets			Lead Service
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17		16/17	17/18	18/19	
2, 4				✓	✓	CC_10	Number of individuals participating in Active Schools activities	n/a	n/a			140,000	154,000	161,700	Connected Communities
1	✓	✓	✓		✓	EG27	% of customers satisfied with Planning Services	n/a	n/a			50%	50%		Economic Growth
1-5			✓	✓	✓	EG_28	Town centre footfall	-	6,814,037		6.8m	6.8m	6.8m	6.8m	Connected Communities
Enabler	✓					EC_03	Sickness absence days per employee (E&C) per FTE	n/a	7.52		5.5	6.60	6.0	6.0	Economy & Communities
Enabler	✓					EC_05	Employee engagement level (E&C)	n/a	77.3%		75%	n/a	78%	79%	Economy & Communities

Strategic Priorities	Improvement Themes					Indicator Ref	Indicator Description	Actuals			Benchmark	Targets			Lead Service
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17		16/17	17/18	18/19	
Enabler	✓					EG_11	Leverage of external funding	£1.9m	£5.7m		£1.9m	£2.5m	£2.5m	£2.5m	Economy & Communities

## 7.2 Actions

Strategic Priorities	Improvement Themes					Action Reference	Action Description	What success will look like	Lead Service	Linked to Directorate Risk
	People	Processes	Places	Communities	Partnerships					
1		✓	✓		✓	E&C_17/18_A01	Develop Ayrshire Growth Deal final business case	A submitted funding application, wide range of partners, agreed governance and clear implementation plans	Economic Growth	1 & 2
1		✓	✓		✓	E&C_17/18_A02	Refine the Ayrshire Growth Deal projects	Agreed projects with a wide range of partners and clear implementation plans	Economic Growth	1 & 2
1		✓	✓		✓	E&C_17/18_A03	Secure approval of the Ayrshire Growth Deal with partners and UK & Scottish Governments	A successful funding application, wide range of partners, agreed governance and clear implementation plans	Economic Growth	1 & 2



Strategic Priorities	Improvement Themes					Action Reference	Action Description	What success will look like	Lead Service	Linked to Directorate Risk
	People	Processes	Places	Communities	Partnerships					
1		✓	✓		✓	E&C_17/18_A04	Establish and promote our Coastal Corridor launching investment projects at Irvine Harbourside and Ardeer peninsula, a Maritime Quarter at Ardrossan Harbour and marine tourism strategy	Secure future for the Arran and Campeltown ferry crossing at Ardrossan Harbour and a successful funding application to AGD	Economic Growth	1 & 2
1		✓	✓	✓		E&C_17/18_A05	Develop strategic plans for the future development of sites purchased from IBRC.	Strategic plans for future sites agreed	Economic Growth	1 & 2
1			✓		✓	E&C_17/18_A06	Complete construction of commercial development within strategic investment sites and attract new business and jobs to these sites.	New businesses established and creating jobs within strategic investments sites	Economic Growth	1 & 2

Strategic Priorities	Improvement Themes					Action Reference	Action Description	What success will look like	Lead Service	Linked to Directorate Risk
	People	Processes	Places	Communities	Partnerships					
1-5	✓	✓		✓	✓	E&C_17/18_A07	Establish a Community Empowerment Unit	New unit established	Connected Communities	3
1-5				✓	✓	E&C_17/18_A08	Develop and embed the 6 Locality Partnerships	Communities engage with Locality Partnerships and outcomes are being met	Connected Communities	3
1-5		✓		✓	✓	E&C_17/18_A09	Co-produce and commence implementation of 6 Locality Plans	Locality Plans are implemented and outcomes are being met	Connected Communities	3
1-5		✓		✓	✓	E&C_17/18_A10	Align Local Development Plan and Locality Planning processes	Processes aligned resulting in more efficient and effective working.	Economic Growth & Connected Communities	3
1-5	✓	✓		✓	✓	E&C_17/18_A11	Co-design and roll-out with Communities processes to distribute the Community Investment Fund	Community Investment Fund is established and implemented	Connected Communities	3

Strategic Priorities	Improvement Themes					Action Reference	Action Description	What success will look like	Lead Service	Linked to Directorate Risk
	People	Processes	Places	Communities	Partnerships					
2		✓		✓	✓	E&C_17/18_A12	Continue to develop Participatory Budgeting approach and support the mainstreaming of Participatory Budgeting	Participatory Budgeting is embedded within the Council and communities	Connected Communities	3
2				✓		E&C_17/18_A13	Support and develop Community Councils	Community Councils are active and engaged with the Locality approach	Connected Communities	3
2		✓		✓		E&C_17/18_A14	Introduce a process, in line with Scottish Government guidance, for establishing participation requests	Method for establishing participation requests formalised, with NAC and communities familiar with the process	Connected Communities	3
1-2		✓		✓		E&C_17/18_A15	Refine Community Asset Transfer procedures in line with Scottish Government guidance	Community Asset Transfer procedures aligned, with NAC and communities familiar with the process	Connected Communities	3

Strategic Priorities	Improvement Themes					Action Reference	Action Description	What success will look like	Lead Service	Linked to Directorate Risk
	People	Processes	Places	Communities	Partnerships					
2-4	✓			✓		E&C_17/18_A16	Develop a food strategy and community food plan for North Ayrshire.	Community and partnerships' activity towards the outcome	Connected Communities	2 & 3
2	✓	✓		✓		E&C_17/18_A17	Roll-out of Inclusive Growth pilot to other Ayrshires, including continued development and use of Scottish Government's diagnostic tool to develop our approach to inclusive growth	Inclusive growth pilot established in other Ayrshire councils using an effective diagnostic tool	Economic Growth	1
1-5	✓	✓		✓		E&C_17/18_A18	Continue to work through the Welfare Reform Group's three year action plan to increase equity and reduce the impact of welfare reform and poverty	Implementation of partnership approaches mitigating against social and economic pressure; so vulnerable individuals and communities feel supported and enabled to make choices	Economic Growth	1 & 2

Strategic Priorities	Improvement Themes					Action Reference	Action Description	What success will look like	Lead Service	Linked to Directorate Risk
	People	Processes	Places	Communities	Partnerships					
2		✓		✓		E&C_17/18_A19	Commence implementation of the Lottery Financial Inclusion programme	Implemented Financial Strategy and increasing number of clients	Economic Growth	1
1	✓	✓		✓	✓	E&C_17/18_A20	Continue to manage and develop the skills pipeline through the £5M ESF project	Increase in number of clients entering employment	Economic Growth	1 & 2
1	✓	✓	✓	✓	✓	E&C_17/18_A21	Widen the network of employability hubs and refine the service offer for integration into pipeline	Increase in number of employability hubs and number of clients utilising employability hubs	Economic Growth	1 & 2
1	✓	✓		✓	✓	E&C_17/18_A22	Deliver the Council's Modern Apprentice programme, meet annual target for new starts and job outcomes, continue to diversify Modern Apprentice offer in North Ayrshire with additional investment	Increasing diversity of Modern Apprenticeships available	Economic Growth	1 & 2

Strategic Priorities	Improvement Themes					Action Reference	Action Description	What success will look like	Lead Service	Linked to Directorate Risk
	People	Processes	Places	Communities	Partnerships					
1-3		✓	✓	✓		E&C_17/18_A23	Continue to build the placemaking approach, including progressing the Go Garnock charrette and deliver the Three Towns charrette	Active community engagement and public support	Connected Communities	1, 2 & 3
1-5		✓		✓	✓	E&C_17/18_A24	Lead the implementation of new Social Enterprise Strategy and action plan	Working with partners to deliver improved support for Social Enterprises resulting in stronger growth in this sector	Economic Growth	1 & 2
1-5	✓	✓		✓	✓	E&C_17/18_A25	Design and implement process for distributing a Poverty Challenge Fund	Community Investment Fund is established and implemented	Economic Growth and Connected Communities	3
3				✓	✓	E&C_17/18_A26	Identify new ways of widening digital participation	Increasing digital participation and skills	Economic Growth and Connected Communities	1, 2 & 3

Strategic Priorities	Improvement Themes					Action Reference	Action Description	What success will look like	Lead Service	Linked to Directorate Risk
	People	Processes	Places	Communities	Partnerships					
1-5	✓	✓	✓	✓	✓	E&C_17/18_A27	Support the CPP's Fair for All Strategy through the Poverty Challenge Fund, new investment, financial inclusion actions and digital inclusion	Increasing equity and progress in delivering Fair for All objectives	Economic Growth and Connected Communities	1, 2 & 3
1		✓				E&C_17/18_A28	Develop Ayrshire Pathfinder as part of the national Review of Enterprise and Skills	Improved skills pipeline	Economic Growth	1 & 2
1	✓	✓	✓			E&C_17/18_A29	Deliver the URC legacy plan as agreed by the IBRC Transition Group	URC legacy plan delivered	Economic Growth	1
1	✓	✓	✓			E&C_17/18_A30	Review the regeneration resource and plans post IBRC wind up and as part of AGD preparedness	An effective resource aligned to NAC requirements	Economic Growth	1

Strategic Priorities	Improvement Themes					Action Reference	Action Description	What success will look like	Lead Service	Linked to Directorate Risk
	People	Processes	Places	Communities	Partnerships					
1	✓	✓	✓			E&C_17/18_A31	Support the transition of the ownership of URC acquired assets into management structure as agreed with the IBRC Transition Group	URC acquired assets are transitioned into new management structure with effective Transfer Agreement	Economic Growth	1
1		✓	✓			E&C_17/18_A32	Establish the Strategic Infrastructure Group to improve the management of future developments	Strategic Infrastructure Group established	Economic Growth	1
1-5		✓			✓	E&C_17/18_A33	Develop Clyde Island Renaissance Group linking with the Coastal Corridor initiatives in Ayrshire Growth Deal	A clear approach and strong partnership	Connected Communities	1 & 2
1-5		✓			✓	E&C_17/18_A34	Further develop the North Ayrshire and collaborative pan-Ayrshire tourism approach with the Ayrshire Industry Tourism Group	Increase in tourism numbers and number of large events within North Ayrshire	Connected Communities	1 & 2



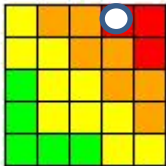
Strategic Priorities	Improvement Themes					Action Reference	Action Description	What success will look like	Lead Service	Linked to Directorate Risk
	People	Processes	Places	Communities	Partnerships					
1		✓			✓	E&C_17/18_A35	Consolidate the Team North Ayrshire partnership to continue to build the offer in North Ayrshire as the best local authority business support in Scotland	Increased number of account managed businesses and jobs created by supported businesses	Economic Growth	1 & 2
1					✓	E&C_17/18_A36	Launch Business Development's International action plan by autumn 2017 to encourage exports to international markets and attract jobs-growth with international business partners	An increase in number of businesses accessing international markets	Economic Growth	1 & 2
2,3 & 4	✓	✓		✓	✓	E&C_17/18_A37	Explore the integration of cultural, leisure and sports development within arms-length organisation	An agreed approach to the delivery of cultural, leisure and sports development services	Connected Communities	2

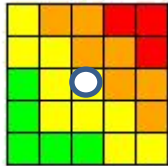
Strategic Priorities	Improvement Themes					Action Reference	Action Description	What success will look like	Lead Service	Linked to Directorate Risk
	People	Processes	Places	Communities	Partnerships					
1-5	✓	✓			✓	E&C_17/18_A38	Achieve our 2020 Challenge: Meet customer expectations by delivering excellent and innovative services in challenging times	Efficient and effective services. Top quartile performance. High customer satisfaction levels. Use of LSS to improve processes	Economic Growth & Connected Communities	1 – 4
2 & 4				✓	✓	E&C_17/18_A39	Nurture and support arts, sports, cultural and heritage opportunities to increase civic pride	Increased participation in cultural and heritage and sports, leading to higher levels of satisfaction, confidence and wellbeing	Connected Communities	2 & 3
2 & 4	✓	✓		✓		E&C_17/18_A40	Promote healthy and active lifestyles to increase health and well-being and to develop participation in sport through the Active Communities Strategy	Increased participation in cultural and heritage and sports, leading to higher levels of satisfaction, confidence and wellbeing	Connected Communities	2 & 3

Strategic Priorities	Improvement Themes					Action Reference	Action Description	What success will look like	Lead Service	Linked to Directorate Risk
	People	Processes	Places	Communities	Partnerships					
2				✓		E&C_17/18_A41	Support and develop community capacity, empowerment and leadership, including work with young people, citizenship, participation and enterprise	Increased participation in community activities	Connected Communities	2 & 3
2		✓		✓		E&C_17/18_A42	Continue to implement our Young People's Citizenship and Participation Strategy, including promoting Participatory Budgeting	Increased participation by young people	Connected Communities	2 & 3
1-5			✓	✓	✓	E&C_17/18_A43	Attract, develop and support international events	Number of events within North Ayrshire and income to North Ayrshire increases	Connected Communities	1, 2 & 3
1		✓	✓	✓		E&C_17/18_A44	Promote access to the e-Development Scotland Portal for Building Standards and Planning Services	Increased use of the e-Development portals.	Economic Growth	1, 2 & 3

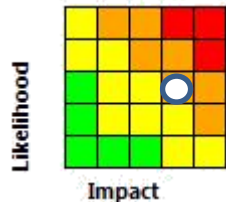
Strategic Priorities	Improvement Themes					Action Reference	Action Description	What success will look like	Lead Service	Linked to Directorate Risk
	People	Processes	Places	Communities	Partnerships					
1		✓	✓	✓		E&C_17/18_A45	Maintain performance in the decision times on planning applications	Decision times are maintained. Customer satisfaction levels are increased	Economic Growth	1, 2 & 3
Enabler	✓					E&C_17/18_A46	Improve our Employee Engagement	Reduced sickness absence. Increased levels of Employee Engagement in bi-annual survey	Economic Growth & Connected Communities	1 - 4
Enabler		✓				E&C_17/18_A47	Continue to improve processes across the Directorate using the Lean Six Sigma training	Improvements delivered from LSS and Kaizen Blitz projects	Economic Growth & Connected Communities	1 - 4
1-5		✓	✓	✓		E&C_17/18_A48	Complete a new North Ayrshire external funding strategy	Clear action plan and project delivery	Economic Growth	1, 2 & 3
Enabler	✓	✓		✓	✓	E&C_17/18_A49	Improve customer satisfaction and stakeholder perception measures	Clear action plan and project delivery	Economic Growth & Connected Communities	1 - 4

## 8 Risk Appendix

Risk Code & Title	E&C -1 Economic Inequalities	Current Risk Matrix
<b>Risk</b>	North Ayrshire has for a sustained period of time experienced a continued increase in the level of unemployment and number of residents receiving key benefits. The economic downturn makes the interventions required by the Council, to halt and reverse this trend, both more difficult and of greater importance. Proposed welfare reforms, including the roll out of Universal Credit, will exacerbate local needs placing greater demands upon Council Services at a time when budgets are under significant pressure. A focus on economic regeneration and effective targeting of resources is essential to maximise opportunity and minimise the impact of the current economic climate on our communities.	
<b>Consequence</b>	The risk is that failure to address the current challenges will result in increased levels of deprivation, failure to improve the health and wellbeing of our communities and higher demand for Council Services.	<b>Current Risk Score</b>
<b>Current Controls</b>	<p>The Council is lobbying for resources at a national level through the Ayrshire Growth Deal, and is prepared to better target local resources, in recognition of the particular challenges facing North Ayrshire. This will drive a new capital programme of investment designed to regenerate North Ayrshire towns is also being delivered. The Council has developed a strategy to tackle inequalities and is developing a Financial Strategy. Stevenston Employability Hub has opened and more Hubs are planned to support those accessing welfare benefits and seeking work. The Economic Regeneration Strategy has been refreshed to target resources to prioritised areas of development by working in partnership with other stakeholders. A new employment offer to focus on supporting residents into work led to increased focus on business development and in particular to the introduction of Team North Ayrshire which aims to make the most of partner resources across North Ayrshire and with a particular focus on Growth companies. As well as a marketing campaign to promote North Ayrshire as a place to live, work and invest. Development of a new business support offer aimed at supporting existing businesses to grow. A clear focus on targeted skills and employment provision to meet the needs of local companies is also being agreed and an International Strategy is being implemented.</p> <p>The 2017/18 budget identified a range of measures include £848k for a Poverty Challenge Fund, additional investment of £200k for Modern Apprentices, £100k for digital inclusion and £200k basic income pledge. Investment of a further £300k in financial inclusion through European funding was announced.</p>	<b>20</b>

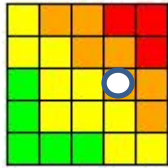
Risk Code & Title	E&C-2 Partnership Working	Current Risk Matrix
<b>Risk</b>	The risk to the service relates to the continued financial and funding pressures on partners which could be detrimental to effective partnership working.	 <p>Likelihood</p> <p>Impact</p>
<b>Consequence</b>	This could result in the authority not realising the benefits realised through effective partnership working.	<b>Current Risk Score</b>
<b>Current Controls</b>	<p>The Council has a range of partnerships and works within a complex range of governance structures to achieve its objectives and optimise the potential of partnerships. These include partnerships with highly regulated governance such as the Health and Social Care Partnership to small local groups who are beginning to form their own constitutions. Each partnership has to be assessed in the context of its strategic importance, its need, and the mix of skills and experience among its board members. This allows the Council to identify the appropriate level of seniority to represent the Council. Our partners, in the main, work very closely with Council officers and participate in regular meetings which allows us to monitor the productivity and condition of the partnership. We have developed a stakeholder engagement tool to monitor and evaluate our partnership activity. This is in the early stages of implementation.</p> <p>Economy and Communities have a number of well-established and carefully managed partnerships including our partners in the Regional Economic Development Pathfinder pilot, South and East Ayrshire Councils. The Directorate is working closely with a cross-agency partnership and colleagues at Team North Ayrshire on the Ayrshire Growth Deal, the important work to secure the future of the Arran and Campbeltown Ferry crossings at Ardrossan harbour and the future infrastructure for the harbour after that outcome is clear. Team North Ayrshire and tourism partners are working together with us to build our reputation for hosting events such as the golf events at Dundonald Links and developing our specialist sectors like food, drink and hospitality. We are launching our International strategy to support our Team North Ayrshire Partners as they seek new international markets and are striving to attract jobs from the international markets too.</p> <p>Partnership working is fundamental to the development of employability skills, in particular working with Ayrshire College, local employers and the third sector through our network of employability hubs. This partnership includes Job Centre Plus and mental health partners SAMH.</p> <p>Connected Communities has continued to work closely with a wide range of partners in all areas of work and within the Community Planning Partnership. NAC staff are sensitive to the pressures of partner organisations and intervene where advice or support can be of assistance. For example, regular contact is kept with CPP partners, Out of School Care organisations, Sport Clubs so that issues are identified and problems addressed with partnership input, where appropriate. The development of the 'Cultural Strategy' for North Ayrshire and work with Creative Scotland continues to develop the 'Place Partnership' which will deliver funding and strong cultural networks for the creative industries in North</p>	9

	<p>Ayrshire. Joint planning with providers of community based adult learning programmes is embedded at all levels and learners have a clear understanding of what's available in North Ayrshire branded learning centres.</p> <p>An announcement was included in the 2017/18 budget of £150k to increase equity through the objectives of the CPP's Fair for All Strategy. The Economy and Communities team will be supporting the mainstreaming of participatory budgeting approaches by other services in the Council and Health and Social care partners in 2017/18.</p>	
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Risk Code & Title	E&C-3 Community Empowerment and Capacity Building	Current Risk Matrix
<b>Risk</b>	<p>The risk facing the authority is that the community benefits expected from the implementation of the Community Empowerment Act will not be developed as expected.</p> <p>Varying levels of support are required to empower community groups and organisations across the authority to achieve their aspirations. This support is being identified and resourced within the Council and the Community Planning Partnership.</p> <p>The development of community capacity and appropriate support mechanisms to allow local communities to determine their own objectives and have their voices heard in the planning and delivery of services is a key priority of North Ayrshire Council. The ability of communities and organisations to do this varies and the Council is committed to providing the appropriate support, according to local need, to ensure that communities are able to achieve their potential in this challenging economic climate.</p> <p>During 2015/16, the Council supported 6 locality planning workshops to assist with the development of the CPP's Locality Partnerships (also see 'Health Inequalities' risk above). These workshops were well supported by a wide range of groups and individuals and specifically discussed co-design and co-production of local services. The workshops cemented readiness in locality for the new Partnerships launched at the beginning of 2016/17 and agreements have been reached on Terms of Reference, planning and reporting and governance structures.</p> <p>Consultation and engagement with local communities was successfully completed in relation to the Irvine Vision, planning for the Townhouse and Portal in Irvine, changes to library opening hours and the Employability Hub at Stevenston Library.</p>	
<b>Consequence</b>	<p>This could potentially lead to some communities having greater influence in the planning and delivery of responsive services at the expense of others. The potential also exists for a difference between what the Council desires in terms of community ownership of assets and what communities themselves feel able and prepared to commit to and the agenda losing impetus.</p>	<b>Current Risk Score</b>
<b>Current Controls</b>	<p>Officers have been identified to work with Locality Partnership groups to ensure priorities are identified and action plans developed which are fair and achievable. Participatory Budgeting was successfully piloted during 2016/17 and will be extended in 2017/18. Key groups are supported by officers, partnership groups and the Ayrshire Community Trust to identify their goals. Development and publication of guidance to support staff and community organisations in successfully</p>	<b>12</b>

	<p>completing 'Asset Transfer' requests, which has been used to support a number of community groups in preparing for asset transfer options or developing new projects across the area.</p> <p>The 2017/18 budget identified a range of measures include £3.162m for a Community Investment Fund and £230k to establish a Community Empowerment Unit. New investment of £100k for Participatory Budgeting and £122k for a Community Food Plan was announced.</p>	
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Risk Code & Title	E&C-4 Arran Outdoor Education Centre	Current Risk Matrix
<b>Risk</b>	<p>There are three types of risks associated with the AOEC. The first is the service specific risk to users of the centre, predominantly children and young people from North Ayrshire schools, but increasingly including a range of family groups and other visitors.</p> <p>The second type of risk is that the centre is the resilience centre for the island, with one of the main generators in case of an adverse scenario e.g. extreme weather, and the centre being unusable for any reason would affect this status.</p> <p>The third type of risk is reputational damage following a serious incident involving users at the centre.</p>	 <p>Likelihood</p> <p>Impact</p>
<b>Consequence</b>	<p>One risk is that the centre activities, predominantly outdoor and physical, should result in an accident; the second is that the centre should become uninhabitable through accident/fire/incident, and that accommodation would require to be found on Arran for more than 40 centre users.</p> <p>In the case of the resilience centre status, the island would lose one of its main support centres for any civil contingency that might arise.</p> <p>Should the centre become unusable for an extended period of time an alternative delivery programme would be required to maintain service and workforce employment.</p>	<b>Current Risk Score</b>
<b>Current Controls</b>	The centre adheres to stringent health and safety and risk assessment procedures. Staff have a range of advanced qualifications and building standards go beyond current requirements.	<b>12</b>





**Place Directorate Plan  
2015/18  
2017 Update**

For more information contact:

Craig Hatton, Executive Director (Place)

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01294 324312

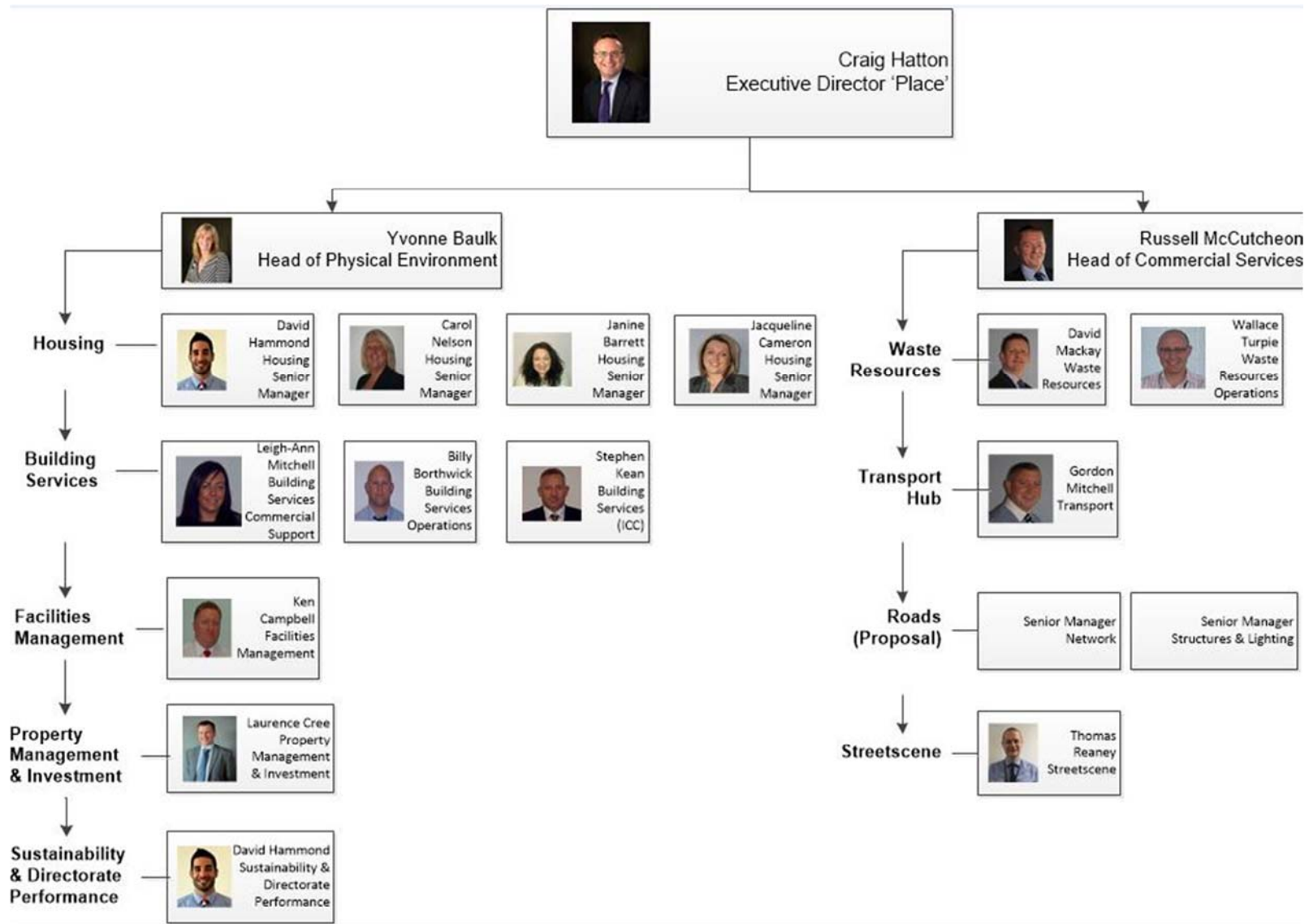
Focus. Passion. Inspiration.

## Contents

1.	Place Directorate Structure .....	2
2.	Foreword .....	3
3.	Our budget and how we intend to spend it .....	5
4.	Key drivers for our services.....	6
4.1.	Introduction .....	10
	Our priorities .....	10
5.	What we do.....	11
5.1	Physical Environment .....	11
5.1.1	Housing Services .....	12
5.1.2	Building Services .....	12
5.1.3	Facilities Management .....	12
5.1.4	Property Management & Investment .....	13
5.1.5	Sustainability & Directorate Performance Team .....	13
5.2	Key Strategies .....	14
5.3	Commercial Services .....	17
5.3.1	Waste Resources .....	17
5.3.2	Transport Hub & Vehicle Maintenance .....	18
5.3.3	Roads & Transportation .....	18
5.3.4	Streetscene .....	18
5.4	Key Strategies .....	19
6.	Context .....	21
6.1	Managing our Risks .....	21
6.2	Equalities .....	21
6.2.1	Equality Impact Assessments .....	23
6.3	Workforce Planning .....	23
6.4	Our Improvement Journey .....	24
6.4.1	Our Improvement Journey Outcomes .....	25
7.	Delivery.....	26
7.1	Performance Indicators.....	26
7.2	Actions.....	37
	Directorate Risks .....	49

**North Ayrshire Council**  
**'Place' Directorate Plan 2015/18 (2017 update)**

**1. Place Directorate Structure**



## **2. Foreword**

### **Welcome to the ‘Place’ Directorate Plan 2015/18 (2017 update)**

The Directorate of Place was established in July 2014 and brings together all of the physical assets and infrastructure either owned by or the responsibility of the Council into one management area. The services provided are front facing and interact with residents, businesses and visitors to the area on a daily basis. Accordingly the strive for customer service excellence is at the heart of our delivery.

Whilst supporting and contributing to all of the Council’s Corporate priorities the Directorate has specific lead responsibility for managing and enhancing the environment and in January 2017 agreed a new overarching Environmental Sustainability and Climate Change Strategy that sets out the aspirations and approach of the Council to build on the good work to date in reducing carbon emissions and become sector leading by 2020.

2016 was a fantastic year of achievement for the services within the Directorate through the winning of a vast number of external awards, a key part of the Councils improvement journey. These awards demonstrate that our services are amongst the very best in Scotland and the wider UK and also recognise the commitment and key role our staff play in delivering high quality services within our communities.

My key priorities for the forthcoming year are to continue to build upon this sound base ensuring that the Directorate fully contributes to the Councils improvement journey including:-

- Continued development and delivery of the Service Transformation Programme to deliver service improvements and the financial savings to meet the budget processes upon this Council;
- Delivery of efficient, effective and customer focused services that realise high levels of customer satisfaction and are externally recognised as sector leading;
- Support and develop our staff to continue to deliver high quality services;
- Delivery of the Councils Environmental Sustainability and Climate Change Strategy with particular focus on developing renewable energy solutions;
- Effective management of our assets through the implementation of refreshed asset management plans;
- Exploration of additional income generation opportunities through an ‘Enterprising Approach’ that maximises the utilisation of assets, skills and capacity;
- Implementation of the Council’s house-building programme to increase the number of new homes;
- Contribute to the wider work of the Council in the development of locality planning;

- Delivery of Capital Projects in timely and cost effective manor;
- Development on new Local Housing and Waste Management Strategies.

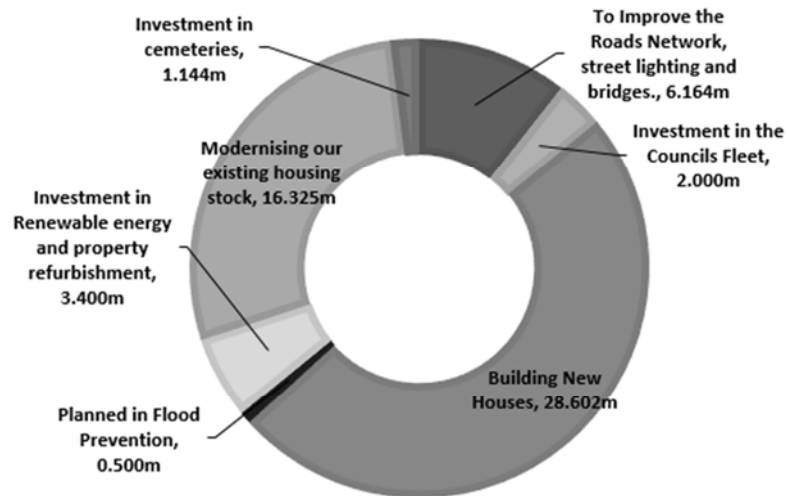


**Craig Hatton**  
**Executive Director**

**North Ayrshire Council**  
 'Place' Directorate Plan 2015/18 (2017 update)

### 3. Our budget and how we intend to spend it

**Capital - Main areas of spend**

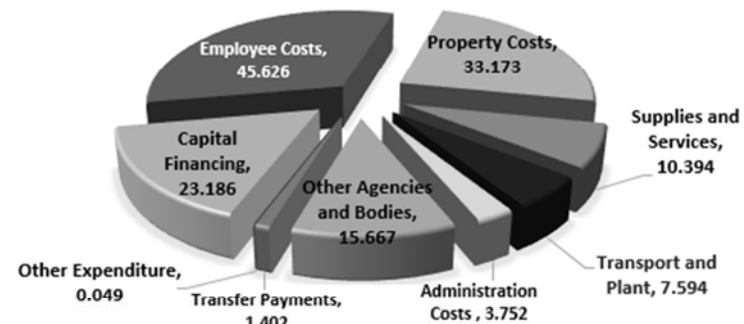
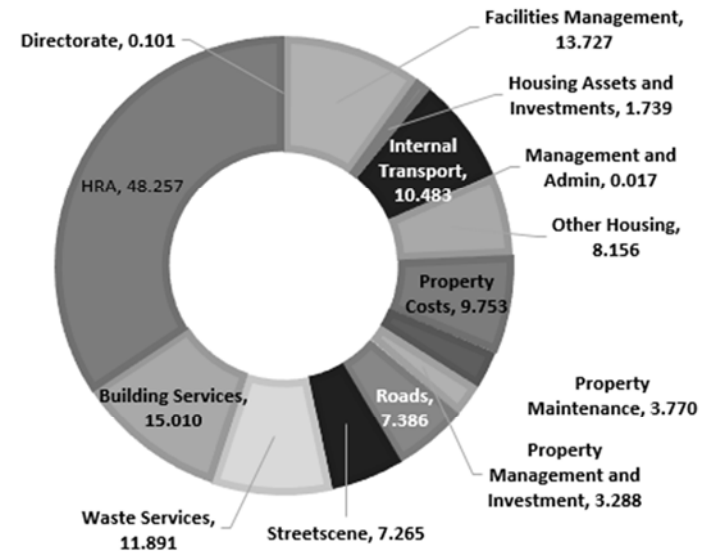


Annually the Council undertakes investment in its assets and infrastructure and some of the main areas for capital spend are highlighted on the above chart.

Place provides a wide range of services. In a typical year some of the services delivered will include:

- 1,935,974 school meals served to primary and schools throughout North Ayrshire.
- collecting waste from 67,841 households each week.
- provision of 662 vehicles to support the delivery of services.
- offering support and accommodation to 742 residents who access the Homelessness Service on an annual basis.

**Revenue - What Do We Deliver**



**Where The Money Goes**

Place provides a wide range of services for the Council. The charts above show the services delivered and the cost of each service based on 2017/18 revenue budgets. They also show where the money goes across the main areas of spend in any one year.



#### **4. Key drivers for our services**

There are a number of factors and legislation which directly influence the work carried out by the Directorate on a day to day basis, the most significant are:

##### **Welfare Reform Act 2012**

Changes to the benefits system are having an impact on the rental income for Housing Services. The introduction of Universal Credit, a direct payment of rent benefits to the tenants rather than directly to Housing Services, began in April 2015. North Ayrshire is scheduled to roll out full digital service of Universal Credit from November 2017. The roll out will continue until 2022 providing a risk of higher rent arrears.

##### **Statutory guidance, legislation and the regulatory framework (Housing)**

The 2014 Housing (Scotland) Act has been enacted, and guidance from the Scottish Government on its implementation was published late 2016. This will have a significant impact on Housing, other Council Services, and our partner organisations. The Act covers key areas such as: abolition of the right to buy; allocation of social housing; use of Short Scottish Secure Tenancies and Scottish Secure Tenancies; private rented housing; letting agents; private housing condition and mobile home sites.

The Private Sector Housing Bill which aims to regulate the Private Rented Sector by introducing a modernised tenancy regime. It will do so by amending the grounds for eviction, simplifying tenancy agreements and providing a framework for Local Authorities to restrict unreasonable rent increases. It is hoped that the revised system will increase security of tenure for private sector tenants.

##### **Waste (Scotland) Regulations 2012**

The regulations provide a regulatory framework to support the delivery of sustainable waste management. The Council has a Waste Strategy that has enabled these regulations to be met as they are enacted.

##### **The EU Waste Framework Directive and the Circular Economy**

The Waste Framework Directive (WFD) requires Member States of the European Union (EU) to establish both a network of disposal facilities and competent authorities with responsibility for issuing waste management authorisations and licences. In December 2008 the revised WFD (08/98/EC) came into force introducing the first EU wide recycling targets.

By 2020 Member States must re-use or recycle 50% of household waste (the UK Government is interpreting this to include composting of organic wastes) and re-use, recycle or recover 70% of non-hazardous construction and demolition waste.

The European Commission reviewed the recycling and other waste-related targets in the EU Waste Framework Directive 2008/98/EC, the Landfill Directive 1999/31/EC and the Packaging and Packaging Waste Directive 94/62/EC. The aim of the review was to help turn Europe into a circular economy, boost recycling, secure access to raw materials and create jobs and economic growth. The European Commission adopted their new Circular Economy Package on 2 December 2015. The majority of the proposals for changes in EU legislation are

less challenging than those already set by the Waste (Scotland) Regulations 2012, therefore having limited impact on Scotland’s ambitious Zero Waste Plan.

### **Zero Waste Plan**

Scotland's Zero Waste Plan sets out the Scottish Government's vision for a zero waste society. This vision describes a Scotland where all waste is seen as a resource; Waste is minimised; valuable resources are not disposed of in landfills, and most waste is sorted, leaving only limited amounts to be treated.

To achieve this vision the Plan sets out the following key targets/requirements:-

- Complete the roll-out of food waste collections to households by 31st December 2015 (complete);
- Offer collections of food waste to small businesses who produce more than 5Kg of food waste per week by 31st December 2015 (complete);
- Recycle 60% of household waste by 2020;
- Cease disposal of Biodegradable Waste to landfill by 31st December 2020;
- Recycle 70% of all waste by 2025; and
- Reduce the waste disposed of to landfill to a maximum of 5% by 2025.

The general principle of the Zero Waste Plan is to move waste management along the waste hierarchy to more environmentally beneficial methods.

### **Household Waste Recycling Charter and Code of Practice**

Scottish Government, Zero Waste Scotland and COSLA have agreed a voluntary Household Recycling Charter and associated Code of Practice (CoP) which sets out framework for implementing consistent recycling collections across Scotland. The CoP specifies the material streams that should be collected separately and the specific items that will, and will not, be accepted within each stream through standardisation of the material specification for recyclable materials. The Waste Resources service is currently working with Zero Waste Scotland on an options appraisal to assess the cost and operational implications of different collection system options that would enable compliance with the Charter and CoP. The completed options appraisal will form part of the considerations to be presented to elected members during the development of the Waste Strategy 2017 to 2022.

### **The Flood Risk Management (Scotland) Act 2009**

This provides a framework to identify and effectively manage areas at risk of flooding. The Council is lead authority for the Local Flood Plan District for Ayrshire and a Flood Risk Management Plan is now in place.

### **Roads (Scotland) Act 1984**

This legislation outlines the powers and provides the framework to enable local roads authorities to undertake their duties and responsibilities in relation to the maintenance of the roads infrastructure under the Act.

### **North Ayrshire Environmental Sustainability & Climate Change Strategy 2017-20**

The North Ayrshire Environmental Sustainability & Climate Change Strategy 2017-20 (ESCCS2) has been developed to refresh and take forward our transformational sustainability programme. It builds on the successful actions implemented and the momentum gained from the first strategy which covered the period 2014-17. The nature of action on sustainability means that a consistent and longer term view is required. The ESCCS2 therefore maintains the vision and five work streams set out in ESCCS1, as these remain fit for purpose in the effort to improve sustainability and take action on climate change. The five work streams are (i) affordable warmth, (ii) a green economy, (iii) transport and travel, (iv) natural and built environment, and (v) sustainable operations.

The ESCCS2 sets a target of 40% reduction in carbon emissions by 2030, based on a 2005 baseline figure, which will be achieved in part through some 30 priority actions within the document which provide economic, social and environmental benefits. The ESCCS2 also streamlines several strategies into one document, incorporating the Covenant of Mayors’ Sustainable Energy and Climate Action Plan (SECAP), a Carbon Management Plan, and Scottish Government Climate Change Reporting Duties. The preparation of ESCCS2 has been accelerated in response to the actions within ESCCS1 being delivered ahead of schedule.

Some of the more ambitious actions outlined within the ESCCS2 are:

- Delivering our first ever district heating scheme
- Installing solar panels on Council housing
- Building a ‘Sustainable House’ to showcase our aspirations for sustainable living for our tenants
- Provision of a new ‘white label’ municipal energy company within North Ayrshire
- A programme of engagement with schools to reduce energy consumption, with tangible targets
- A behaviour change programme to drive carbon reduction within the Council estate

### **Renewable Energy**

Scottish Government has updated the Scottish Renewables Action Plan 2009 with the Routemap for Renewable Energy in Scotland 2011. The original Renewables Action Plan set out short term actions towards the delivery of 2020 targets for renewable energy. This updated and expanded Routemap reflects the challenge of the Government’s target to meet an equivalent of 100% demand for electricity from renewable energy by 2020, as well as our target of 11% renewable heat.

### **Climate Change (Scotland) Act 2009**

The Act creates the statutory framework for greenhouse gas emission reductions in Scotland by setting an interim 42% reduction target for 2020, with the power for this to be varied based on expert advice, and an 80 percent reduction target for 2050. To help ensure the delivery of these targets, this part of the Act also requires that the Scottish Ministers set annual targets, in secondary legislation, for Scottish emissions from 2010 to 2050.

The Act places climate change duties on Scottish public bodies, including Councils, that in exercising their functions they act:

- in a way best calculated to contribute to the delivery of the targets set in or under Part 1 of the Climate Change Act;
- in the way best calculated to help deliver any programme laid before the Scottish Parliament under section 53;
- in a way that it considers is most sustainable.

#### **Scottish Government Draft Electricity Generation Policy Statement (EGPS)**

The draft EGPS is constructed around a number of relevant targets and related requirements:

- Delivering the equivalent of at least 100% of gross electricity consumption from renewables by 2020 as part of a wider, balanced electricity mix, with thermal generation playing an important role through minimum of 2.5 GW of thermal generation progressively fitted with Carbon Capture and Storage (CCS);
- Enabling local and community ownership of at least 500MW of renewable energy by 2020; and
- Lowering final energy consumption in Scotland by 12%.

#### **Scottish Government Heat Policy Statement**

The Heat Policy Statement sets out the Scottish Government’s future policy direction for addressing the three key aspects of the heat system:

- How we use it (heat demand and its reduction)
- How we distribute and store it (heat networks and heat storage)
- Where our heat comes from (heat generation)

#### **Energy Efficiency Standard for Social Housing (ESSH)**

This aims to improve the energy efficiency of social housing in Scotland. It will help to reduce energy consumption, fuel poverty and the emission of greenhouse gases.

#### 4.1. Introduction

This Plan identifies how we will contribute to achieving the Council's vision '**To be a leading organisation defined by excellent and innovative services**'. The Plan also outlines our key priorities for the next three years and how we will support our people to deliver on these. The Plan gives an overview of our services, what we aim to achieve, information on our resources, our key actions and the performance indicators we will use to measure how well we are meeting the needs of the communities we serve. This Plan focuses on how the Directorate supports the delivering of the Council strategic priorities for the three years ahead, while learning lessons from the past.

#### Our priorities



## 5. What we do

The directorate provides a wide range of services through two integrated delivery areas of Physical Environment and Commercial Services. These services are outlined below.

### 5.1 Physical Environment

Manager(s):	David Hammond (Housing Senior Manager)
	Jacqueline Cameron (Housing Senior Manager)
	Janine Barrett (Housing Senior Manager)
	Carol Nelson (Housing Senior Manager)
Number of Staff (FTE):	219.73
Location:	Cunninghame House, Irvine, KA12 8EE

Manager(s):	Billy Borthwick (Operations Manager)
	Stephen Kean (Intelligent Coordination Centre Manager)
	Leigh-Ann Mitchell (Commercial Support Manager)
Number of Staff (FTE):	240.46
Location:	Portland Industrial Estate, Portland Place, Stevenston, North Ayrshire, KA20 3NN

Manager(s):	Ken Campbell (Facilities Management)
Number of Staff (FTE):	389.13
Location:	Portland Industrial Estate, Portland Place, Stevenston, North Ayrshire, KA20 3NN

Manager:	Lawrence Cree (Property Management & Investment)
Number of Staff (FTE):	95.01
Location:	Cunninghame House, Irvine, KA12 8EE

Manager:	David Hammond (Sustainability & Directorate Performance)
Number of Staff (FTE):	10.1
Location:	Cunninghame House, Irvine, KA12 8EE

### **5.1.1 Housing Services**

Housing Services manages 12,959 properties. Our overarching aim is to provide excellent, value for money services to our customers, clients, tenants and those on our North Ayrshire Housing Register.

Further to this we aim to assist anyone who may be homeless, and contribute to the wider community by helping provide safer communities, tackling antisocial behaviour and assisting in meeting the need for support services in North Ayrshire. We also have a key strategic role in the regeneration of areas within North Ayrshire by planning for, and delivering, projects and services that contribute to the provision of new affordable housing and the development of sustainable communities.

Our key activities fall within five main headings; these can be summarised as follows:

- Housing Management
- Homelessness
- Safer Communities
- Strategic & Enabling Role
- Customer Service & Tenant Involvement
- Providing Value for money

### **5.1.2 Building Services**

Building Services undertakes the repair, planned maintenance, improvement and adaptation of Council owned properties, consisting of; approximately 13,046 homes, and 361 non housing properties including schools, public halls, libraries and offices.

The service operates a responsive repair service 24 hours a day seven days a week, undertakes the repair and refurbishment of void properties to re-let standards, maintains and improves communal housing environments, provides aids and adaptations to enable tenants to stay in their homes and is responsible for the delivery aspect of a number of areas within the Housing Capital Programme e.g. installations of kitchens, replacement windows etc.

The service completes approximately, 50,000 jobs per year and generates an income of approximately £17m.

### **5.1.3 Facilities Management**

Facilities Management provides catering to 62 schools, 8 residential units, 8 day care facilities, daily community meals, lunch clubs and commercial catering, cleaning and janitorial services. Catering is provided to the public at Tournament Café, Garnock Campus, Portal and weddings and special events across North Ayrshire.

The Service also provides cleaning to 167 operational buildings; cleaning of void Council housing prior to re-letting, janitorial services to schools and nurseries, 67 school crossing patrols and cleaning of public conveniences.



#### **5.1.4 Property Management & Investment**

Property Management & Investment is responsible for the effective asset management of the Council’s housing and non-housing property assets and for ensuring the property assets are maintained in a condition that is compliant with all legislative requirements.

The services provided include design, project management and monitoring of all capital and revenue related property projects and commercial estates management.

In addition, the service has responsibility for the continued development and implementation of actions arising from the Property and Housing Asset Management Plans and the delivery of key objectives identified within the Environmental Sustainability & Climate Change Strategy 2014-2017.

#### **5.1.5 Sustainability & Directorate Performance Team**

The Sustainability & Directorate Performance Service (S&DP) remit includes lead responsibility for driving forward the sustainability agenda, identification and implementation of renewable energy and energy efficiency projects, management of the Council’s energy and water consumption and billing, and co-ordination of action on biodiversity.

S&DP also leads on performance management, planning, quality, and engagement across the Place Directorate.

The Sustainability Team works closely with a variety of services across the Council, but in particular with Housing Services and Property Management & Investment Services. This work is in relation to fuel poverty strategy, renewable energy and energy efficiency in capital projects, and compliance with the Energy Efficiency & Social Housing Standard.

The Directorate Performance Team has close links with each service in the Directorate, given that the team co-ordinates production of the Directorate Plan and Service Plans, performance monitoring and improvement, and staff engagement.



## 5.2 Key Strategies

Physical Environment has responsibility for the development and implementation of the following strategies:

Strategy Name	Key Strategy Outcomes	Start Date	End Date	Review Date
Local Housing Strategy 2011-2016	<ul style="list-style-type: none"> <li>■ The supply &amp; quality of housing better meets needs &amp; aspirations;</li> <li>■ Fewer people become homeless;</li> <li>■ Promote independent living;</li> <li>■ Housing is sustainable &amp; contributes to stable communities;</li> <li>■ Access to high quality information &amp; advice has improved;</li> <li>■ The strategic process is open, transparent and accountable.</li> <li>■ Where reasonably practical fuel poverty for North Ayrshire Residents</li> </ul>	April 2011	April 2016	2017
Strategic Housing Investment Plan (SHIP)	<ul style="list-style-type: none"> <li>■ Meet housing need;</li> <li>■ Focus on high quality design;</li> <li>■ Build sustainable homes;</li> <li>■ Involve the community;</li> <li>■ Seek to continually improve; and</li> <li>■ Deliver value for money.</li> </ul>	July 2017	Nov 2022	Bi-annual
Antisocial Behaviour Strategy 2015-18	<ul style="list-style-type: none"> <li>■ Levels &amp; fear of crime and antisocial behaviour have reduced and crimes being detected have increased;</li> <li>■ Reoffending has reduced;</li> <li>■ The harmful effects of drugs and alcohol are reduced;</li> <li>■ Levels of domestic abuse have decreased and a higher level of support is provided to victims;</li> <li>■ Road Safety has improved;</li> <li>■ Fire safety has improved;</li> <li>■ Fear of crime and antisocial behaviour has reduced;</li> <li>■ More residents engage in community activities and volunteering.</li> <li>■ Reduction in Environmental crimes.</li> </ul>	April 2015	April 2018	Oct 2017
Customer Involvement and Empowerment Strategy	<ul style="list-style-type: none"> <li>■ Residents are able to play a key role in shaping and improving the services they receive;</li> <li>■ Residents can choose, from a range of options, the most appropriate way for them to be involved;</li> <li>■ More customers are involved with the housing service and satisfaction levels have improved.</li> </ul>	April 2014	Dec 2017	Annual

Strategy Name	Key Strategy Outcomes	Start Date	End Date	Review Date
Violence Against Women Strategy 2015-18	<ul style="list-style-type: none"> <li>■ A greater proportion of people of all ages in North Ayrshire are aware of the issues around violence against women and girls and are empowered to challenge abusive and violent behaviour;</li> <li>■ Employers in North Ayrshire have robust policies and procedures, reflecting best practice, relating to gender equality, flexible working and sexual harassment;</li> <li>■ A reduction in all forms of violence and abuse;</li> <li>■ Increased awareness of the early signs of abuse across all sectors, with service providers able to intervene sensitively and effectively.</li> </ul>	April 2015	April 2018	Annual
Property Asset Management Plan	<ul style="list-style-type: none"> <li>■ Maintain a fit-for-purpose property portfolio that is compliant with all legislative requirements and meets the needs of service users</li> <li>■ Implement outcome of Service review.</li> <li>■ Ensure the non-housing property portfolio is being utilised effectively and efficiently</li> </ul>	April 2017	Mar 2020	Annual
Housing Asset Management Plan	<ul style="list-style-type: none"> <li>■ Maintain a fit-for-purpose Council housing portfolio that is compliant with all legislative requirements and meets the needs of our tenants.</li> </ul>	April 2017	Mar 2020	Annual
Environmental Sustainability & Climate Change Strategy	<ul style="list-style-type: none"> <li>■ Support affordable warmth to households across North Ayrshire</li> <li>■ Develop a green economy;</li> <li>■ Reduce carbon emissions from transport and travel;</li> <li>■ Lead the way in making our operational activity more sustainable;</li> <li>■ Increase in renewable energy generation;</li> <li>■ Corporate awareness of the need to integrate sustainability into strategic and operational decision making and evidence of this in practice.</li> <li>■ Reduction in carbon emissions</li> </ul>	Nov 2017	Mar 2020	Annual
Renewable Energy Strategy	<ul style="list-style-type: none"> <li>■ Delivery of a range of renewable energy projects and policy recommendations</li> </ul>	2015	2018	2018
Local Biodiversity Action Plan	<ul style="list-style-type: none"> <li>■ Improvement in the conservation of important habitats and species</li> </ul>	2015	2018	2018

Strategy Name	Key Strategy Outcomes	Start Date	End Date	Review Date
Sustainable Energy & Climate Action Plan	<ul style="list-style-type: none"> <li>Range of actions identified to reduce carbon emissions across North Ayrshire in terms of waste, transport, buildings (SECAP has been subsumed into refreshed ESCCS)</li> </ul>	2016	2020	Annual
Sustainable Energy Action Plan	<ul style="list-style-type: none"> <li>Range of actions identified to reduce carbon emissions across North Ayrshire in terms of waste, transport, buildings (SEAP will be subsumed into refreshed ESCCS)</li> </ul>	2016	2021	Annual
Neighbourhood Vision – Remodelling of the Council’s Operational Property Portfolio	<ul style="list-style-type: none"> <li>Provide fit-for-purpose and conveniently located ‘service hubs’ that service users can readily access;</li> <li>Provide fit-for-purpose and conveniently located education and leisure facilities for service users;</li> <li>Provide modern, flexible and well laid out office accommodation for staff that is economically and environmentally efficient.</li> <li>Support community empowerment through enabling asset transfers.</li> </ul>	April 2015	Mar 2018	Annual
Five year business plan for Building Services	<ul style="list-style-type: none"> <li>A viable sustainable business</li> </ul>	April 2015	Mar 2021	Annual
Climate Change Reporting Duty	<ul style="list-style-type: none"> <li>Evidence of the Council’s action on climate change</li> </ul>	Annual		
Performance Management Framework (PMF)	<ul style="list-style-type: none"> <li>Clear &amp; consistent approach to performance management across the Directorate</li> </ul>	2016	2016	2019
Communication Framework	<ul style="list-style-type: none"> <li>Clear &amp; consistent approach to communication mechanisms across the Directorate</li> </ul>	2016	2016	2019

### **5.3 Commercial Services**

Manager(s):	David Mackay, Waste Resources (Strategy & Contract) Wallace Turpie, Waste Resources (Operations)
Number of Staff (FTE):	161.78
Location:	Cunninghame House, Irvine, KA12 8EE/Shewalton Waste Transfer Station, Murdoch Place, Oldhall West Industrial Estate, Irvine, KA11 5AW.
Manager(s):	Gordon Mitchell (Transport)
Number of Staff (FTE):	40.7
Location:	Transport Garage, Montgomerie House, 2A Byrehill Drive West Byrehill Industrial Estate, Kilwinning, North Ayrshire, KA13 6HN
Managers:	Vacant Senior Manager, Roads (Network) proposed Vacant Senior Manager, Roads (Structure & Lighting) proposed
Number of Staff (FTE):	80
Location:	Cunninghame House, Irvine, KA12 8EE
Manager:	Thomas Reaney (Streetscene)
Number of Staff (FTE):	227.06
Location:	Cunninghame House, Irvine, KA12 8EE

#### **5.3.1 Waste Resources**

Waste Resources provides a waste collection and recycling service to 67,841 households. A similar service is provided to approximately 1,400 commercial waste producers, within a competitive market realising an annual income in excess of £1.6m.

We operate 4 household waste recycling centres together with a landfill site and transfer station at Shewalton, Irvine and one in Brodick, Arran.

Our waste awareness team provides guidance to households and businesses. We also deliver talks and presentations to local schools and community groups encouraging participation in the Council's recycling services and increased knowledge of the environmental impacts of waste, resource efficiency, and the Zero Waste challenge.

### 5.3.2 Transport Hub & Vehicle Maintenance

The Transport Hub and Vehicle Maintenance Service provide a centralised Council transport facility through two key functions;

- Procurement and maintenance of all Council fleet vehicles and plant. Ensuring the fleet of 662 vehicles and heavy plant are compliantly maintained and operated in accordance with the Council's Operator's Licences and Road Transport legislation;
- Provision of a Corporate Transport facility for all transport and journey requirements for the Council. The Transport Hub facilitates a centralised enquiry and hire desk to enhance the planning, utilisation, budgeting, scheduling, and best procurement value.

The Hub operates an MOT testing station which helps to facilitate the inspection programme that ensures a minimum standard for taxis and other licenced vehicles within North Ayrshire.

### 5.3.3 Roads

Roads and Transportation Service provides a diverse range of statutory and regulatory services in addition to the provision of front line services.

The service manages the Roads Infrastructure in accordance with the strategy set out within the Roads Asset Management Plan and is responsible for the maintenance of roads infrastructure comprising 1034km roads, 1007km footways, 22,997 street lighting columns, 396 bridges/structures, culverts and retaining walls; flood prevention, coastal protection and watercourses; Traffic management; Road Safety Improvement Strategy and initiatives; and Winter Maintenance and Weather Emergencies.

In addition the Service is responsible for the maintenance of a number of Council owned roads, footpaths, lighting columns and structures that don't form part of the adopted road network.

### 5.3.4 Streetscene

Streetscene undertakes strategic, statutory obligation and asset management responsibilities, regarding physical assets and open space within the public realm.

The service maintains 2,410 hectares of public open space, A Country Park, 14 local parks, 44 cemeteries and burial grounds, 37 war memorials & monuments, 366 hectares of woodlands, 3 allotments, 91 sports facilities and playing fields, 84 equipped play areas and 12 multi-use games areas, residential greenspace, 38 water courses and open water features, 5 promenades and 16 beaches, three of which are Sites of Special Scientific Interest.

Streetscene is also responsible for the litter clearing of the roads infrastructure comprising of 1034km, with 1004km of Footways and programmed cleaning of streets, open spaces and beaches including the removal of fly-tipping and graffiti.

In addition, the service also provides a burials and bereavement service conducting over 800 interments and approximately 16,000 memorial inspections each year.

## 5.4 Key Strategies

Commercial Services has responsibility for the development and implementation of the following strategies:

Strategy Name	Key Strategy Outcomes	Start Date	End Date	Review Date
Fleet Asset Management Plan	<ul style="list-style-type: none"> <li>Effective management of assets to deliver Council services.</li> </ul>	Apr 2017	Mar 2020	Annual
Waste Strategy	<ul style="list-style-type: none"> <li>Long term objective is to divert waste from landfill and meet the requirements of the zero waste regulations and the national waste agenda.</li> <li>Promoting waste prevention, minimising, re-use, recycling and recovering of as much waste as possible.</li> </ul>	2012	2016	March 2017
Roads Asset Management Plan	<ul style="list-style-type: none"> <li>Continue to improve North Ayrshire Council's Roads Infrastructure.</li> </ul>	2017	2020	Annual
Flood Risk Management Plan	<ul style="list-style-type: none"> <li>Continue to Implement Requirements of the Flood Risk Management (Scotland) Act;</li> <li>To prevent or minimise coastal erosion.</li> </ul>	2016	2022	Every 6 years
Road Safety Plan	<ul style="list-style-type: none"> <li>Reducing the number of people killed or injured on North Ayrshire's road network.</li> </ul>	2015	2020	Every 5 years
Winter and Weather Emergencies Plan	<ul style="list-style-type: none"> <li>Fulfil the Councils statutory obligation to ensure the safe movement of vehicular and pedestrian traffic appropriate to the prevailing weather conditions;</li> <li>Establish a pattern of working which will keep delays, diversions or road closures to a minimum during adverse weather conditions.</li> </ul>	2017	2018	Annual

Strategy Name	Key Strategy Outcomes	Start Date	End Date	Review Date
Open Space Asset Management Plan	<ul style="list-style-type: none"> <li>■ To ensure the maintenance and protection of all types of open space in North Ayrshire so as to achieve the maximum benefit from that provision.</li> </ul>	2017	2027	Annual
Tree & Woodland Policy	<ul style="list-style-type: none"> <li>■ Effective management of trees and woodlands for which North Ayrshire Council is responsible.</li> </ul>	2014	2024	Annual
Litter, Fly Tipping and Dog Fouling Prevention Strategy	<ul style="list-style-type: none"> <li>■ Ensure a coordinated, best practice approach to litter, fly-tipping &amp; dog fouling prevention and management;</li> <li>■ Encourage a social contract with communities to protect and enhance the local environment.</li> </ul>	2014	2019	2019
Open Space Strategy	<ul style="list-style-type: none"> <li>■ To provide and showcase North Ayrshire Open Space.</li> <li>■ To help reduce local inequalities by ensuring all communities have access to high quality, well equipped clean and safe open space.</li> </ul>	2017	2027	Annual

## 6. Context

### 6.1 Managing our Risks

The Strategic Risks Management Plan for ‘Place’ is detailed at *Appendix A*.

### 6.2 Equalities

The Council has a framework in place for carrying out Equality Impact Assessments (EIAs) to ensure that there is no discrimination against any of the different groups (under the protected characteristics) within the community and that equality is promoted. It is important that Equality Impact Assessments are carried out in the early development stages of a new policy or procedure.

By carrying out EIAs when developing policies, we will:

- Ensure services are suitable and accessible to everyone;
- Identify any possible discrimination which may exist and means of overcoming these;
- Help to develop good practice and achieve best value;
- Promote equal opportunities and good relations between groups.

Place supports the Council to fulfil its public sector equality and has undertaken a number of actions during 2015/16 including:

Protected Characteristics	Actions taken to support the delivery of Equality outcomes
All <sup>1</sup>	<ul style="list-style-type: none"> <li>■ Antisocial Behaviour – Antisocial behaviour requests for service equalities cases are all treated as a priority. These requests usually result in a higher level of response in terms of warnings or enforcement. Immediate consideration is also given to individuals support needs and appropriate referrals are made. A similar approach is taken when dealing with alleged offenders that may have equalities issues.</li> <li>■ Affordable living developments.</li> </ul>
Age & Disability	<ul style="list-style-type: none"> <li>■ We play a key role in successful care in the community by providing modifications or home improvements which enable people with health and social care needs to remain in their own homes;</li> <li>■ Streetscene have reviewed the play parks with a view to making them available to a wider audience. All equipment is DDA compliant and Streetscene are considering further disabled access equipment in key play areas;</li> <li>■ Waste Services reviewed the assisted collection process in 2014 to make it easier to apply over the telephone. In addition the complaints/ service request process for missed pull outs has been reviewed to ensure the service is more responsive.</li> </ul>

<sup>1</sup> Age – Older people children and young people; Disability – Disabled people, including people with a physical and/or mental impairment; Gender – Men and Women; Gender reassignment – where a person is living as the opposite gender to their birth; Pregnancy and maternity; Race – Ethnic minority communities, including Gypsy travellers, refugees and asylum seekers; Religion or belief; Sexual orientation – Lesbian, gay, and bisexual people.



Equality Outcomes	Actions being taken to support the delivery of Equality Outcomes
Age & Disability	<ul style="list-style-type: none"> <li>■ Priority for certain repairs i.e. boiler breakdowns given to families with young children, older people and vulnerable groups;</li> <li>■ Team delivering older people's housing strategy through new build sheltered housing units, refurbishments of existing sheltered housing and provision of amenity housing;</li> <li>■ Houses specially adapted to suit the needs of elderly groups;</li> <li>■ Focussed approach to improve the condition of schools and additional provision of nursery spaces for pre-schools;</li> <li>■ Annual plan to improve access to Council premises for disabled users;</li> <li>■ New build developments of day care centres and brains injury clinic;</li> <li>■ Aids and adaptations procedure to adapt houses to suit specific physical/mental impairment needs;</li> <li>■ Senior Living Developments.</li> </ul>
Religion or Belief	<ul style="list-style-type: none"> <li>■ The new Largs campus will incorporate denominational/non-denominational education provision within the one campus setting</li> </ul>

Specific actions being taken to support the delivery of Equality Outcomes from 2017 onwards are:

Protected Characteristics	Equality Outcomes	Actions being taken to support the delivery of Equality Outcomes	Action
Age	Equality Outcome 2 In Ayrshire people have equal opportunity to access and shape our public services.	<ul style="list-style-type: none"> <li>■ As part of the Sheltered Housing re-provisioning programme we are incorporating community hubs within the complexes. These will be used to provide physical activity classes and other services that will ameliorate social isolation and promote wellbeing.</li> </ul>	Incorporate community hubs within Sheltered Housing complexes as part of the re-provisioning programme
Sex	Equality Outcome 1 In Ayrshire people experience safe and inclusive communities	<ul style="list-style-type: none"> <li>■ Implementation of the 2015-18 Violence Against Women Strategy, with outcomes based around four priorities;</li> <li>■ Scottish society embraces equality and mutual respect, and rejects all forms of violence against women and girls;</li> <li>■ Women and girls thrive as equal citizens: socially, culturally, economically and politically;</li> <li>■ Interventions are early and effective, preventing violence and promoting women's safety and wellbeing;</li> <li>■ Men desist from all forms of violence against women and girls and perpetrators of such violence received a robust and effective response.</li> </ul>	Implement and continue to review the Violence Against Women Strategy

All	Equality Outcome 1 In Ayrshire people experience safe and inclusive communities	<ul style="list-style-type: none"> <li>■ Implementation of the 2015-18 Antisocial Behaviour Strategy, of which three strategic outcomes are:</li> <li>■ Levels of crime and antisocial behaviour have reduced and crimes being detected have increased;</li> <li>■ Reoffending has reduced;</li> <li>■ Fear of crime and antisocial behaviour has reduced;</li> </ul>	Implement and continue to review the 2015-18 Antisocial Behaviour
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### 6.2.1 Equality Impact Assessments

The directorate has completed Equality Impact Assessments for new or revised policies and procedures relating to:

- Antisocial Behaviour Strategy 2015-18
- Violence Against Women Strategy 2015-18
- Tree and Woodland Policy
- Housing Asset Management Plan
- Provision of Street Lighting

Physical accessibility to building – Revenue budget has been identified to undertake accessibility adaptations to existing building and new buildings are designed to accommodate accessibility.

Procurement of busses and vehicles takes account of passenger accessibility and adaptations are carried out where required.

### 6.3 Workforce Planning

The Council is committed to ensuring it has a workforce fit for the future when developing plans to deliver our services. The Council has adopted the Six Step Integrated Workforce Planning methodology:

- Step 1: Defining the plan
- Step 2: Mapping service change
- Step 3: Defining the required workforce
- Step 4: Understanding workforce availability
- Step 5: Planning to deliver the required workforce
- Step 6: Implement, monitor and refresh

This methodology provides a simple framework with a toolkit to help managers to ensure that resources are deployed in the best possible way to support the delivery of excellent and innovate services. By undertaking Workforce Planning when developing our plans, we will ensure we have the right people with the right skills in the right place at the right time.

Our key objectives in respect of workforce planning include:

- Development of programmes including Modern Apprentice’s, Craft Apprenticeships, Trainee pack and structured mentoring and learning to address future challenges in respect of succession planning and skill gaps particularly in professional, technical and trade services.
- Implementing agile working practices, including technology to support flexible and remote working to retain and attract key skills and drive efficiency.
- Seek to minimise the impact upon employees in the delivery of transformation projects

#### 6.4 Our Improvement Journey

We believe in continual improvement and constantly look to develop our Services for the community as well as ensure that we provide value for money. To achieve this improvement we seek information from our community about their satisfaction and encourage feedback from our staff, and partner organisations. We gather information and undertake a range of audits and self-assessments both by external bodies and internally. All of these are used to assist us in understanding our strengths and to identify areas for improvement and inform our plans.

The Place Directorate will support the approach to self-assessment across the Council. This will include implementing a proportionate and structured programme of self-assessment activity across the Directorate and Services. This will involve Services within our Directorate undertaking self-assessment exercises and employing an established quality improvement model such as EFQM.

We are changing service delivery through internal improvement by looking inside the Council and we have identified the priorities for development to support delivery of our range of services. Improving capacity in each of these areas will help us to make North Ayrshire stronger in the future.

We are on a journey of shaping the services we provide and helping our people develop so that they are able to respond to the challenging needs of the communities we serve.

Our improvement journey will also involve reshaping our finances and the way we work. We want to do that by working with the public, North Ayrshire businesses, and other public bodies, and, of course, our staff.

### 6.4.1 Our Improvement Journey Outcomes

The directorate will contribute to the Council’s Improvement Journey and aims to achieve the following outcomes:

 <b>COMMUNITIES</b>	<ul style="list-style-type: none"> <li>■ Services are responsive to the needs of our communities</li> <li>■ Work with communities to provide additional capacity to support service delivery</li> <li>■ The impact of welfare reform on the HRA business plan and local communities is minimised</li> <li>■ Services are developed and delivered to protect vulnerable people, promote independent living and contribute to sustainable communities</li> <li>■ School meal uptake is increased and children and young people are supported to make healthier choices</li> <li>■ Successful implementation of actions arising from Flood Risk Management within our Communities</li> </ul>
 <b>PLACES</b>	<ul style="list-style-type: none"> <li>■ Reduce the Council’s carbon footprint</li> <li>■ Increase the use of renewable technology</li> <li>■ Delivery of Capital Projects and House Building Programme</li> <li>■ Our streets and open spaces are well maintained and clean</li> <li>■ We deliver high standards in the maintenance of the Council’s property portfolio, open space and road infrastructure</li> </ul>
 <b>PARTNERSHIPS</b> <b>(ENABLER)</b>	<ul style="list-style-type: none"> <li>■ Development of a new Local Housing Strategy</li> <li>■ Successful implementation of the long-term residual waste treatment contract with Viridor in conjunction with Clyde Valley Waste Partnership.</li> <li>■ Working in partnership with Safer North Ayrshire to implement locality planning into community safety in North Ayrshire</li> <li>■ Working in partnership with Cunninghame Furniture Recycling Company to create local training and employment opportunities</li> <li>■ Deliver additional Social Housing by working with RSL’s in the delivery of the SHIP</li> <li>■ Develop an approach to participatory budgeting for grounds maintenance through the locality partnership</li> </ul>
 <b>PROCESSES</b> <b>(ENABLER)</b>	<ul style="list-style-type: none"> <li>■ Development of a new Waste Strategy</li> <li>■ Successful implementation of the Building Services 5 year business plan, delivering value for money through identifying new work streams and improving customer satisfaction through improved “right first time” approach to repairs</li> <li>■ Successful development and delivery of the service transformation programme</li> <li>■ Successful implementation of a cashless catering system in all schools within our communities</li> <li>■ Use of digital technology to improve efficiency and access to services</li> </ul>
 <b>PEOPLE</b> <b>(ENABLER)</b>	<ul style="list-style-type: none"> <li>■ Successful delivery of programmes to support, motivate and develop staff, through improved levels of staff engagement</li> <li>■ Improved internal communication processes</li> <li>■ Through the PPD process develop training programmes to improve achievement and support career progression</li> <li>■ Improve the health and well-being of employees through appropriate engagement and support</li> </ul>

## 7. Delivery

Details of the actions that the directorate will deliver during 2015/2018 (2017 update) are shown within this section, together with the associated performance indicators and risks. In line with the rest of the plan, the actions and indicators are linked to the **Improvement Themes**.

Key: 4 – Links to Council’s strategic Priority 4 – Supporting all of our people to stay safe, healthy and active  
 5 – Links to Council’s strategic Priority 5 – Protecting and enhancing the environment for future generations  
 Enabler – underpins the delivery of the Council’s Strategic Priorities  
**P – Symbolises Directorate Plan priority**

### 7.1 Performance Indicators

Council’s Strategic Priorities	Improvement Themes					Indicator Reference	Indicator Description	Actuals			Benchmark	Targets			Lead Service
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17		17/18	18/19	19/20	
4 <sup>P</sup>				✓		HS – PI003	Number of new build Council housing units reaching completion on a yearly basis	122	56	7		63	99	194	Housing

**‘Place’ Directorate Plan 2015/18 (2017 update)**

Council's Strategic Priorities	Improvement Themes					Indicator Reference	Indicator Description	Actuals			Benchmark	Targets			Lead Service
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17		17/18	18/19	19/20	
4				✓		HS – PI023	% of ASB cases reported in the last year which were resolved within locally agreed targets	95.91%	95.15%	93.64%	86.63% 1516 ARC	95%	95%	95%	Housing
4 <sup>P</sup>				✓		HS-PI005	Number of homeless presentations	776	744	761		+/-5%	+/-5%	+/-5%	Housing
4				✓		HS-PI046B	% of new tenancies to applicants who were assessed as homeless sustained for more than a year	74.32%	81.57%			82%	83%	84%	Housing
4				✓		HS - PI028	Average length of time taken to re-let properties in the last year (days)	14	16	15	35.37 1516 ARC	17	17	17	Housing
4 <sup>P</sup>				✓		SP_DE_C18	Percentage uptake of school meals	50.79%	59.31%	59.55%	APSE	59%	60%	61%	Facilities Management

**‘Place’ Directorate Plan 2015/18 (2017 update)**

Council's Strategic Priorities	Improvement Themes					Indicator Reference	Indicator Description	Actuals			Benchmark	Targets			Lead Service
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17		17/18	18/19	19/20	
5 <sup>P</sup>			✓			PL_PI002	Percentage of Completed Units which attain Eco Homes Very Good or equivalent	100%	100%	100%		100%	100%	100%	Housing
4 <sup>P</sup>				✓		FM_PI001	Percentage uptake of free school meals (Primary)	84.40%	85.70%	86.46%		86%	86.5%	86.5%	Facilities Management
4 <sup>P</sup>				✓		FM_PI002	Percentage uptake of free school meals (Secondary)	67.23%	66.85%	77.7%		75%	76%	77%	Facilities Management
5 <sup>P</sup>			✓			SHSN04b	(Charter 12) Average time taken to complete non-emergency repairs	9.18	8.91		7.52 1516 ARC	7	7	7	Building Services
5 <sup>P</sup>			✓			SOL_CORPAM 02	Proportion of internal floor area of operational buildings in satisfactory condition	99.51%	99.52%	99.7%	81.49% 1516 SOLACE	99.70%	99.80%	99.90%	Property Management & Investment

**‘Place’ Directorate Plan 2015/18 (2017 update)**

Council's Strategic Priorities	Improvement Themes					Indicator Reference	Indicator Description	Actuals			Benchmark	Targets			Lead Service
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17		17/18	18/19	19/20	
5 <sup>P</sup>			✓			SOL_CORPAM01	Proportion of operational buildings that are suitable for their current use	90.26%	89.80%	91.6%	79.61% 1516 SOLACE	91.00%	92.00%	93.00%	Property Management & Investment
5 <sup>P</sup>			✓			SOL_HSN03	% of Council dwellings that meet the Scottish Housing Quality Standard	98.22%	99.07%	98.30%	92.50% 1516 SOLACE	98.20%	99.00%	99.50%	Property Management & Investment
5 <sup>P</sup>			✓			SOL_HSN05	Percentage of council properties at or above the appropriate NHER or SAP ratings specified in element 35 of the SHQS, as at 31 March each year.	99.26%	99.69%	99.47%	96.16% 1516 SOLACE	99.5%	99.6%	99.7%	Property Management & Investment
5 <sup>P</sup>			✓			CP_FCS_001	Overall carbon emissions from Council operations (tonnes)	52,711	50,709	Q3 34,992		50198	49387	48590	S&DP



**‘Place’ Directorate Plan 2015/18 (2017 update)**

Council's Strategic Priorities	Improvement Themes					Indicator Reference	Indicator Description	Actuals			Benchmark	Targets			Lead Service
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17		17/18	18/19	19/20	
5 <sup>P</sup>			✓			NEW	Amount of energy generated from low carbon sources across the Council's estate.			New indicator		TBC	TBC	TBC	S&DP
5 <sup>P</sup>			✓			SOL_ENV06	% of total household waste that is recycled (calendar year as per SEPA)	56.50%	56.00%	55.3%	44.26% 1516 SOLACE	54.5%	54.5%	54.5%	Waste Resources
5			✓			SP_DE_C03	% of waste reused (MSW)	0.46%	0.46%	Q3 0.46%		0.5%	0.5%	0.5%	Waste Resources
5			✓			SPI22_E	Overall percentage of road network that should be considered for maintenance treatment	39.1%	37.8%	38.3%	36.7% 14/16 SCOTS/ SRMCS	39.1%	39.1%	39.1%	Roads
5			✓			SOL_ENV04e	% of Unclassified roads that should be considered for maintenance treatment	36.7%	35.4%	34.6%	40.1% 1416 SOLACE	36%	36%	36%	Roads
5			✓			SOL_ENV04b	% of Class A roads that should be considered for maintenance treatment	34.9%	35.6%	36.2%	29.03% 1416 SOLACE	37%	37%	37%	Roads

**‘Place’ Directorate Plan 2015/18 (2017 update)**

Council's Strategic Priorities	Improvement Themes					Indicator Reference	Indicator Description	Actuals			Benchmark	Targets			Lead Service
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17		17/18	18/19	19/20	
5			✓			SOL_ENV04c	% of Class B roads that should be considered for maintenance treatment	34.8%	33.6%	36.8%	34.8% 1416 SOLACE	38%	38%	38%	Roads
5			✓			SOL_ENV04d	% of Class C roads that should be considered for maintenance treatment	51.1%	48.7%	50.8%	34.7% 1416 SOLACE	52%	52%	52%	Roads
5			✓			OP_PL_LIGHT_01	Percentage of lamps restored to working condition within seven days	81.9%	69.5%	94%	89.88% 1516 SCOTS /APSE	95%	95%	95%	Roads
5			✓			OP_PL_LIGHT_06a	Average annual electricity consumption per street light (kw hours)	335	274		371 1516 SCOTS /APSE	245	230	225	Roads
5			✓			OP_PL_LIGHT_06b	Co2 emissions (tonnes) per street light	0.179	0.146		0.190 1516 SCOTS /APSE	0.131	0.123	0.120	Roads
5 <sup>P</sup>			✓			SENV03b	Street Cleanliness Index - % Clean	92.31%	95.80%	90.6%	93.4% 1516 SOLACE	94.00%	94.00%	94.00%	Streetscene

**‘Place’ Directorate Plan 2015/18 (2017 update)**

Council's Strategic Priorities	Improvement Themes					Indicator Reference	Indicator Description	Actuals			Benchmark	Targets			Lead Service
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17		17/18	18/19	19/20	
5			✓			PL_PI021	Number of Fixed Penalty Notices issued for Environmental Crime	NA	22	507		400	375	350	Streetscene
5			✓			SP_DE_C09	% of fly-tipping incidents on public land cleared within three working days	99.29%	99.5%	99.6%		98.00%	98.00%	98.00%	Streetscene
5			✓			SP_DE_C10	% of instances of graffiti removed within 3 working day timescale	94.5%	97%	93.4%		97.00%	97.00%	97.00%	Streetscene
Enabler P Underpins delivery		✓				HS - PI001	Charter 1 % of tenants satisfied with the overall service provided by their landlord	91.1%	87.6%	87.6%	89% 1516 ARC	87%	90%	90%	Housing
Enabler P Underpins delivery		✓				HS - PI025	% of tenants satisfied with the opportunities given to them to participate in their landlords decision making processes	89%	86.6%	86.6%	81.34% 1516 ARC	86%	90%	90%	Housing

**‘Place’ Directorate Plan 2015/18 (2017 update)**

Council's Strategic Priorities	Improvement Themes					Indicator Reference	Indicator Description	Actuals			Benchmark	Targets			Lead Service
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17		17/18	18/19	19/20	
Enabler <b>P</b> Underpins delivery		✓				HS - PI030	% of tenants satisfied with the standard of their home when moving in	91.02%	90.79%	90.8%	87.68% 1516 ARC	90%	90%	90%	Housing
Enabler <b>P</b> Underpins delivery		✓				SHSN01b	Gross rent arrears (all tenants) as at 31 March each year as a percentage of rent due for the reporting year - mainstream	3.75%	3.23%	3.4%	5.26% 1516 ARC	4%	4.5%	4.5%	Housing
Enabler <b>P</b> Underpins delivery		✓				SOL_HSN02	% of rent due in year that was lost due to voids	0.38%	0.33%	0.33%	0.99% 1516 ARC	0.6%	0.6%	0.6%	Housing
Enabler <b>P</b> Underpins delivery		✓				WR11	% of tenants on UC that are in rent arrears - HRA	NA	84.2%	78.3%		NA	NA	NA	Housing
Enabler <b>P</b> Underpins delivery		✓				NEW	Number of UC arrears cases - HRA	NA	203	299		NA	NA	NA	Housing
Enabler <b>P</b> Underpins delivery		✓				NEW	Value of UC arrears - HRA	NA	£112,045	£140,133		NA	NA	NA	Housing

**‘Place’ Directorate Plan 2015/18 (2017 update)**

Council's Strategic Priorities	Improvement Themes					Indicator Reference	Indicator Description	Actuals			Benchmark	Targets			Lead Service
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17		17/18	18/19	19/20	
Enabler <b>P</b> Underpins delivery		✓				NEW	% of homeless presentations as a result of evictions/Landlord actions (all tenures)	7%	9%	12%	Scot Gov 15%	TBC	TBC	TBC	Housing
Enabler <b>P</b> Underpins delivery		✓				NEW	Gross rent arrears (all tenants) as at 31 March each year as a percentage of rent due for the reporting year – temp accommodation	3.7	4.8	4.3		5	5	5	Housing
Enabler Underpins delivery		✓				SP_DE_C16	% of tenants satisfied with repair service	99.1%	98.95%	99.1%		98%	98%	98%	Building Services
Enabler Underpins delivery		✓				SP_DE_C19	Net cost per school meal (including CEC)	£3.00	£2.78		£2.63 1516 APSE	£3.00	£3.00	£3.00	Facilities Management
Enabler <b>P</b> Underpins delivery		✓				SENV01	Net waste collection cost per premises	£52.25	£55.75		£65.91 1516 SOLACE	£54.17	£53.29	£53.95	Waste Resources
Enabler <b>P</b> Underpins delivery		✓				SENV02	Net waste disposal cost per premises	£99.53	£107.49		£97.02 1516 SOLACE	£115.40	£116.40	£119.88	Waste Resources

**‘Place’ Directorate Plan 2015/18 (2017 update)**

Council's Strategic Priorities	Improvement Themes					Indicator Reference	Indicator Description	Actuals			Benchmark	Targets			Lead Service
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17		17/18	18/19	19/20	
Enabler P Underpins delivery		✓				SOL_ENV07a	% of adults satisfied with refuse collection	87.33% 2012/15	88.33% 2013/16		83.00% 1516 SOLACE	88.00%	88.00%	88.00%	Waste Resources
Enabler P Underpins delivery		✓				SOL_ENV04a	Road cost per kilometre £ <sup>2</sup>	£10,520	£12,501		£10,791 1516 SOLACE	£12,218	£12,212	£12,255	Roads
Enabler P Underpins delivery		✓				SOL_ENV07b	% of adults satisfied with street cleaning	78.00% 2012/15	79.67% 2013/16		73.67% 1516 SOLACE	80%	80%	80%	Streetscene
Enabler P Underpins delivery		✓				SOL_ENV03a	Net cost of street cleaning per 1,000 population £	£14,921	£14,875		£15,480 1516 SOLACE	£15,185	£15,383	£15,581	Streetscene
Enabler P Underpins delivery		✓				SOL_C&L05b	% of adults satisfied with parks and open spaces	89.67% 2012/15	85.33% 2013/16		85.67% 1516 SOLACE	88%	88%	88%	Streetscene
Enabler Underpins delivery		✓				SOL_C&L04	Cost of parks and open spaces per 1,000 population £ <sup>3</sup>	£30,861	£32,190		£22,232 1516 SOLACE	£31,251	£31,620	£31,988	Streetscene
Enabler Underpins delivery		✓				PL_PI014	Number of stage 1 complaints received 'Place Directorate'	1,648	1036	1104		1050	1000	1000	S&DP

<sup>2</sup> The improvement Service now incorporates both revenue and capital expenditure in this measure, previous years amended.

<sup>3</sup> The Improvement Service are now presenting all Culture and Leisure cost measures as Net Cost rather than Gross Cost, previous year amended.

**‘Place’ Directorate Plan 2015/18 (2017 update)**

Council's Strategic Priorities	Improvement Themes					Indicator Reference	Indicator Description	Actuals			Benchmark	Targets			Lead Service
	People	Processes	Places	Communities	Partnerships			14/15	15/16	16/17		17/18	18/19	19/20	
Enabler Underpins delivery		✓				PL_PI016	Number of stage 2 complaints received 'Place Directorate'	47	29	40		35	30	30	S&DP
Enabler Underpins delivery	✓					PL_PI007	Number of days lost within 'Place' due to sickness absence per FTE per annum (days)	10.1	8.93	Q3 YTD 7.28		9	9	9	S&DP
Enabler	✓					PL_PI022	Employee Engagement Level (Place)	63.4%	62.8%			65%	65%	65%	S&DP

## 7.2 Actions

Council's Strategic Priorities	Improvement Themes					Action Reference	Action Description	What success will look like	Lead Service	Link to Risk
	People	Processes	Places	Communities	Partnerships					
4 <sup>P</sup>				✓		PL_DP_020	Ensure services are planned and delivered to mitigate the impact of welfare reform on the HRA Business Plan and local communities	<ul style="list-style-type: none"> <li>Impact of welfare reform on individuals is minimised through access to information and specialist advice</li> <li>Impact of welfare reform on the Housing revenue account is minimised.</li> </ul>	Housing	PL01



**‘Place’ Directorate Plan 2015/18 (2017 update)**

Council's Strategic Priorities	Improvement Themes					Action Reference	Action Description	What success will look like	Lead Service	Link to Risk
	People	Processes	Places	Communities	Partnerships					
4	P			✓		PL_DP_026	Continue to implement the Strategic Housing Investment Plan (SHIP)	<p><b>The following new build and refurbishment projects will be delivered in 2017/18:</b></p> <p><b>NAC</b></p> <ul style="list-style-type: none"> <li>• Fencedyke, Irvine</li> <li>• Glencairn House, Stevenston (Redev 3)</li> <li>• Canal Court, Saltcoats (Redev 1)</li> <li>• Corsehill, Kilwinning</li> <li>• Dickson Drive, Irvine (Phase 2)</li> <li>• Robert W Service Court, Kilwinning</li> <li>• 2<sup>nd</sup> Hand Buy Back (Phase 2)</li> <li>• Empty Homes Buy Back (Phase 2)</li> </ul> <p><b>CHA</b></p> <ul style="list-style-type: none"> <li>• Ardrossan Harbour (Phase 1)</li> <li>• Stanley Road (P.S.), Ardrossan</li> <li>• New Street, Stevenston</li> <li>• Victoria Hotel, Largs</li> </ul> <p><b>IHA</b></p> <ul style="list-style-type: none"> <li>• 2nd Hand Buy Backs</li> </ul> <p><b>The following new build and refurbishment projects will be on-site in 2017/18:</b></p> <p><b>NAC</b></p> <ul style="list-style-type: none"> <li>• Dickson Court, Beith</li> <li>• Redevelopment Project 4</li> <li>• Watt Court, Dalry</li> </ul> <p><b>CHA</b></p> <ul style="list-style-type: none"> <li>• Weirston (Corsehillhead), Kilwinning.</li> <li>• Sharphill, Saltcoats (Phase 3).</li> </ul> <p><b>IHA</b></p> <ul style="list-style-type: none"> <li>• Tarryholme</li> </ul>	Housing	

**‘Place’ Directorate Plan 2015/18 (2017 update)**

Council's Strategic Priorities	Improvement Themes					Action Reference	Action Description	What success will look like	Lead Service	Link to Risk
	People	Processes	Places	Communities	Partnerships					
4 <sup>P</sup>				✓		PL_DP_027	Implementation the 2017-2022 Local Housing Strategy in partnership with key stakeholders	Mainstreaming of strategic planning for housing, including homelessness, housing and fuel poverty and enhance Housing's corporate profile and meeting local needs and aspirations	Housing	PL02
4 <sup>P</sup>				✓		PL_DP_029	Implement the PMF for Housing Options in line with revised national guidance	Services are being delivered that take account of the national guidance and maximise cross tenure housing options for our customers	Housing	
4				✓		PL_DP_044	Participate in the Syrian Refugee Resettlement Programme in partnership with the Home Office , COSLA and the Scottish Government	Between 50 and 100 refugees are resettled in North Ayrshire communities	Housing	

**‘Place’ Directorate Plan 2015/18 (2017 update)**

Council's Strategic Priorities	Improvement Themes					Action Reference	Action Description	What success will look like	Lead Service	Link to Risk
	People	Processes	Places	Communities	Partnerships					
4				✓		PL_DP_021	Implement and continue to review the Antisocial Behaviour Strategy 2015-18	<ul style="list-style-type: none"> <li>The root causes of ASB are actioned through prevention and early intervention, ensuring action taken is appropriate proportionate and timely, and create more choices and chances for people to engage in positive activities</li> <li>Working together to achieve shared outcomes through a holistic approach to tackling ASB, with a focus on partnership working and sharing information, intelligence and resources</li> <li>Communities are engaged in a meaningful way as part of the development of strategies and services, and keep them informed of progress. Help communities to take responsibility for their own actions and take steps to directly challenge and deal with local problems</li> <li>Communicating better as partners to ensure positive, co-ordinated and evidence-based messages are shared with the public</li> </ul>	Housing	
4				✓		PL_DP_022	Implement and continue to review the Violence Against Women Strategy 2015-18	<ul style="list-style-type: none"> <li>Scottish society embraces equality and mutual respect, and rejects all forms of violence against women and girls</li> <li>Women and girls thrive as equal citizens: socially, culturally, economically and politically</li> <li>Interventions are early and effective, preventing violence and promoting women's safety and wellbeing</li> <li>Men desist from all forms of violence against women and girls and perpetrators of such violence receive a robust and effective response</li> </ul>	Housing	

**‘Place’ Directorate Plan 2015/18 (2017 update)**

Council's Strategic Priorities	Improvement Themes					Action Reference	Action Description	What success will look like	Lead Service	Link to Risk
	People	Processes	Places	Communities	Partnerships					
4				✓		PL_DP_028	Review the North Ayrshire Housing Allocation Policy in line with new statutory guidance	<ul style="list-style-type: none"> <li>Ensured compliance with new statutory requirements</li> <li>Meet the needs of local residents</li> </ul>	Housing	
5				✓		HS_SP_002	Improve the quality of private sector housing	<ul style="list-style-type: none"> <li>Fewer houses are below the tolerable standard. Households are assisted in accessing better quality homes</li> </ul>	Housing	
4				✓		PL_DP_030	Continue to encourage the uptake of school meals and support children and young people to make healthier choices	<ul style="list-style-type: none"> <li>An increase in the uptake of school meals</li> <li>Implementation of a range of marketing activities to raise the profile and increase the current school meal uptake</li> <li>Toolkits completed in all schools in partnership with Education and Youth Employment to encourage better eating/better learning</li> <li>Retain The Gold Food for Life Accreditation from The Soil Association</li> </ul>	Facilities Management	
Enabler <sup>P</sup>				✓		PL_DP_053	Develop an enhanced hub and spoke school catering model	<ul style="list-style-type: none"> <li>Cost effective model for school eatery</li> </ul>	Facilities Management	
Enabler				✓		PL_DP_055	Continue with the implementation of the zone cleaning of schools and offices	<ul style="list-style-type: none"> <li>Cost effective model for building cleaning</li> </ul>	Facilities Management	

**‘Place’ Directorate Plan 2015/18 (2017 update)**

Council's Strategic Priorities	Improvement Themes					Action Reference	Action Description	What success will look like	Lead Service	Link to Risk
	People	Processes	Places	Communities	Partnerships					
4 <sup>P</sup>				✓		PL_DP_023	Continue to address North Ayrshire Council's statutory responsibilities under the Flood Risk Management Scotland Act (2009)	Flood Risk Management Plan and prioritised action plan implementation underway.	Roads	
4				✓		PL_DP_024	Deliver the Road Safety Plan	The number of people killed or injured on North Ayrshire's Road Network will reduce.	Roads	
5			✓			PL_DP_013	Continue to develop and implement actions arising from the Property Asset Management Plan and implement the outcomes of the Service.	<ul style="list-style-type: none"> <li>• Increase occupancy levels and income within the Council's commercial estate</li> <li>• Reduction in Council operational floor space</li> <li>• Increase the proportion of buildings suitable for their current use</li> <li>• Reduced level of void properties</li> </ul>	PMI	PL04
5			✓			PL_DP_014	Continue to develop and implement actions arising from the Housing Asset Management Plan	<ul style="list-style-type: none"> <li>• Reduce level of void properties</li> <li>• Improved condition of non-adopted HRA roads infrastructure</li> <li>• Implementation of Sheltered Housing Standard that complies with the Older Peoples Housing Strategy</li> <li>• Increase in number of properties meeting EESSH &amp; SHQS</li> <li>• Increased partnership working with private home owners to improve the condition of mixed tenure housing stock</li> </ul>	PMI	PL04

**‘Place’ Directorate Plan 2015/18 (2017 update)**

Council's Strategic Priorities	Improvement Themes					Action Reference	Action Description	What success will look like	Lead Service	Link to Risk
	People	Processes	Places	Communities	Partnerships					
5			✓			PL_DP_015	Continue to improve capital governance of construction projects	<ul style="list-style-type: none"> <li>Capital projects delivered within agreed parameters</li> <li>High level of customer service user satisfaction</li> </ul>	PMI	
5 <sup>P</sup>			✓			PL_DP_005	Implement the action plan to increase the Energy Efficiency Standard for Social Housing (EESH)	<ul style="list-style-type: none"> <li>Increased level of EESH compliance</li> </ul>	S&DP	PL02
5 <sup>P</sup>			✓			PL_DP_007	Deliver the Environmental Sustainability & Climate Change Strategy 2017-2020	<ul style="list-style-type: none"> <li>Reduce the Council's carbon footprint</li> <li>Reduce the Council's utility costs</li> <li>Increase the use of renewable technology</li> <li>Create local jobs</li> <li>Increase energy security</li> </ul>	S&DP	PL02
5 <sup>P</sup>			✓			PL_DP_010	Deliver the Renewable Energy Strategy	<ul style="list-style-type: none"> <li>Proposals developed in relation to new district heating scheme in central Irvine</li> <li>Complete capital construction projects that utilise renewable technologies, power sources and heat recovery systems</li> <li>Installation of solar panels on Council owned dwelling roofs, to provide reduced energy costs for tenants and revenue savings for the Council</li> <li>Reduction in CO2 emissions</li> </ul>	S&DP	PL02

**‘Place’ Directorate Plan 2015/18 (2017 update)**

Council's Strategic Priorities	Improvement Themes					Action Reference	Action Description	What success will look like	Lead Service	Link to Risk
	People	Processes	Places	Communities	Partnerships					
5 <sup>P</sup>			✓			PL_DP_049	Delivery of an action plan to improve energy efficiency of non-domestic buildings within the Councils Estate.	<ul style="list-style-type: none"> <li>Proposals developed in relation to a new district heating scheme in central Irvine</li> <li>Complete capital construction projects that reflect the latest energy efficiency technologies and standards.</li> <li>Deliver of an ‘Energy Challenge’ within schools to increase awareness on sustainability and climate change, and reduce energy consumption and waste</li> <li>Implementation of a range of energy efficiency measures to non -domestic Council buildings to reduce carbon emissions and provide revenue savings as part of the Non-domestic Energy Efficient Framework</li> </ul>	S&DP	PL02
5 <sup>P</sup>			✓			PL_DP_001	Continue to deliver and develop improved sustainable waste management arrangements through the Council's Waste Strategy.	<ul style="list-style-type: none"> <li>Development of a Waste Strategy 2017-2022 which will incorporate a review of existing waste collection methodologies, including material streams and frequencies</li> <li>Waste is moved along the waste hierarchy</li> </ul>	Waste Resources	PL02
5			✓			PL_DP_003	Ensure the ongoing compliant and efficient operation and development of Shewalton landfill site to enable continued capacity and compliance with the PPC permit.	<ul style="list-style-type: none"> <li>Continued compliance with the annual SEPA Compliance Assessment Scheme</li> </ul>	Waste Resources	PL02

**‘Place’ Directorate Plan 2015/18 (2017 update)**

Council's Strategic Priorities	Improvement Themes					Action Reference	Action Description	What success will look like	Lead Service	Link to Risk
	People	Processes	Places	Communities	Partnerships					
5			✓			PL_DP_004	Develop Sustainable Business Travel arrangements.	<ul style="list-style-type: none"> <li>Sustainable Business Travel Policy created and implemented</li> <li>Reduced carbon emissions</li> <li>Reduced grey fleet business mileage</li> <li>Explore the potential of widening the successful CarShare scheme to communities and businesses</li> </ul>	Transport Hub	PL02
5			✓			PL_DP_012	Continue to develop and implement actions arising from the Fleet Asset Management Plan	<ul style="list-style-type: none"> <li>Reduction in vehicle carbon emissions</li> <li>Improved fuel efficiency</li> <li>Increase in alternatively fuelled vehicles</li> <li>Increase utilisation of fleet</li> <li>Provision and operation of a well maintained vehicle fleet</li> <li>Operator's licence maintained</li> </ul>	Transport Hub	PL04
5 <sup>P</sup>			✓			PL_DP_008	Implement low energy efficiency street lighting across North Ayrshire	<ul style="list-style-type: none"> <li>Reduction in energy consumption.</li> <li>Reduce maintenance costs</li> <li>Reduction in service enquiries/complaints from longer life lamps</li> </ul>	Roads	PL02
5			✓			PL_DP_016	Continue to develop and implement the actions arising from the Roads Asset Management Plan	<ul style="list-style-type: none"> <li>Reduction in accident statistics</li> <li>Maximise RCI within available budgets</li> <li>Reduction in carbon emission</li> <li>Improved satisfaction with the Road Service</li> <li>Well maintained road assets that meet legal requirements</li> </ul>	Roads	PL04



**‘Place’ Directorate Plan 2015/18 (2017 update)**

Council's Strategic Priorities	Improvement Themes					Action Reference	Action Description	What success will look like	Lead Service	Link to Risk
	People	Processes	Places	Communities	Partnerships					
5			✓			PL_DP_017	Continue to develop and implement actions arising from the Open Space Asset Management Plan	<ul style="list-style-type: none"> <li>Well maintained assets that meet legal requirements</li> <li>Provision of appropriate open space and associated facilities/furniture</li> <li>Improved LEAMS &amp; LAMS scores</li> </ul>	Streetscene	PL04
5			✓			PL_DP_018	Continue to implement the Litter, Fly Tipping and Dog Fouling Prevention Strategy	<ul style="list-style-type: none"> <li>Improve cleanliness scores</li> <li>Increase community engagement</li> <li>Effective approach to enforcement</li> </ul>	Streetscene	
5			✓			PL_DP_019	Deliver the Cemeteries Infrastructure Improvement Programme for 2017/18	<ul style="list-style-type: none"> <li>Completed repairs to cemetery boundary walls and infrastructure at several sites following engineers survey</li> </ul>	Streetscene	
Enabler <sup>P</sup>					✓	NEW	Develop an approach to participatory budgeting for grounds maintenance through locality partnership	<ul style="list-style-type: none"> <li>Robust model detailing costs linked to service standards</li> <li>Well maintained environment focused on local priorities</li> </ul>	Streetscene	
4					✓	PL_DP_046	Work with members of the Safer North Ayrshire Partnership to implement locality planning into community safety in North Ayrshire	A partnership model which improves the perception of community safety across the six locality areas is in place	Housing	
4		✓				PL_DP_047	Implement new delivery model of CCTV	A new delivery model for CCTV is in place	Housing	

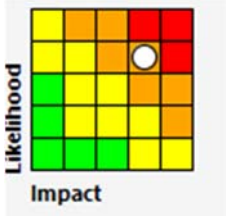
**‘Place’ Directorate Plan 2015/18 (2017 update)**

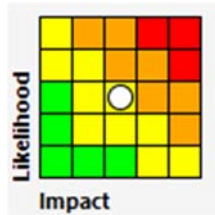
Council's Strategic Priorities	Improvement Themes					Action Reference	Action Description	What success will look like	Lead Service	Link to Risk
	People	Processes	Places	Communities	Partnerships					
4		✓				PL_DP_048	Review the Homeless Service to explore models, to effectively improve the impact arising from welfare reform/local housing allowance.	A new delivery model is identified that minimises the impact of welfare reform/local housing allowance	Housing	PL01
Enabler		✓				PL_DP_034	Implement the Building Services 5 Year Business Plan.	<ul style="list-style-type: none"> <li>• Deliver value for money service</li> <li>• Achieve high levels of customer satisfaction through improved “right first time” approach</li> <li>• New work streams are identified and undertaken</li> </ul>	Building Services	PL03
Enabler		✓				PL_DP_040	Extend the cashless catering system to all schools in North Ayrshire.	<ul style="list-style-type: none"> <li>• Cashless catering facility installed and operational in all schools</li> <li>• Improved management information relating to school meal uptakes and trends</li> </ul>	Facilities Management	
Enabler <sup>P</sup>		✓				PL_DP_037	Rationalise the number and associated running costs of property assets including the sale and transfer of surplus assets	<ul style="list-style-type: none"> <li>• Reduction in Councils operational floor space</li> <li>• Support Estate/Neighbourhood Planning approach</li> <li>• Reduced cost of service provision and reallocation of capital income</li> <li>• Transfer of assets to community groups</li> </ul>	PMI	

**‘Place’ Directorate Plan 2015/18 (2017 update)**

Council's Strategic Priorities	Improvement Themes					Action Reference	Action Description	What success will look like	Lead Service	Link to Risk
	People	Processes	Places	Communities	Partnerships					
Enabler <sup>P</sup>		✓				PL_DP_032	Implement the Service Improvement Plan for Streetscene and Roads	<ul style="list-style-type: none"> <li>To have a long term partner for the provision of the Roads maintenance Service</li> <li>To have a long term partner for a consultancy Service</li> <li>To have a more integrated Roads &amp; Streetscene Service</li> </ul>	Roads Streetscene	
Enabler		✓				PL_DP_039	Introduce new IT scheduling system for Streetscene route optimisation	<ul style="list-style-type: none"> <li>Modernise service delivery</li> <li>Support opportunities for increased efficiency of the service</li> <li>Improve street Cleanliness Score</li> </ul>	Streetscene	
Enabler		✓				NEW	Develop an electronic funeral booking service	<ul style="list-style-type: none"> <li>Modernised Service Delivery</li> </ul>	Streetscene	
Enabler <sup>P</sup>		✓				PL_DP_054	Develop additional income streams through an 'enterprising approach'	<ul style="list-style-type: none"> <li>A strategic framework and action plan and a realistic additional income stream is developed</li> <li>Additional income streams are generated</li> </ul>	Commercial Services	
Enabler	✓					PL_DP_057	Further develop and implement action plan to improve staff engagement	<ul style="list-style-type: none"> <li>Improved levels of staff engagement</li> </ul>	S&DP	

## Directorate Risks

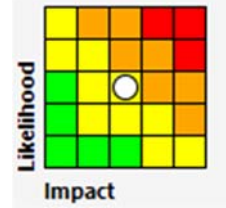
Risk Code & Title	PL01 Welfare Reform Act 2012	Current Risk Matrix
Risk	Welfare Reform Act 2012 – The risk to be managed by Housing Services relates to the potential increase in rent arrears and bad debt. This would result in reduced income to the Housing Revenue Account and consequential impact on our 30- year Business Plan. There is also the wider risk of an increase in homelessness and increased demand for social housing.	
Consequence	<ul style="list-style-type: none"> <li>■ Increase in rent arrears and bad debt resulting in reduced income</li> <li>■ Increase in homelessness</li> <li>■ Increased demand for housing options and advice</li> <li>■ Increased demand for social housing</li> <li>■ Difficulty letting 3 and 4 bedroom houses</li> </ul>	Current Risk Score
Current Controls	<ul style="list-style-type: none"> <li>■ Corporate Welfare Reform Group established. Remit of group is to identify, co-ordinate and respond to implications, keeping members and CMT updated</li> <li>■ Welfare Reform Advice Team established to provide advice and assistance to Council tenants</li> <li>■ Work undertaken to establish impact on homeless households and homelessness service</li> </ul>	16
Linked Actions		
Linked Actions Code & Title	Ensure services are planned and delivered to mitigate the impact of welfare reform on the HRA Business Plan and local communities	
	Review the Homeless Service to explore models, to effectively improve the impact arising from welfare reform/local housing allowance.	

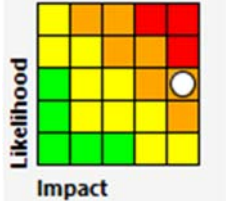
Risk Code & Title	PL02 Sustainability, Energy and Waste Management	Current Risk Matrix
<b>Risk</b>	<p>There is a risk that the Council fails to deliver its commitments to meet statutory targets with regards to Sustainability, Energy and Waste Management and as a consequence would not achieve associated potential savings.</p> <p>The Council has committed to a desire to secure a sustainable North Ayrshire by ensuring the environment is enhanced and protected by considering the future implications of its decisions for North Ayrshire and its communities. Commitments under the Single Outcome Agreement, Corporate Priorities and legislation (both UK &amp; Scottish Government) must be met which will also assist the Council in maximising associated potential opportunities, savings and efficiencies.</p>	
<b>Consequence</b>	<ul style="list-style-type: none"> <li>■ Failure to meet SOA outcomes and corporate objectives as well as failure to comply with environmental legislation and UK and Scottish Government objectives, Climate Change Duty, SCCD commitments, Energy Efficiency Action Plan and Zero Waste Plan targets.</li> <li>■ Failure to maximise savings from reduced energy use/ consumption.</li> <li>■ Failure to capitalise on energy saving measures for its own assets and operations, leading to increased operating costs as energy provision becomes more expensive.</li> <li>■ Failure to capitalise on green jobs / incentives / green tourism and associated income to the area.</li> <li>■ Failure to secure an alternative waste treatment and disposal method prior to the closure of Shewalton landfill site and the ban on biodegradable waste going to landfill by the end of 2020.</li> <li>■ Reputational and financial risk.</li> </ul>	<b>Current Risk Score</b>
<b>Current Controls</b>	<ul style="list-style-type: none"> <li>■ An Environmental Sustainability &amp; Climate Change Strategy 2017-2020 has been agreed which develops a vision for a sustainable North Ayrshire together with appropriate actions.</li> <li>■ Sourcing more energy from renewables including the installation of PV solar panels and Bio-mass boilers in appropriate Council buildings.</li> <li>■ Specific working groups relating to carbon management and energy efficiency have been established to progress associated actions.</li> <li>■ A Waste Management Strategy 2017-2012 and implementation plan is being developed detailing key actions for the development of services to meet the targets and objectives of the Scottish Government's national waste agenda</li> </ul>	9

	<ul style="list-style-type: none"> <li>■ Working in partnership with the Clyde Valley Waste Management partners to successfully implement the long term contract with Viridor for the treatment of residual waste.</li> <li>■ Plan in place to deliver the Energy Efficiency Standard for Social Housing (EESH).</li> <li>■ The Council’s performance management framework includes performance indicators monitoring progress against delivery of required outcomes and targets.</li> <li>■ A policy is in place to improve the procurement of sustainable goods and services.</li> <li>■ A renewable energy strategy is nearing completion that will set out proposals to reduce the reliance on fossil fuels and replace with energy from renewable sources.</li> <li>■ A Local Bio-Diversity Action Plan has been approved.</li> </ul>	

## Linked Actions

<b>Linked Actions Code &amp; Title</b>	Continue to delivery and develop improved sustainability waste management arrangements through the Council's Waste Strategy.
	Ensure the ongoing compliant and efficient operation and development of Shewalton landfill site to enable continued capacity and compliance with the PPC permit.
	Develop Sustainable Business Travel arrangements.
	Implement the action plan to increase the Energy Efficiency Standard for Social Housing (EESH).
	Refresh and deliver the Environmental Sustainability & Climate Change Strategy 2017-2020.
	Implement low energy efficiency street lighting across North Ayrshire.
	Deliver the Renewable Energy Management Strategy.
	Complete and commence implementation of the 2017-2021 Local Housing Strategy in partnership with key stakeholders.
	Delivery an action plan to improve energy efficiency of non-domestic buildings within the Council's estate.

<b>Risk Code &amp; Title</b>	<b>PL03 Sustainability of Building Services</b>	<b>Current Risk Matrix</b>
<b>Risk</b>	The level of investment within the housing stock has declined significantly over recent years as a result of the achievement of the SHQS for over 99% of stock resulting in a significant reduction in income for the service. Added to this is the introduction of the Welfare Reform Act which could reduce the level of investment in Council owned residential properties further if rent arrears continue to increase.	
<b>Consequence</b>	The risk is if the reduced level of investment available makes the Building Services operation unsustainable.	<b>Current Risk Score</b>
<b>Current Controls</b>	A 5 year Business Plan has been successfully developed and implemented, with the first and most important business objective for Building Services is to operate as a viable business in a manner that is sustainable. The plan is supported by a 5 year financial model and a number actions to ensure sustainability.	9
<b>Linked Actions</b>		
<b>Linked Actions Code &amp; Title</b>	Implement the Building Services 5 year business plan.	

Risk Code & Title	PL04 Failure to maintain infrastructure assets to an acceptable standard	Current Risk Matrix
Risk	Failure to maintain infrastructure assets to an acceptable standard	
Consequence	The risk is that the physical assets are not sufficiently maintained to enable their safe use and; the health within our tree and woodland stock is not maintained or safeguarded, leading to a significant loss of amenity value and reduced ability to provide biomass fuel.	Current Risk Score
Current Controls	<ul style="list-style-type: none"> <li>■ Asset Management Plans and supporting investment programmes are established and in place.</li> <li>■ Inspection regimes utilising industry guidance and best practice are in place to pro-actively identify defects.</li> </ul>	15
Linked Actions		
Linked Actions Code & Title	Continue to develop and implement actions arising from the Property Asset Management Plan and implement the outcomes of the Service.	
	Continue to develop and implement actions arising from the Housing Asset Management Plan	
	Continue to develop and implement the actions arising from the Roads Asset Management Plan	
	Continue to develop and implement actions arising from the Open Space Asset Management Plan.	
	Continue to develop and implement actions arising from the Fleet Asset Management Plan	





**North Ayrshire Health and Social Care Partnership**

# Our Strategic Plan: the way ahead 2016-18

Tackling inequalities | Engaging communities | Bringing services together  
Prevention and early intervention | Improving mental health and wellbeing



Delivering  
care together



# Reflections from Iona Colvin

Caring together is at the heart of our health and social care partnership in North Ayrshire. Community health and care (everything outside of acute hospital care) is provided by our partnership of North Ayrshire Council, NHS Ayrshire & Arran, the third sector and independent care sector: together we are North Ayrshire Health and Social Care Partnership.

We are person-centred and we want to make sure that people's voices are heard and their needs are met; this is at the core of our planning and decision making. People who use our services, carers and families, staff and stakeholders work together to improve and shape the future of health and social care services.

We published our first plan in April 2015 and since then have worked hard to meet our key objectives, including

- Development of our new health and social care locality forums - where communities are supported to get involved to create shared solutions to resolve local health and care needs.
- Joining together of NHS and Council Addictions teams into one team called North Ayrshire Drug and Alcohol Recovery Service (NADARS) - one point of contact, with open referral for everyone; we're working together to create effective recovery journeys for the people who use our service.
- Opening of Woodland View, our new mental health and community hospital in Irvine. This forward-looking amenity will greatly enhance our ability to better meet the needs of Ayrshire and Arran's residents.



Have a look at more of our key successes on page 6. These are also included in our Annual Performance Report, available at [www.north-ayrshire.gov.uk](http://www.north-ayrshire.gov.uk)

*Delivering care together*

**TSI** North Ayrshire

**scottishcare**  
The voice of the independent care sector in Scotland

**North Ayrshire Council**  
Comhairle Siarachd Air a Tuath

**NHS**  
Ayrshire & Arran



North Ayrshire Health and Social Care Partnership has lead responsibility for Mental Health Services across Ayrshire. As a lead partnership we manage and provide professional leadership to staff across an all-Ayrshire service, such as Woodland View. We work together with East Ayrshire and South Ayrshire Health and Social Care Partnerships to make sure that lead partnership work is complementary to Partnership's needs.

Our work with colleagues from East Ayrshire and South Ayrshire Health and Social Care Partnerships along with NHS Ayrshire & Arran acute hospitals, includes tackling a range of health and social care issues across all of Ayrshire. We develop frameworks and shared solutions that recognise our distinct environments and individual structures, such as transport for people who use our services.

People in the Partnership are our biggest asset. Our ongoing successes are because of their dedication, innovative thinking and commitment to our vision, values and strategic priorities.

Extensive improvements to services and the exceptionally positive results of staff engagement surveys tell us that the people who work every day to meet North Ayrshire's health and care needs are proud and happy to be part of the new evolving and exciting partnership picture.



Our aim is that partnership working in local communities will create a more equitable, healthier and better society for everyone. Local community voices will help us with our strategic planning process, which in turn will become the plans that our Integration Joint Board (IJB) agrees to. This ensures that we listen and respond in the best way possible to local health and social care needs.

The pages that follow give more detail of what North Ayrshire Health and Social Care Partnership will achieve in the next 18 months. I will then report back to let you know what we have achieved and the impact that this is having to ensure, 'All people who live in North Ayrshire are able to have a safe, healthy and active life.'

Handwritten signature of Iona Colvin.



**Iona Colvin**

Director  
North Ayrshire Health and Social Care Partnership

# Contents

<b>Vision, values and strategic priorities</b>	<b>4</b>	<b>Culture and voice</b>	<b>26</b>
<b>Year 1 key successes</b>	<b>6</b>	Building our partnership culture	26
<b>Now, and in the future ...</b>	<b>8</b>	Creating our partnership voice	27
Primary care services in local communities	10	<b>Monitoring, money and working in partnership</b>	<b>28</b>
Older people and adults with complex care needs	12	Monitoring and evidencing	29
Teams around children	14	Finance, including Integrated Care Fund	30
Mental health and learning disability services	16	Equality outcomes	34
<b>Health and Social Care Locality Planning Forums</b>	<b>18</b>	Linking in with Community Planning Partnership	35
Kilwinning	20	CPP and Fair for All	36
Irvine	21	Housing	37
Three Towns	22		
Garnock Valley	23		
North Coast & Cumbrae	24		
Arran	25		

# Vision, values and strategic priorities



## Vision

The purpose of North Ayrshire Health and Social Care Partnership is that:

**All people who live in North Ayrshire are able to have a safe, healthy and active life.**

## Values

We hope you experience our values in the way North Ayrshire Health and Social Care Partnership engage with you and how we behave:

- **Person centred**
- **Respectful**
- **Efficient**
- **Caring**
- **Inclusive**
- **Honest**
- **Innovative**

If you don't experience these values in your interactions with us, please tell us. It's the only way we can improve!

## Strategic priorities

To deliver our vision, North Ayrshire Health and Social Care Partnership will continue to focus on these five priorities:

- **Tackling inequalities**
- **Engaging communities**
- **Bringing services together**
- **Prevention and early intervention**
- **Improving mental health and wellbeing**





# Year 1 key successes

These are some of our achievements from our first year as North Ayrshire Health and Social Care Partnership.



## Tackling inequalities

- Money Matters team supported the most vulnerable people in our communities with money and benefit advice (total amount £7,614,130).

£7,614,130



- SNAP (Stop Now and Plan) Programme 100% of children and their parents who took part in SNAP are now more effectively engaged, together and in education.



- Worked together to develop **Fair for All**, North Ayrshire Community Planning Partnership's (CPP) Inequalities Strategy (see page 36).



## Engaging communities

- Developed Health and Social Care Locality Planning Forums (see page 18).
- Brought people together to help design the future of services, ranging from Care at Home to paediatric neuro-developmental services.
- Held public events, for example, Care and Support North Ayrshire (CareNA) exhibition.



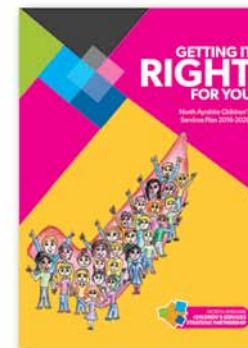
## Bringing services together

- Created health visiting teams that now include social workers and improved links with Money Matters.
- Created a single joined-up Addictions service team - North Ayrshire Drug and Alcohol Recovery Service (NADARS).
- Created a care rehabilitation hub in Ward 1 at Woodland View; a new way of giving joined up care to people coming through Crosshouse Hospital.



## Prevention and early intervention

- Developed a new signposting service (Connecting People in Communities), based in local GP practices, with Community Connectors (see page 11).
- Invested in and increased the capacity of our Care at Home service to meet the growing local demand - we hugely improved the quality of our Care at Home service.
- Developed *Getting it Right for You*, North Ayrshire Children's Services Plan 2016-2020 (see page 15).



## Improving mental health and wellbeing

- Opened Woodland View mental health and community hospital in Irvine.
- Increased effectiveness of MADART (Multi-Agency Domestic Abuse Response Team) in reducing reported domestic abuse in North Ayrshire.

Our Year 1 achievements will be reflected in our Annual Performance report. This is available at [www.north-ayrshire.gov.uk](http://www.north-ayrshire.gov.uk)

# Now, and in the future ...

In the next two years we will find new ways of working to better care for local people. We will:

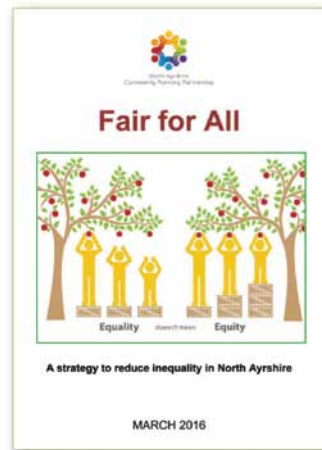
- Develop a wider range of primary care services in local communities (see page 10)
- Support the needs of older people and adults with complex care needs (see page 12)
- Build teams around children (see page 14)
- Create a new strategy for mental health and learning disabilities (see page 16)

All of our work falls into our strategic priority categories; here are some examples.



## Tackling inequalities

- We will make sure our services to children support them to have a better start in life (see page 14).
- We will work with Community Planning Partners (CPP) to implement Fair for All (North Ayrshire's Inequalities Strategy) (see page 36).



## Engaging communities

- We will support localities to create their own local solutions to health and social care needs (see page 18), via locality planning forums.

## Bringing services together

- We will develop locality based multi-disciplinary teams, including addictions workers, allied health professionals, community connectors, dentists, GPs, money matters advice, optometrists, pharmacists as well as teams of social workers and district nurses to support and care for people with complex care needs.
- We will implement our review of island services on Arran and will undertake a review of how services are working on Cumbrae.

## Prevention and early intervention

- We will promote self-management to enable people to take control and better manage their own health.
- We will make sure there are additional services to support people to avoid admission to hospital.
- We will increase opportunities for people to get involved in their local communities.

## Improving mental health and wellbeing

- We are adopting a holistic, whole life approach with a range of community services to support people throughout their life to live well for longer.



## Primary care services in local communities

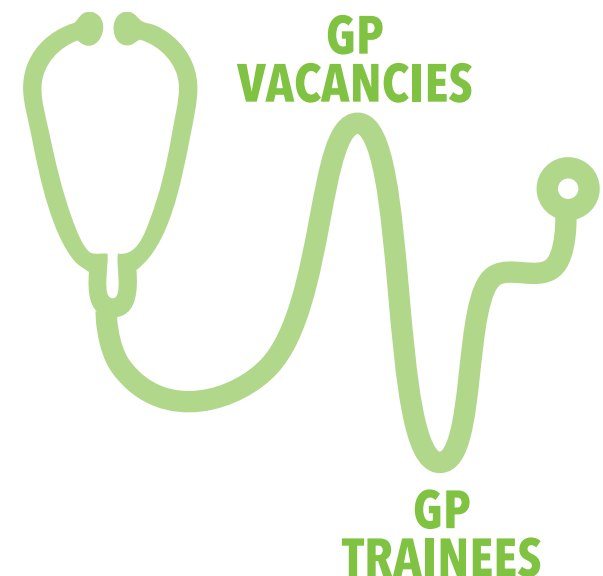
Our dentists, GPs, optometrists and pharmacists (primary care professionals) along with community care staff (addictions workers, advanced nurse practitioners, community connectors, money matters, psychologists, social workers) play a unique role in supporting people to maintain their health, independence and wellbeing at home.



There is increasing demand for services. Our aim is to inform people about the range of local services available, help them make healthy life choices and involve them in identifying local opportunities and ways to make services more effective.

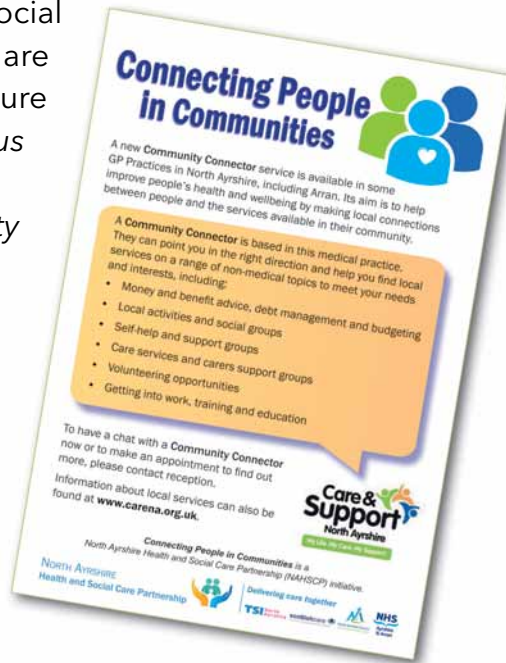
### Why do we need to make changes?

- To support more older people and people with with complex and multiple health conditions
- To help people with less income experience improved health
- To address the low numbers of trainee doctors wanting to join GP practices
- To accommodate high numbers of primary care staff who are eligible to retire



## These examples are exploring opportunities to make services even better:

- We are engaging with each North Ayrshire GP practice to find out where and how more support will enable them to improve their services.
- *Connecting People in Communities* places a Community Connector in seven local GP practices, where they advise local people of community health and support initiatives.
- Local health and social care professionals are designing their future together: *Ambitious for North Ayrshire: building our locality multi-disciplinary teams.*



## The future

*Ambitious for North Ayrshire* has identified some projects for change for each locality. These will help to ensure local people are supported more fully with health and care needs. Some examples include:

- **Arran** – Review medicine-prescribing and highlight opportunities for improvements.
- **Garnock Valley** – Develop opportunities to encourage young people to get more involved in their local communities.
- **Irvine** – Public engagement event at GP practice in Castlepark to ask local people for their views.
- **Kilwinning** – GP support within local nursing home and Occupational Therapy support in local pharmacy.
- **North Coast & Cumbrae** – Develop public information sessions across GP practices.
- **Three Towns** – Create an education and information programme to develop support for young men and another for young mothers.

Our teams will wrap around primary care practices, including Advanced Nurse Practitioners, Allied Health Professionals, Community Connectors and District Nurses. Each locality will develop its own model of collaboration with the third and independent sectors. We will develop a range of approaches and ensure high quality, sustainable services are available as close to people's homes as possible. As a result, when you need help, primary care will be able to respond with the professional who is best placed to help you.



## Older people and adults with complex care needs

We want to enable people to live well in their own home for as long as possible. We are working to change how we support older people and people with complex care needs across Ayrshire. We want people to live as full, healthy, active and independent lives as possible.

In North Ayrshire, we are living longer than ever before, but with more complex health and social care needs. However, advances in medicines, treatments and technologies provide the opportunity to transform how and where people can live their lives. Our aim is to support people to live as independently as possible at home or in a homely setting.

We will work together with communities and in communities to provide the highest possible quality of health care, to support people to stay well and benefit from early intervention help and support to reduce the need for visits to hospital.

### Why do we need to make changes?

- To help people to stay in their own home for as long as possible
- To prevent unnecessary acute hospital admission
- To support timely discharge from hospital
- To promote faster recovery from illness
- To prevent premature admission to long-term care

## We already have great examples of how we are working together to support people in their communities.

- Our Care at Home team have greatly reduced the waiting lists for care packages and the length of hospital stays people need.
- Our community alarm teams are working alongside the Scottish Ambulance Service in Irvine to try new ways of better supporting people at home.
- We are testing a *Connecting People in Communities* project in localities across North Ayrshire, linking people with a range of health professionals and activities.
- Ward 1 in Woodland View hospital is now open and provides rehabilitation after an acute hospital stay in a welcoming local setting.
- Ward 2 in Woodland View provides longer-term care for people with complex needs who cannot currently live outside a hospital environment.

## But we want to do more ...

### The future

We have a wide programme to develop new models of care for older people and people with complex needs.

We will develop a range of health and social care options, including:

- Supporting people to stay at home or a homely environment (including Care at Home, GP and community services).
- Making best use of all our resources including staff, community teams, community hospitals and care homes.
- Supporting people living with multiple conditions or more complex needs, including dementia and frailty.
- Supporting people with hospital care, when appropriate.
- Supporting people to regain independent living through rehabilitation.
- Supporting people nearing the end of their life.

North Ayrshire Health and Social Care Partnership will develop an effective, multidisciplinary, multi-agency approach that is flexible and responsive in meeting the needs of those we serve.



## Teams around children

We are establishing teams around children. These multi-disciplinary professional teams will work together and include educational psychologists, mental health support workers, social workers, teachers including CAMHs and youth services. As far as is possible, these teams will be based in one location. This will ensure that children, young people and families who need additional support have the right professionals around them at the right time.



### Why do we need to make changes?

- To support individuals in their role of 'named person'
- To put children and their families at the heart of what we do
- To address varying levels of need in different localities – this is affected by levels of deprivation in localities
- To utilise our resources effectively across North Ayrshire

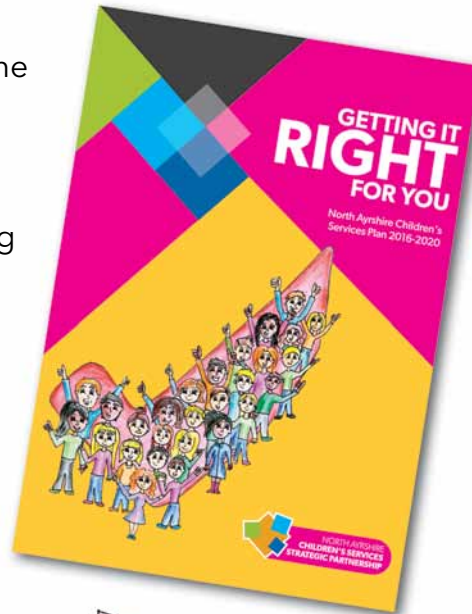
### There are significant benefits of the teams around children approach, these include:

- Having the right person there at the right time.
- Being education-based means children will be more familiar with those involved in their lives.
- Improved information sharing so that concerns can be addressed as early as possible.
- Less crisis demand on services because of our early intervention approach.





*Getting it Right for You: North Ayrshire Children's Services Plan 2016-2020* describes how we will work to improve children's outcomes. It contains promises on what services will do to improve the lives of children in North Ayrshire. It promises to give children and young people access to the professionals who can give them the right support at the right time. Early intervention and prevention is central to the Children's Services Plan. Effective multi agency working and information sharing is vital to early intervention to ensure children and young people get the support they need.



## The future

We will focus activity on the priorities in the Children's Services Plan. We will

- Improve how children and young people engage with education
- Help children and young people to keep fit and be at a healthy weight
- Help reduce smoking, drinking and taking substances at an early age
- Support children and young people's social and emotional development

This teams around children approach will mean earlier identification of children who may be having difficulties. It also means that these young people will have faster access to the services they need. This will increase their life chances and positive outcomes for more of North Ayrshire's young people.

## Mental health and learning disability services

Improving mental health and wellbeing is a key strategic priority for us; the opening of Woodland View will help us meet this priority. As more local people seek out help and support for mental health services, we have an opportunity to improve how staff, partner organisations, carers and people who use our services work together to provide a more seamless and more holistic experience.



### Why do we need to make changes?

- To address the ongoing rising demand for services by implementing early intervention and prevention approaches; we experienced an increase of 41% in 2015, compared to 2014.
- To make services available closer to people's homes and in an appropriate setting.
- To allocate resources so that there are fewer gaps in services.
- To make sure that if hospital stays are necessary, that these are the best quality of care for the shortest period of time.

**41%**  
**INCREASED  
DEMAND FOR  
SERVICES**

**BETTER  
PLANNING  
=  
FEWER  
GAPS**

Early intervention is key to helping prevent people being in crisis. We will develop specialist tailor-made services in North Ayrshire that will improve people's mental health and wellbeing and the journey they take through services during their life. This will help people to live fulfilling lives.

We will work with communities to support people to stay well while developing a range of approaches and high quality, sustainable services that are available as close to people's home as possible.



## The future

We are planning improvements:

- We will improve services to support children and young people who receive an investigation for autism and ADHD.
- We will create a multi-disciplinary community mental health team that has access to a network of local supports.

- We want to better support people and speed up their move from hospital back to the community.
- We will create a single joined-up learning disability team that gives person-centred support and promotes independent living, where possible.
- We will enable people to access Psychological Therapy help and support as soon as possible.
- We will listen, discuss and collaborate with staff, stakeholders, people who use our services and their carers and with local people on the best way forward.
- We will develop a new Learning Disability Strategy and improve the range of services available. Some of these services will be through the development of the Red Cross House site in Irvine:
  - Develop alternative supportive technology to provide greater community based choice, independence and positive risk taking
  - Improve the range of community based supported accommodation options, particularly for people with complex needs
  - Develop a new purpose designed Learning Disability Day Service
  - Review respite services and develop a short breaks service to increase the range of choices available
  - Develop social enterprise and supported employment opportunities
  - Develop Self Directed Support (SDS)
  - Review inpatient services and ensure timely discharge



# Health and Social Care Locality Planning Forums

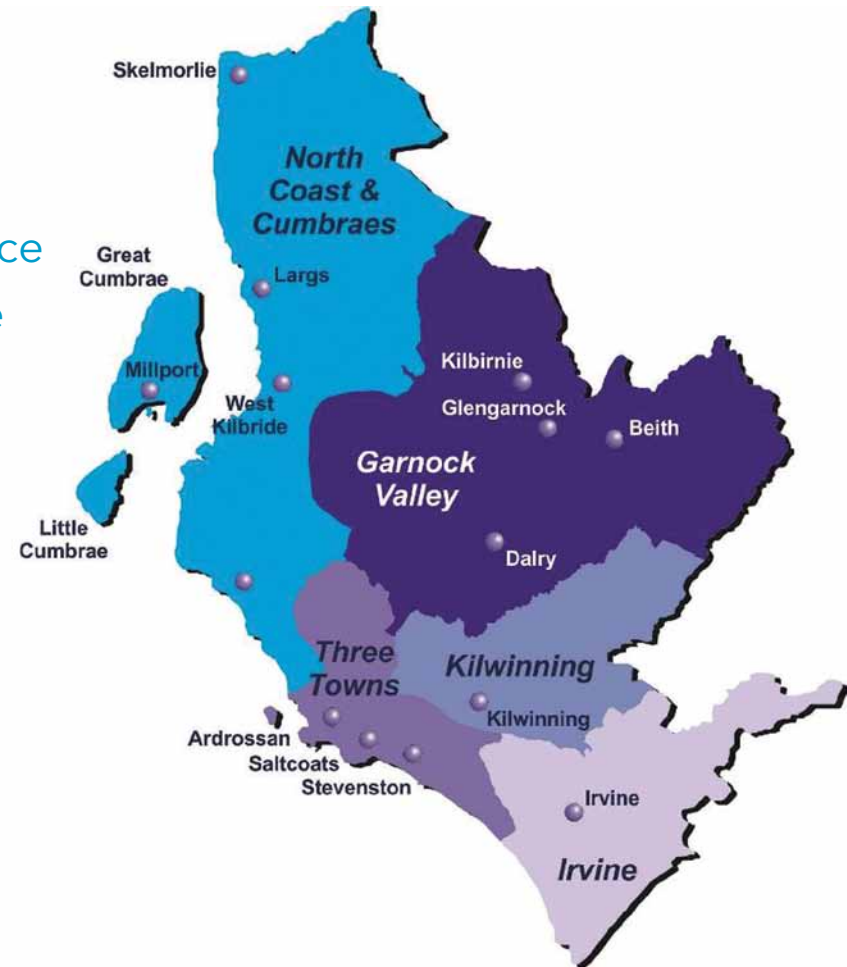
North Ayrshire Health and Social Care Partnership has developed six Locality Planning Forums in Kilwinning, Irvine, Three Towns, Garnock Valley, North Coast & Cumbrae and Arran. These forums will help us deliver priorities at a local level.

Locality Planning Forums will make it easier for North Ayrshire people to be involved in the decisions that will influence and shape local health and care services. The Forums will work with local people, groups and organisations, listening to their needs and aspirations; they will be crucial in identifying North Ayrshire health and social care needs and key to our future strategic planning.



## Our localities

North Ayrshire is home to over 136,000 people. People from different local communities experience life in North Ayrshire differently, with a wide range of contrasting health outcomes.



136,000+



If you'd like more information about specific locality forum, please contact [HSCPLocalityForum@north-ayrshire.gcsx.gov.uk](mailto:HSCPLocalityForum@north-ayrshire.gcsx.gov.uk)

## Kilwinning

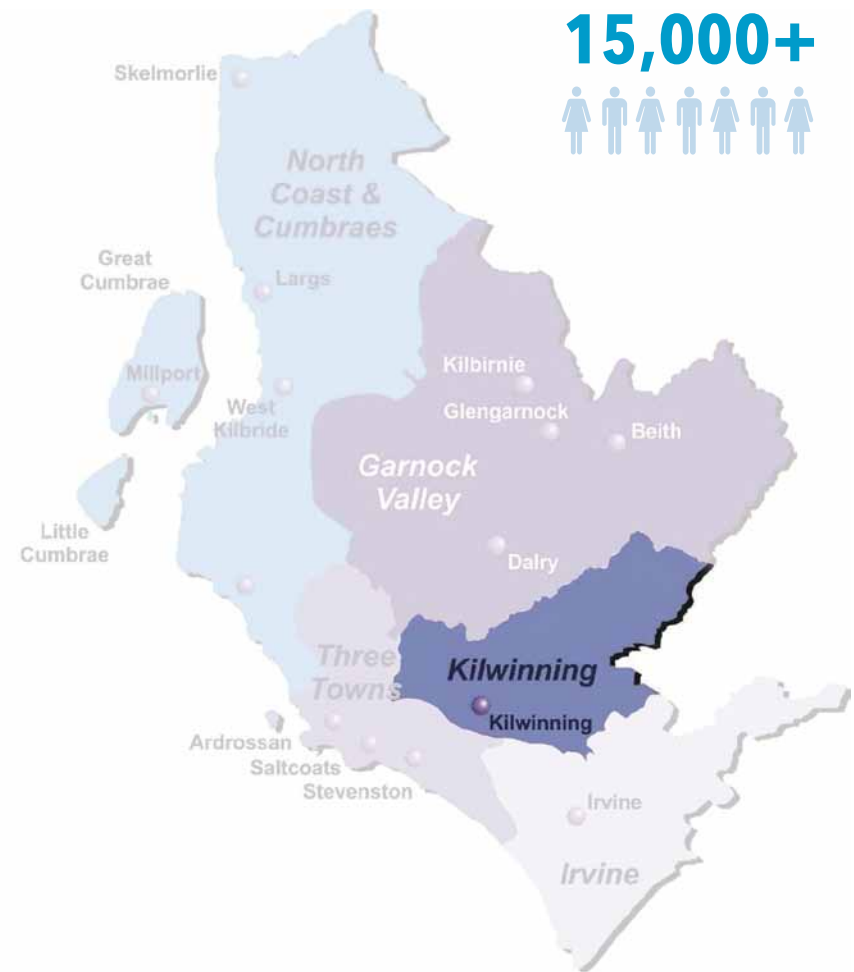
A high proportion of Kilwinning's population are of working age.

Famous for its historic sites, such as Kilwinning Abbey and Eglinton Castle, Kilwinning locality is home to a high number of young families and young adults. The town has an active local community, with groups for all ages and interests, complimented by a busy sports centre and local junior football team.

In recent years the area has grown in affluence, with declining levels of multiple deprivation and income deprivation.

### Kilwinning Locality Planning Forum has identified the following priorities

- Engage with local early years nurseries to hear views from parents.
- Introduce GP visiting sessions in local nursing homes.
- Make Occupational Therapy advice available in the local pharmacy.
- Undertake a networking event to understand the local health and social care provision available.



## Irvine

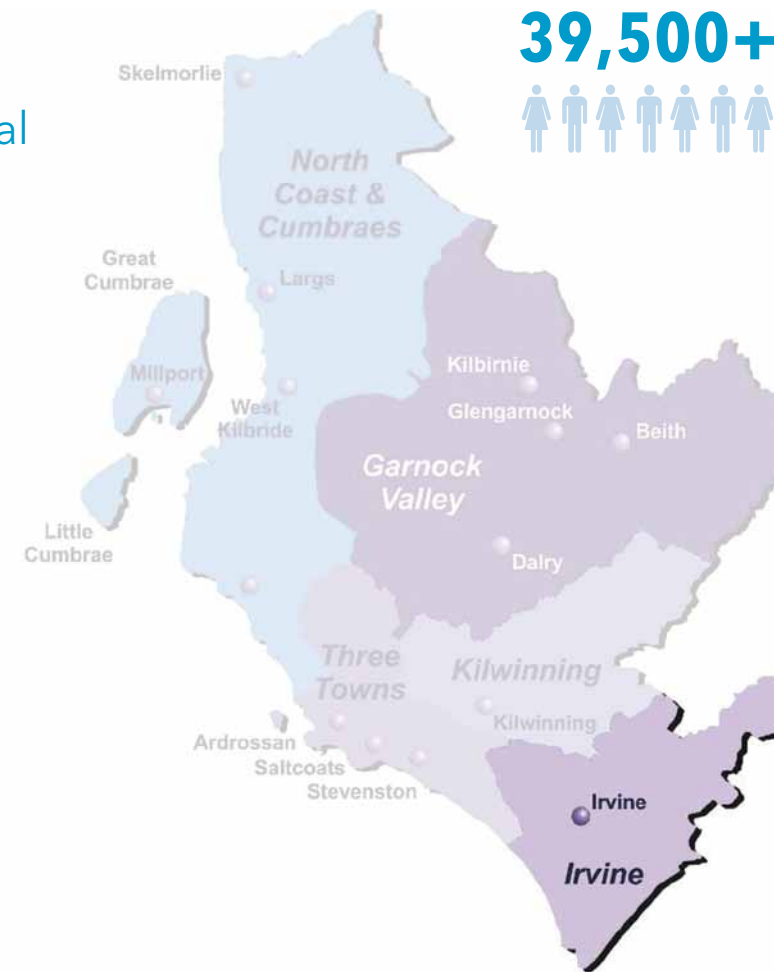
Irvine is a town with a long history. It was made a Royal Burgh in 1372 by Robert II and is now a busy town with important historical and maritime connections.

With almost 40,000 residents, Irvine is the most highly populated locality in North Ayrshire. Irvine has an overall younger age profile than the rest of North Ayrshire, and this contributes to it having a higher number of people of working age. Irvine residents have generally good access to services and improving attainment in local pupils' education.

Irvine locality has high levels of health deprivation as well as high levels of unemployment which contributes to local people experiencing a wide range of health issues with little or no support organisations.

### Irvine Locality Planning Forum has identified the following priorities

- Address issues of social isolation across all ages.
- Improve low level mental health and wellbeing particularly among young people.
- Improve access to local physiotherapy for those with musculoskeletal concerns.



## Three Towns

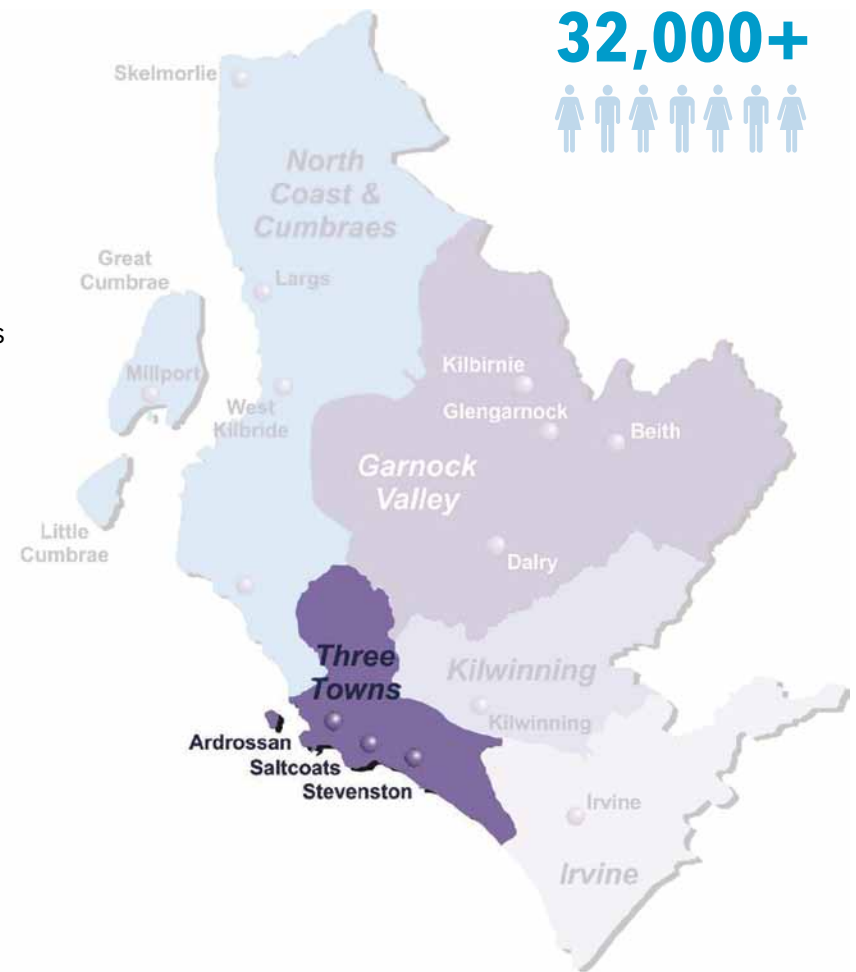
The towns of Ardrossan, Saltcoats and Stevenston make up the Three Towns locality, which has a population of over 32,000 people.

Ardrossan's development during the industrial revolution was down to its position on the Clyde coast and the coal and pig iron trade. Stevenston had over 32 coal mines in the area, while Saltcoats' industrial heritage was in salt harvesting (hence the name, Saltcoats).

The area is seeing a rise in the young adult population that is coupled with improving educational performance and school attendance. Three Towns locality has the highest local unemployment rate, with rising levels of health deprivation and some of the lowest male life expectancy in North Ayrshire and a third of its children live in poverty.

### Three Towns Locality Planning Forum has identified the following priorities

- Ensure appropriate care at home options for older people.
- To improve mental health and wellbeing of young men, including addressing issues of social isolation.





## Garnock Valley

With a population of over 20,000, the main towns of Dalry, Beith and Kilbirnie make up the Garnock Valley locality.

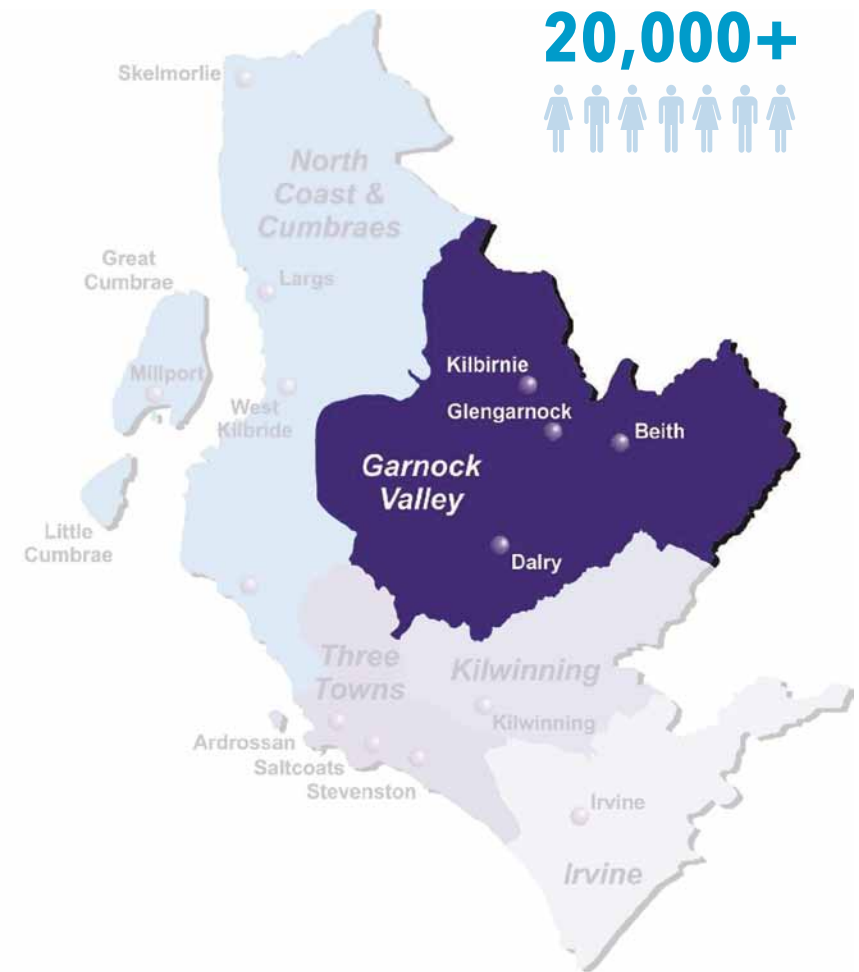
Kilbirnie's industrial heritage includes flax and weaving, and in more recent history, iron and steelmaking. While Beith was once a haven for smugglers, it is also the birthplace of Henry Faulds, who is credited with identifying the forensic use of fingerprinting.

Presently, the locality has a vibrant community spirit, with strong support for local sports, music tradition and many volunteer groups.

While it is traditionally an area with significant deprivation, the Garnock Valley has many strengths, including an improvement in the educational performance of local young people and a low dependency ratio (a higher number of people in the area are of working age).

### Garnock Valley Locality Planning Forum has identified the following priorities

- Engage with young people to help improve their health and wellbeing.
- Improve low level mental health and wellbeing across all age groups.
- Reduce social isolation across all age groups.
- Reduce the impact of musculoskeletal disorders.



## North Coast & Cumbrae

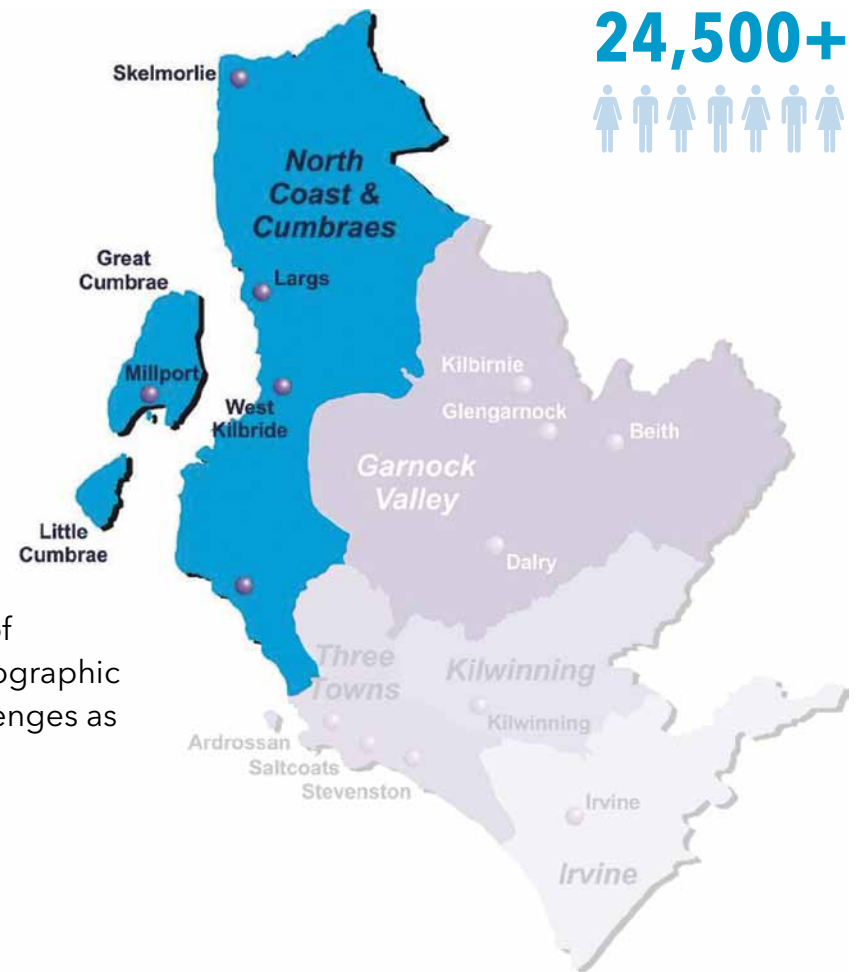
The North Coast and Cumbrae locality is home to almost 25,000 residents.

It includes the towns of Largs and West Kilbride, the villages of Fairlie and Skelmorlie and the island community of Cumbrae. This locality is one of the most affluent areas in North Ayrshire and has one of the highest life expectancies compared to other localities. Household incomes tend to be higher although there are significant pockets of deprivation, including the Isle of Cumbrae (classed as a fragile economy). The area has relatively low unemployment and its young people perform well academically.

Many visitors and retirees are attracted to the area due to the appeal of the seaside and island life. There is consequently a large elderly demographic within this locality which brings significant health and social care challenges as people are living longer with multiple co-morbidities and disabilities.

### North Coast & Cumbrae Locality Planning Forum has identified the following priorities

- Reduce social isolation of older people and those with complex needs.
- Develop support for young people who suffer from stress and anxiety.
- Reduce the impact of musculoskeletal disorders.
- Promote opportunities for financial inclusion.



## Arran

Over 4,500 people live on the Island of Arran; the largest island in the firth of Clyde.

Tourism is the main industry, with scenery and wildlife being key attractions – Arran is home to the big five of Scottish wildlife; red deer, red squirrels, golden eagles, seals and otters.

The Arran locality has a higher life expectancy compared to the rest of North Ayrshire and is also above the Scottish average, however Arran has a much higher frail elderly population who have more than one health condition. The island has relatively low levels of deprivation and unemployment, along with high educational attainment for local pupils and generally lower levels of crime.

Arran has a wide range of on-island services, however the largely rural community has poor access and has a higher proportion of older people needing support.

### Arran Locality Planning Forum has identified the following priorities

- Develop transport solutions that help local people in accessing support.
- Reduce social isolation.
- Improve support to those with complex care needs.

4,500+



# Culture and voice

## **Building our partnership culture**

We use a strengths-based approach in our partnership that includes; Appreciative Inquiry, design thinking, coaching and mentoring and positive change methodologies. These recognise the human element of bringing services together in North Ayrshire, and the great dedication and expertise available through our staff, partners and communities.





## Our Organisational Development approach enables:

- Continuing development of partnership working with people who use our services, carers, staff, staff representatives and partner organisations.
- Building on a commitment to share principles and a collaborative culture.
- Continuing improvement of services that provide better outcomes for people.

Developing relationships and embedding the values of the Partnership in a range of service, team and staff engagement and design activities will continue to be an important focus for us. The positivity and 'can do' approach that appreciates the potential in people opens new and exciting opportunities for health and social care joined-up thinking. This human centred approach also recognises and appreciates the wellbeing of all and as such many of the approaches focus on developing resilience, which is underpinned by the Partnership values (see page 5).

## Creating our partnership voice

We engage with our staff, members of the public, carers and people who use our services in various ways. We use social media and websites, we hold public events and involve North Ayrshire residents in service redesign.

Each time people receive health and social care support they will experience our Partnership ethos of person-centred care. We aim to create a dialogue where people's views are included and having open conversations is the new way of working. We promote our services and the benefits of partnership working and engage with a wider audience, including people from seldom heard groups, in service design and delivery.

[www.carena.org.uk](http://www.carena.org.uk)  
is a great way to find out  
what's happening in North  
Ayrshire as well as information  
about health and social care  
in your locality.



# Monitoring, money and working in partnership



## Monitoring and evidencing

Changes to services have to make a difference to people's lives. We continually monitor our services, and report and review them in various ways. One of our measures is to use the nine national Health and Wellbeing Outcomes set by Scottish Government.

### Outcome 1: Healthier living

Individuals, families, and local communities are able to look after and improve their own health and wellbeing, so that more people live in good health for longer with reduced health inequalities.

### Outcome 2: Independent living

People, including those with disabilities, long term conditions, or who become frail, are able to live as independently as reasonably practicable in their community.

### Outcome 3: Positive experiences and outcomes

People have positive experiences of health and social care services, which are centred on meeting individuals' needs and providing choices that help to maintain or improve quality of life.

### Outcome 4: Maintained or improved quality of life

People have positive experiences of health and social care services, which are centred on meeting individuals' needs and providing choices that help to maintain or improve quality of life.

### Outcome 5: Reduced health inequalities

Health and social care services contribute to reducing health inequalities.

### Outcome 6: Carers are supported

People who provide unpaid care are able to maintain their own health and wellbeing, including having a life alongside caring.

### Outcome 7: People are safe

People using health and social care services are safeguarded from harm and have their dignity respected.

### Outcome 8: Engaged workforce

People delivering health and social care services are positive about their role, and supported to continuously improve the information, support, care and treatment they provide.

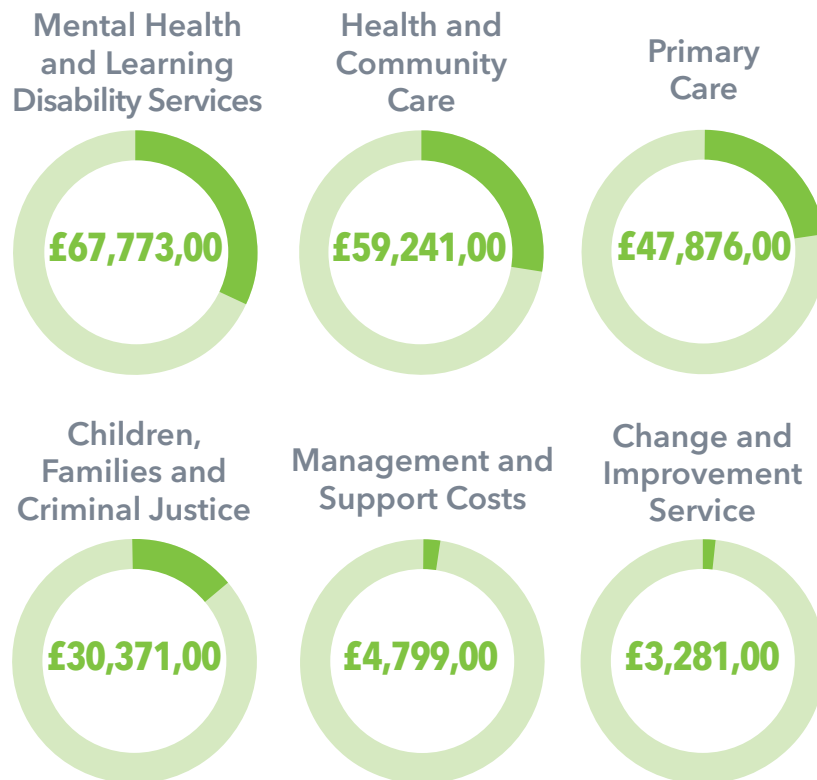
### Outcome 9: Effective resource use

Best value is achieved with resources used effectively within health and social care, without waste or unnecessary variation.

We make sure that we link what we do to our strategic priorities and the nine national outcomes, and that everyone in the Partnership can see how they contribute.

## Finance

This is how we propose to spend our monies in 2016/17.



**TOTAL**  
**£213,341,000**

### 2016/17 Objective summary budget £'000

<b>Mental Health and Learning Disability Services</b>	<b>67,773</b>
Learning Disability	16,529
Community Mental Health	5,334
Addictions	2,373
Lead Partnership	43,537
<b>Health and Community Care</b>	<b>59,241</b>
Locality Services	27,147
Community Care Service Delivery	22,676
Long Term Conditions	4,092
Rehabilitation and Re-ablement	2,684
Integrated Island Services	2,642
<b>Primary Care</b>	<b>47,876</b>
<b>Children, Families and Criminal Justice</b>	<b>30,402</b>
Looked After & Accommodated Children	15,361
Fieldwork	5,872
Intervention Services	4,314
Early Years	1,984
Lead Partnership	1,606
Policy and Practice	781
Changing Children's Services Fund	469
Criminal Justice	(16)
<b>Management and Support Costs</b>	<b>4,799</b>
<b>Change and Improvement Service</b>	<b>3,281</b>
<b>TOTAL</b>	<b>213,341</b>



## Finance: Integrated Care Fund 2016/17

This fund is allocated to health and social partnerships by Scottish Government.

Our Integrated Care Fund allocation for 2016/17 is £2,890,000.

Lead officers from the Partnership representing health, social care, independent sector and the third sector have earmarked £2,404,275 for a range of projects (see page 32). These projects evaluated strongly from previous year's ICF monies.



**TOTAL**  
**£2,404,275**

*Projects are listed overleaf*

The balance £485,725 will be spent on developing work around the following three priorities of:

- Developing teams around GP practices
- Reducing social isolation and loneliness
- Improving early mental health support

## Ideas and Innovation

### Project

British Red Cross: Home from Hospital  
 Community Connectors  
 Early Intervention from Custody  
 Enhanced end of life / Palliative care facility  
 Food Train  
 Hepatitis C Support  
 Medication for Carers  
 Medication for ICES  
 On Yer Bike  
 Positive Connections  
 Post Diagnostic Support  
 Recovery Café  
 Rehab Health and Wellbeing (HARP)  
 Self management support  
 Services to Redburn  
 Staying Connected, Good Neighbours, Home from Hospital, On Ward  
 Talking about Diabetes  
 GP service (Fullerton)  
 Community Phlebotomy Service  
 District Nurse (Arran)  
 Intermediate Response Team (attend 999 calls)

### Sector

### 2016/17 budget

Third Sector £93,848  
 NAC/Third Sector £186,000  
 NAC £45,000  
 Independent £40,040  
 Third Sector £75,000  
 NAC £41,000  
 NHS £20,000  
 NHS £25,000  
 Third Sector £25,000  
 Third Sector £7,550  
 NHS £60,000  
 NAC/Third Sector £15,000  
 NHS/Third Sector £142,000  
 NHS £2,600  
 NHS £12,000  
 Third Sector £38,610  
 NHS £2,811  
 NHS £50,000  
 NHS £54,000  
 NHS £30,000  
 NAC £21,543

**TOTAL**  
**£987,002**

NAC = North Ayrshire Council  
 NHS = NHS Ayrshire & Arran

## Change Team

### Project

Change Team

### Sector

NHS/NAC/National

### 2016/17 budget

£814,674

### TOTAL

**£814,674**

## Ongoing support to increase independence

### Project

Dementia training

Falls Co-ordinator

Falls Trainer

Local Integration Lead

LOTS Resource Workers

Lunch clubs / Community development

TSI Development Worker

Telecare Technician

Heart Failure Nurse (One third)

TSI capacity

### Sector

NHS

NHS

NHS

Independent

NAC

Third Sector

Third Sector

NAC

NHS

Third Sector

### 2016/17 budget

£39,189

£13,000

£14,000

£21,000

£71,298

£30,000

£60,000

£26,000

£15,000

£48,000

### TOTAL

**£337,487**

## Engagement and Locality Planning

### Project

Primary Care / GP engagement / Locality Forums

Participatory Budgeting

Engagement staff costs

### Sector

### 2016/17 budget

£53,000

£60,000

£57,000

### TOTAL

**£170,000**

## Teams around GPs

### Project

Advance Nurse Practitioner x 2

### Sector

NHS

### 2016/17 budget

£95,112

### TOTAL

**£95,112**

## Equality outcomes

The Equality and Human Rights Commission (EHRC) requires all Health and Social Care Integration Joint Boards (IJB) to publish their equality outcomes and accompanying report by 30 April 2016.

North Ayrshire Health and Social Care Partnership is committed to ensuring that all individuals and communities in North Ayrshire are treated fairly and have the opportunity to thrive and fulfil their potential. Our ambition for a safe, healthy and active North Ayrshire cannot be realised unless we address the prejudice, discrimination and disadvantage that hold people back and prevents them from flourishing.

### equality

*noun*

the state of being equal, especially in status, rights, or opportunities.

**We have developed a set of Equality Outcomes that link directly to our strategic plan. This provides a framework for positive action to ensure equality of opportunity.**

1. The impact of inequalities is reduced in North Ayrshire
2. Vulnerable people have access to support to tackle financial difficulties
3. More disadvantaged people are in work or training
4. Vulnerable people are kept safe from harm
5. Services are inclusive to the transgender community
6. Local people are involved in improving their communities
7. Carers have the support they need
8. Individuals are supported to improve their physical health and wellbeing

In addition, we will work with partners to create a shared set of equality outcomes that ensure a joined-up approach to equality issues throughout Ayrshire.

For more information please see [www.north-ayrshire.gov.uk](http://www.north-ayrshire.gov.uk)

## Linking in with North Ayrshire Community Planning Partnership



North Ayrshire  
Community Planning Partnership

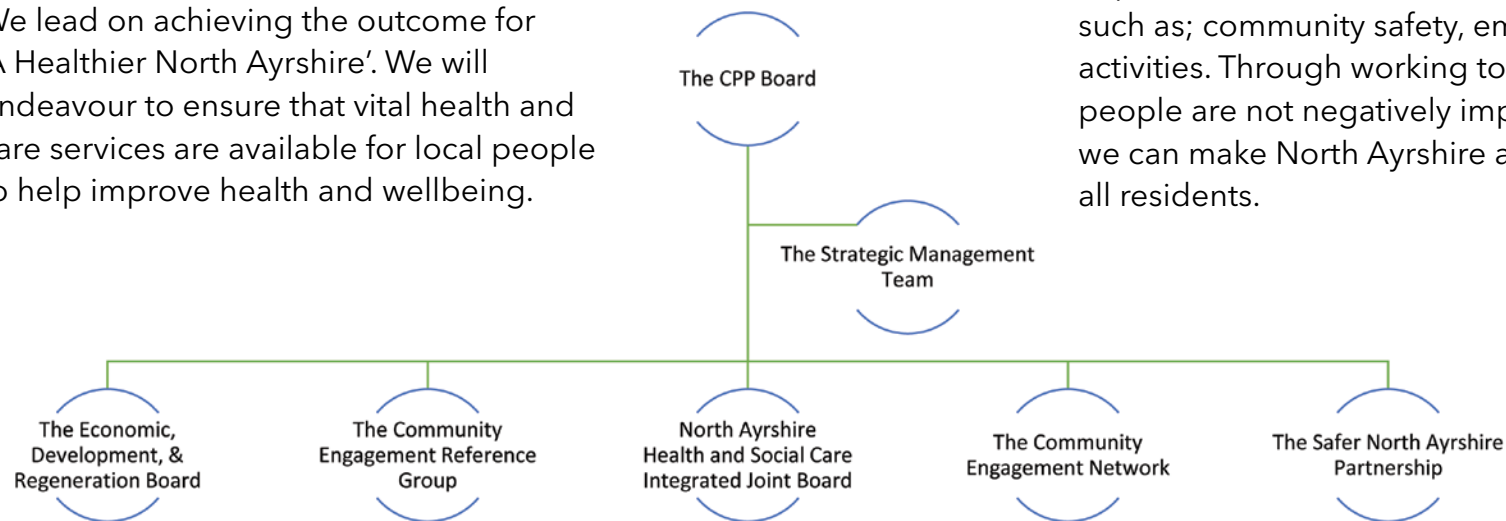
We are a key partner within North Ayrshire Community Planning Partnership (CPP) and make a significant contribution to the area's **Single Outcome Agreement**.

This agreement outlines three strategic strands to promote and improve the wellbeing of the local area:

- A Working North Ayrshire
- A Healthier North Ayrshire
- A Safer North Ayrshire

We lead on achieving the outcome for 'A Healthier North Ayrshire'. We will endeavour to ensure that vital health and care services are available for local people to help improve health and wellbeing.

However, it is recognised that to improve the health and wellbeing of local people, North Ayrshire Health and Social Care Partnership cannot work alone. Much of what we would like for the people of North Ayrshire can only be achieved through working together. For example, many social aspects can impact on the health and wellbeing of an individual, such as; community safety, employment and leisure activities. Through working together to ensure local people are not negatively impacted by such factors, we can make North Ayrshire a better place to live for all residents.



## CPP and Fair for All (North Ayrshire's Inequalities Strategy)

High levels of inequality exist within North Ayrshire. Evidence of inequalities can be found in the differences in wealth, education and health across the local population.

The real world impact of this is illustrated by a person born and raised in one part of North Ayrshire compared to a person born and raised in another part of North Ayrshire could have a difference in life expectancy of 14 years. And the quality of their lives could vary quite significantly too. Whilst those who are most impacted negatively by inequalities are more likely to live a life of poverty and have poor health, high levels of inequality affects each and every resident in North Ayrshire.

Traditionally, services have been designed to support those who experience the highest levels of deprivation. This approach does little to prevent the root causes of poverty and inequalities nor does it support those impacted by inequalities at different levels.

Our Integrated Joint Board (IJB), as a key member of the Community Planning Partnership (CPP) has committed to implementing the Inequalities Strategy for North Ayrshire called *Fair for All*.

*Fair for All* proposes to tackle inequalities on three levels, using three different approaches. The three levels include:

- 1.** Undo the causes of inequalities, for example, tackling issues of discrimination, poverty, and the distribution of wealth, power and income.
- 2.** Prevent wider environmental influences, for example, supporting the development of a fairer food system, and working with partners to create a safer, happier place to work and live.
- 3.** Continue to reduce the individual experience of inequality, for example, ensure people are aware and are supported to take up opportunities for learning and employment.

We will use a combination of the following three approaches:

- 1.** Support for those who are worse off, for example, welfare reform advice.
- 2.** Provide universal services, for example, school nursing support.
- 3.** Providing universal services with enhanced support, for example, the midwifery team working with vulnerable families.

Whilst North Ayrshire Health and Social Care Partnership cannot effectively tackle and reduce inequalities on its own, we commit to working alongside our Community Planning Partners to tackle what is possibly the single biggest challenge we face in North Ayrshire.

## Housing

North Ayrshire Council Housing Services and North Ayrshire Health and Social Care Partnership are working together to produce a Housing Contribution Statement. This will set out the role that social housing providers in North Ayrshire play to achieve outcomes for health and social care. The Housing Contribution Statement will also strengthen proposals previously outlined in North Ayrshire Council's previous contribution statement.

Housing and Health and Social Care will work closely to ensure North Ayrshire's most vulnerable people are safe and secure within their own homes. We will share evidence, identify people's needs and priorities, and plan for solutions.

### **We will work, develop and enhance:**

- Extra care housing with linked community hub facilities for older people
- Dementia friendly housing
- Sheltered housing
- Housing for adults with mental health, learning and physical disabilities
- Residential accommodation and respite for children with additional support needs
- Equipment, adaptations and smart technology

We will continue to strive to improve the health and wellbeing of our communities to enable people to live as independently as possible within their community.



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Tha gach sgrìobhainn againn rim faotainn ann an diofar chànanan, clò nas motha, Braille (Beurla a-mhàin), teip clastinn no riochd eile a tha sibh airson a thaghadh.

हमारे सब प्रकाशन अनेक भाषाओं, बड़े अक्षरों की छपाई, ब्रेल (केवल अंग्रेज़ी), सुनने वाली कसेट या आपकी पसंदनुसार किसी अन्य फॉरमेट (आरूप) में भी उपलब्ध हैं।

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ਸਾਡੇ ਸਾਰੇ ਪਰਚੇ ਅਤੇ ਕਿਤਾਬਚੇ ਵਗ਼ੈਰਾ ਵੱਖ ਵੱਖ ਭਾਸ਼ਾਵਾਂ ਵਿਚ, ਵੱਡੇ ਅੱਖਰਾਂ ਅਤੇ ਬ੍ਰੇਲ (ਸਿਰਫ਼ ਅੰਗਰੇਜ਼ੀ) ਵਿਚ, ਆਡੀਓ ਟੇਪ 'ਤੇ ਜਾਂ ਤੁਹਾਡੀ ਮਰਜ਼ੀ ਅਨੁਸਾਰ ਕਿਸੇ ਹੋਰ ਰੂਪ ਵਿਚ ਵੀ ਮਿਲ ਸਕਦੇ ਹਨ।

Delivering care together

TSI North Ayrshire

scottishcare  
The voice of the independent care sector in Scotland

North Ayrshire Council  
Comhairle Siorrachd Air a Tuath

NHS  
Ayrshire & Arran



Comments or questions about this document, including request for support information or documentation should be made to North Ayrshire Health and Social Care Partnership, Cunningham House, Friars Croft, Irvine KA12 8EE



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## **NORTH AYRSHIRE COUNCIL**

### **Agenda Item 4**

**Audit and Scrutiny Committee**

**30 May 2017**

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**Title:** **Annual Governance Statement 2016/17**

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**Purpose:** To seek Committee approval of the Council's Annual Governance Statement for 2016/17 which will be included within the Annual Accounts.

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**Recommendation:** That the Committee approves the Annual Governance Statement which is attached at Appendix 1 to this report.

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#### **1. Executive Summary**

- 1.1 The Council's Annual Governance Statement outlines the governance framework which is in place and changes which have been made to strengthen the framework during 2016/17.
- 1.2 Approval of the Statement by the Audit and Scrutiny Committee will ensure that the Council complies with the requirements of the Local Authority Accounts (Scotland) Regulations 2014.

#### **2. Background**

- 2.1 North Ayrshire Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.
- 2.2 The Council is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 2.3 The Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'.

- 2.4 The Local Authority Accounts (Scotland) Regulations 2014 require that local authorities prepare an Annual Governance Statement, in accordance with proper practices in relation to internal control, and that this Annual Governance Statement should be approved by the Audit Committee of the authority.
- 2.5 Following approval of the Annual Governance Statement by the Audit and Scrutiny Committee, it requires to be signed by the Chief Executive and the Leader of the Council prior to its inclusion within the Council's draft annual accounts.
- 2.6 The Annual Governance Statement, which is attached in full at Appendix 1 to this report, explains how the Council complies with the Code of Corporate Governance. It identifies the main components of the Corporate Governance framework which is in place, including the system of internal control, and details those significant changes which have taken place in respect of the framework during 2016/17.
- 2.7 The Statement also identifies a number of actions which the Council intends to implement during 2017/18 to further strengthen the governance framework and concludes with an assurance statement by the Chief Executive and the Leader of the Council.

### **3. Proposals**

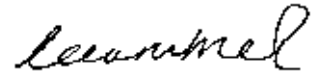
- 3.1 It is proposed that the Committee approves the Annual Governance Statement for 2016/17 which is attached in full at Appendix 1 to this report.

### **4. Implications**

<b>Financial:</b>	None.
<b>Human Resources:</b>	None.
<b>Legal:</b>	None.
<b>Equality:</b>	None.
<b>Environmental &amp; Sustainability:</b>	None.
<b>Key Priorities:</b>	Good governance arrangements help to underpin the delivery of the Council's key priorities.
<b>Community Benefits:</b>	None.

**5. Consultation**

- 5.1 Consultation has taken place with the Chief Executive during the preparation of the Annual Governance Statement.



LAURA FRIEL  
Executive Director (Finance and Corporate Support)

**Reference :**

For further information please contact Paul Doak, Senior Manager (Internal Audit, Risk and Fraud) on 01294-324561.

**Background Papers**

None.



# Annual Governance Statement

## Scope of Responsibility

North Ayrshire Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

The Council is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016). A copy of the local code is available on the Council's website, or a copy can be obtained from the Chief Executive's Service, North Ayrshire Council, Cunninghame House, Irvine KA12 8EE.

This statement explains how North Ayrshire Council complies with the Code of Corporate Governance and meets the requirements of the 'Code of Practice for Local Authority Accounting in the UK: A Statement of Recommended Practice', in relation to the Statement on the System of Internal Financial Control.

## The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values by which the authority is directed and controlled. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services and the achievement of key outcomes.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively.

## The Governance Framework

The main features of the governance framework that was in place during 2016-17 are summarised below:

- The Cabinet was the key decision-making Committee, comprising the Leader of the Council, the Deputy Leader and four members of the Administration, each with a specific portfolio of duties. An Education Cabinet comprised the same members and also included church and teaching profession representatives. The Audit and Scrutiny Committee, which is not chaired by the Administration, was in place to consider all matters in relation to Internal and External Audit, Risk Management and Scrutiny and Performance;
- Strategic decision-making is governed by the Council's key constitutional documents including standing orders, scheme of administration, scheme of delegation to officers and financial regulations and associated codes of financial practice;
- The Council has 2 cross-party 'advisory panels' with remits covering 'Physical Environment' and 'Communities and Lifelong Learning'. These have no specific delegated powers; however, they provide input to policy direction prior to submission of policy proposals to Cabinet;
- The Council has six Locality Partnerships, covering Irvine, Kilwinning, the Three Towns, Arran, the North Coast and the Garnock Valley. Chaired by a local Elected Member, the Partnerships provide the opportunity for Elected Members, Community Planning Partners and local community representatives to consider the priorities for each area.
- The Council, together with NHS Ayrshire and Arran, established an integrated Health and Social Care Partnership (HSCP) in April 2015. The HSCP has established a governance framework and an integrated senior management structure to support delivery of its key objectives.

- The Council's mission and vision are outlined in the Council Plan 2015-2020 which aligns with the vision of the North Ayrshire Community Planning Partnership and the Single Outcome Agreement and is underpinned by a range of performance indicators;
- A 'People Strategy' entitled 'Our People Connect' is in place to support the delivery of the Council Plan and its strategic priorities by focussing on developing the right culture and helping the Council transform to be a leaner, more efficient and high performing organisation where people can develop and thrive.
- The Performance Management Strategy focuses very firmly on embedding a performance management culture throughout the Council. A Performance Management Forum (PMF) is in place to help embed a high performance culture throughout the Council. The membership of the PMF was refreshed during 2016/17 to provide a more strategic focus. Regular reporting to Elected Members takes place and a wide range of performance information is available on the 'North Ayrshire Performs' website;
- The Chief Executive chairs a series of six-monthly Performance Management Review meetings, covering each Directorate, and designed to focus on improvement, reflection and learning.
- The Council has adopted a 'Code of Conduct' for all of its employees. Elected Members adhere to the national 'Code of Conduct for Councillors' and a register of interests is in place;
- The approach to risk management is set out in the Risk Management Strategy, which was refreshed during 2016-17, and approved by Cabinet in March 2017. The Council's strategic risk register for 2016-17 was approved by Cabinet in March 2016;
- The Council has in place a development programme for all Elected Members. Leadership and Development programmes are also established for chief officers and senior managers across the Council. A Performance and Personal Development (PPD) scheme and a range of training opportunities are provided for all employees, the aim of which is to focus all employees on their performance and development that contributes towards achieving Service objectives;
- In order to ensure its asset management arrangements are robust, the Council has established the Corporate Asset Strategy, which was refreshed during 2016-17. This is underpinned by 6 themed asset management plans, in line with categories recommended by CIPFA: property, housing, ICT, open spaces, road and fleet. These plans, with the exception of ICT, were refreshed during 2016-17;
- A Capital Programme and Assets Group (CPAG), consisting of senior officers from across Council services and chaired by the Executive Director (Finance and Corporate Support), is in place. This group monitors the delivery of the Council's capital programme, helping to ensure that projects are delivered on time and within budget. The work of this group is supported by a Strategic Asset Group and Service Project Boards.
- The Council has a ten-year financial strategy (2013-2023), the primary objective of which is to ensure longer term financial sustainability that provides for appropriate investment in priority services. Work began during 2016-17 to refresh this strategy and extend it to cover the next 10 years;
- The Council is delivering its Transformation 2 (T2) programme, which will help develop a corporate and co-ordinated approach to transformational change across the organisation. Governance arrangements are in place through the Executive Leadership Team and reporting to Cabinet.
- The Council has Internal Audit and Corporate Fraud teams to carry out independent and objective reviews of governance and internal control arrangements and investigate allegations of fraud and error both within and against the authority.
- An Information Governance framework is in place, supported by a central team of staff within the Chief Executive's Service.
- The Corporate Communications Strategy was refreshed during 2016-17.
- The Council has a two-stage Complaints Procedure, which provides a transparent and standardised process for customers who wish to complain, and enables the Council to manage complaints more effectively and to identify any service improvements which may be required.

The governance framework has been in place at North Ayrshire Council throughout the year ended 31<sup>st</sup> March 2017.

## **The System of Internal Financial Control**

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by Chief Officers within the Council. In particular, the system includes:

- Financial regulations and codes of financial practice;
- Comprehensive budgeting systems;
- Regular reviews of periodic and annual financial reports that indicate financial performance against the forecasts;
- Setting targets to measure financial and other performance;
- Clearly defined capital expenditure guidelines;
- Formal project management disciplines.

The Council's financial management arrangements conform to the governance requirements of the CIPFA statement: 'The Role of the Chief Financial Officer in Local Government (2010)'.

With regard to the entities incorporated into the Group Accounts, the Council is not aware of any weaknesses within their internal control systems and has placed reliance on the individual Statements of Internal Financial Control where appropriate.

## **Review of Effectiveness of the Governance Framework**

North Ayrshire Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness of the framework is informed by the work of the Executive Leadership Team who have responsibility for development and maintenance of the governance environment, the annual report by the Senior Manager (Internal Audit, Risk and Fraud) and reports from Audit Scotland and other review agencies.

The Executive Director (Finance and Corporate Support) has overall responsibility for Internal Audit in North Ayrshire Council. The Senior Manager (Internal Audit, Risk and Fraud) is responsible for the management of the section and reports directly to the Executive Director, with the right of access to the Chief Executive and Chair of the Audit and Scrutiny Committee on any matter. The Internal Audit section is fully resourced to deliver its 5 year audit plan. Regular reports were made to the Council's Audit and Scrutiny Committee throughout 2016-17.

As detailed in the 'Internal Audit Charter' that has been adopted by the Council, the Internal Audit function has independent responsibility for examining, evaluating and reporting on the adequacy of internal control. During 2016-17, the service operated in accordance with the Public Sector Internal Audit Standards. The Senior Manager (Internal Audit, Risk and Fraud) prepares an annual report to the Audit and Scrutiny Committee, including an assurance statement containing a view on the adequacy and effectiveness of the governance, risk management and internal control frameworks.

## **Significant Governance Developments during 2016-17**

Following a local by-election in August 2016, political control of the Council moved from the Scottish National Party to the Labour Party. This change of administration also saw agreement to merge the former Audit and Scrutiny and Petitions Committees into a single Audit and Scrutiny Committee.

The North Ayrshire (Electoral Arrangements) Order 2016 was agreed by Scottish Ministers in September 2016 and resulted in an increase in the number of Elected Members from 30 to 33 and an increase in the number of Electoral Wards from 8 to 10 at the Local Elections in May 2017. A revised Polling Scheme was agreed by Council in December 2016.

A Health and Care Governance Framework was agreed by the Cabinet in March 2017. This covers specific elements of governance to meet statutory requirements as well as commitments outlined in the Integration Joint Board Integration Scheme. This also covers governance arrangements in relation to complaints and customer feedback, risk management, health and safety, Internal Audit, workforce planning and public protection.

An updated Capital Programme, through to 2025/26, was approved by Council in March 2017. This will deliver an investment programme of £215million, supporting delivery of the Council's key priorities and service redesign.

The Local Scrutiny Plan 2016-17, published in March 2016 by the Local Area Network of external inspection agencies, noted that there were no specific risks in the Council which required additional scrutiny work to be carried out.

The Council's Internal Audit section undertook an External Quality Assessment, carried out by Falkirk Council, in order to demonstrate that it complied with the requirements of the Public Sector Internal Audit Standards (PSIAS). A very positive outcome was achieved and was reported to the Audit and Scrutiny Committee in February 2017.

The Internal Audit Annual Report 2016-17, received by the Audit and Scrutiny Committee on 30<sup>th</sup> May 2017, highlights a number of findings by the Council's Internal Audit section which indicate some weaknesses in the internal control environment, most notably in relation to adherence to the Council's procurement framework. It is the opinion of the Senior Manager (Internal Audit, Risk and Fraud) that the Council's overall systems of internal control continue to provide reasonable assurance against loss.

### **Further Actions for 2017-18**

The Council has identified the following actions for 2017-18 that will assist with the further strengthening of corporate governance arrangements:

- Complete the review of the 10 year financial strategy to 2026/27
- Development of Workforce Planning arrangements
- A refresh of the Council's key constitutional documents will be carried out and taken to the first meeting of the Council following the elections for approval
- Working with Community Planning Partners to develop a Local Outcomes Improvement Plan (LOIP).
- Continuing to work with the Health and Social Care Partnership to ensure that services can be delivered within the available funding and to support the successful use of the HSCP Challenge Fund.

### **Assurance**

Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2016-17 to provide reasonable and objective assurance that any significant risks impacting on the achievement of our actions will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.

Elma Murray  
Chief Executive  
September 2017

Councillor  
Leader of the Council  
September 2017



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## **NORTH AYRSHIRE COUNCIL**

### **Agenda Item 5**

**Audit and Scrutiny Committee**

**30 May 2017**

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**Title:** **Accounting Policies 2016/17**

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**Purpose:** To seek the Audit and Scrutiny Committee's approval of the accounting policies which will be adopted in the preparation of the Council's annual accounts for the year to 31 March 2017.

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**Recommendation:** That the Audit and Scrutiny Committee approves the accounting policies as detailed in Appendix 2

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#### **1. Executive Summary**

- 1.1 The annual accounts for the 2016/17 financial year summarise the Council's transactions during the year and its position at the year-end of 31 March 2017. Under the Local Authority Accounts (Scotland) Regulations 2014, the Council is required to prepare an annual Statement of Accounts and Section 12 of the Local Government in Scotland Act 2003 requires that these accounts are prepared in accordance with proper accounting practices
- 1.2 These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 ("the Code"), supported by International Financial Reporting Standards (IFRS). These are issued jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and are designed to give a "true and fair view" of the financial performance of the Council.
- 1.3 The North Ayrshire Council accounting policies are reviewed on an annual basis by the Senior Manager (Strategic Business Partner) in line with the CIPFA Code and submitted to the Audit and Scrutiny Committee for review in advance of the financial statements being prepared.

- 1.4 Following changes in the Code of Practice on Local Authority Accounting a number of changes have been made to the presentation of the Financial Statements, including the introduction of the Expenditure and Funding Analysis. This analysis shows how the expenditure of the Council has been funded from available resources and reports the expenditure against the service structure in operation within the Council. As a result of this, the allocation of central support across services, previously required to comply with the CIPFA Service Reporting Code of Practice (SeRCOP), is no longer required.

## **2. Background**

- 2.1 Accounting policies are defined in paragraph 3.3.2.1 of the Code as *'the specific principles, bases, conventions, rules and practices applied by an authority in preparing and presenting financial statements'* .
- 2.2 Councils are required to select accounting policies and apply changes to accounting policies in accordance with International Accounting Standard 8 - Accounting Policies.
- 2.3 The Council is required to adopt the accounting policies most appropriate to its particular circumstances for the purpose of giving a true and fair view. The accounting policies adopted should be reviewed regularly to ensure that they remain appropriate, and be changed when a new policy becomes more appropriate to the Council's particular circumstances. Sufficient information should be disclosed in the financial statements to enable users to understand the accounting policies adopted and how they have been implemented.
- 2.4 Appendix 1 highlights the most significant changes to the Accounting Policies for 2016/17:
- Note B Allocation of central support costs and recharges to capital, has been updated to reflect changes in the code and the withdrawal of the CIPFA Service Reporting Code of Practice (SeRCOP). As a result, central support costs will only be allocated to services outwith the General Fund for 2016/17.
  - Note E Charges to revenue for non-current assets has been updated to reflect the introduction of The Local Authority (Capital Financing and Accounting) (Scotland) Regulations 2016. As a result the policy has been updated to confirm that the repayments of Loans Fund advances are calculated on a prudent basis.

### 3. Proposals

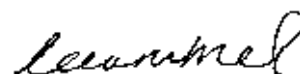
- 3.1 The unaudited financial statements are due to be complete by 30<sup>th</sup> of June 2017. It is proposed to apply the accounting policies detailed in Appendix 2 in the preparation of the statements.

### 4. Implications

<b>Financial:</b>	None
<b>Human Resources:</b>	None
<b>Legal:</b>	The Local Government (Scotland) Act 2003 requires accounts to be prepared in accordance with proper practices.
<b>Equality:</b>	None
<b>Environmental &amp; Sustainability:</b>	None
<b>Key Priorities:</b>	None
<b>Community Benefits:</b>	None

### 5. Consultation

- 5.1 No consultation has been required in the preparation of this report.



LAURA FRIEL  
Executive Director (Finance and Corporate Support)

Reference :  
For further information please contact David Forbes, Senior Manager  
(Strategic Business Partner) on 01294 324551

### Background Papers

None



## Changes to Accounting Policies

Original

### **Note B Allocation of central support costs and recharges to capital**

The net cost of central support services is fully allocated to user services in accordance with the seven principles of the CIPFA Service Reporting Code of Practice (SeRCOP), with the exception of:

- Corporate and Democratic Core: costs relating to the Council's status as a multi-functional, democratic organisation;
- Non-Distributed Costs: the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

These two cost categories are accounted for as separate headings in the Comprehensive Income and Expenditure Statement (CIES) as part of Net Cost of Services.

Revised

### **B Allocation of central support costs and recharges to capital**

A proportion of net central support services is allocated to services outwith the general fund. The balance of the net central support services is reported on the basis of how the services are structured and how the Council operates, monitors and manages financial performance.

Original

### **E Charges to revenue for non-current assets**

Services are charged with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to cover depreciation and impairments. Depreciation and impairment losses are replaced by Loans Fund principal repayments in the General Fund Balance, by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Revised

## **E Charges to revenue for non-current assets**

Services are charged with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to cover depreciation and impairments. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with the Statutory Repayment of Loans Fund Advances. This is known as the Loans Fund principal repayments. Depreciation and impairment losses are replaced by Loans Fund principal repayments in the General Fund Balance by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

## **Accounting Policies 2016/17**

### **General principles**

These Accounts summarise the Council's transactions for the 2016/17 financial year and its position at the year-end of 31 March 2017. The Council is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 2014 and Section 12 of the Local Government in Scotland Act 2003 requires that they are prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The accounts have been prepared on a Going Concern basis.

### **A Accruals of income and expenditure**

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Suppliers' invoices paid in the two weeks following the year-end have been included together with specific accruals in respect of further material items provided the goods and services were received prior to 31 March.
- All known specific and material sums payable to the Council have been brought into account. Revenue from the sale of goods or the provision of services is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser or can reliably measure the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract. Interest receivable and dividend income is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Council.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. The de minimis level for recognition of such transactions has been agreed at £5,000, therefore all known transactions of £5,000 or above have been included.
- Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### **B Allocation of central support costs and recharges to capital**

A proportion of net central support services is allocated to services outwith the general fund. The balance of the net central support services is reported on the basis of how the services are structured and how the Council operates, monitors and manages financial performance.

## **C Carbon Reduction Commitment scheme**

The Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in the second year of its second phase which ends on 31 March 2019. The Council is required to purchase allowances, either prospectively or retrospectively, and surrender them on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted, a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the authority is recognised and reported in the costs of the Council's services and is apportioned to services on the basis of energy consumption.

## **D Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

## **E Charges to revenue for non-current assets**

Services are charged with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to cover depreciation and impairments. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with the Statutory Repayment of Loans Fund Advances. This is known as the Loans Fund principal repayments. Depreciation and impairment losses are replaced by Loans Fund principal repayments in the General Fund Balance by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

## **F Employee benefits**

### *Benefits Payable during Employment*

Short-term employee benefits such as salaries, wages, overtime and paid annual leave for current employees, are recognised as an expense in the year in which employees render service to the Council. All salaries and wages earned up to 31 March are included in the Statement of Accounts irrespective of when the payment was made. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. Such accruals are required, under statute, to be reversed out of the General Fund Balance by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement.

### *Termination Benefits*

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the relevant services line in the CIES at the point when the offer of termination can no longer be withdrawn by the Council.



Where termination benefits involve the enhancement of pensions, the General Fund balance is charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and to replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

#### *Post-Employment Benefits*

The Council participates in two separate pension schemes:

- The Scottish Teachers' Pension Scheme administered by the Scottish Government
- The Local Government (Scotland) Pension Scheme administered by the Strathclyde Pension Fund.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned while employees work for the Council. However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme. No liability for future payments of benefits is recognised in the Balance Sheet and the Education Services line in the CIES is charged with the employer's contributions payable to the Teachers' Pension Scheme in the year.

#### *The Local Government Pension Scheme*

The Local Government Pension Scheme (LGPS) is accounted for as a defined benefits scheme.

The liabilities of the Strathclyde Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the 'projected credit unit method', i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate as advised by the actuaries Hyman Robertson.

The assets of the Strathclyde Pension Fund attributable to North Ayrshire Council are included in the Balance Sheet at their fair value of current bid prices as required under IAS19, as revised in June 2011.

The change in the net pension liability is analysed into the following components:

- current service cost – the increase in liabilities as a result of service earned this year, allocated in the CIES to the services for which the employees worked.
- past service cost (including curtailments) – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years, charged to Non Distributed Costs in the CIES.
- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid, charged to the Financing and Investment Income and Expenditure line in the CIES.
- expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return, credited to the Financing and Investment Income and Expenditure line in the CIES.
- gains/losses on settlements – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees, charged or credited to Non-Distributed Costs in the CIES.

- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with either financial assumptions, demographic assumptions, or assumptions based on experience made at the last actuarial valuation, or because the actuaries have updated these assumptions, charged to the Pensions Reserve on the Balance Sheet.
- employer's contributions – cash paid as employer's contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with charges for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

## **G Events after the reporting period**

These are events, both favourable and unfavourable, that occur between the end of the reporting period (31 March) and the date when the Statement of Accounts is authorised for issue. An adjustment is made to the financial statements where there is evidence that the event relates to the reporting period; otherwise the financial statements are not adjusted, and where the amount is material, a disclosure is made in the notes.

## **H Exceptional items and prior period adjustments**

When items of income or expenditure are material, their nature and amount is disclosed separately, either on the face of the CIES or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

## **I Financial assets**

The financial assets of the Council are entirely comprised of loans and receivables i.e. assets that have fixed or determinable payments but are not quoted in an active market.

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument, initially measured at fair value, then at amortised cost. For most of the Council lending, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

## **J Financial liabilities**

Financial liabilities are recognised on the balance sheet when the Council becomes contractually obliged by the financial instrument and are initially measured at fair value and then carried at amortised cost.

For most of the borrowings that the Council has, this means that the amount presented in the balance sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Costs associated with debt restructuring (premiums and discounts) are charged to the Financing and Investment Income and Expenditure line in the CIES in the year of repayment of the original debt in accordance with accounting regulations.

Where premiums and discounts have been charged to the CIES, regulations permit the costs of restructuring to be released to revenue over the period of the replacement loan. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

## **K Government grants and contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (for revenue grants) or Taxation and Non-Specific Grant Income (for non-ring-fenced revenue grants and all capital grants). Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

When the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. When it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

## **L Heritage assets**

A heritage asset is defined as a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

The Council holds heritage assets consisting of civic regalia and silverware, historical artefacts, fine art and public artworks. The assets are held at valuation and no depreciation is charged on the assets. Expenditure to maintain the assets is written off to the Comprehensive Income and Expenditure Statement (CIES) in the year of expenditure. Donated heritage assets are reflected in the balance sheet at valuation with a gain equivalent to the value of the asset reported in the CIES in the year of donation.

### *Measurement*

The Council's heritage assets are recognised on the Balance Sheet at values determined by specialist external valuers and by experienced officers within the Community and Culture service. Valuations have been largely undertaken on an insurance basis at retail level. Only items deemed to have a value of £10,000 and above have been disclosed in the Balance Sheet.

### *Disclosure*

Not all of the Council's identified heritage assets will be disclosed in the Balance Sheet. It is not deemed practicable to obtain external valuations for all items defined as heritage assets. These include: Museum and Gallery items with a value of less than £10,000; Castles; Monuments and War Memorials.

## **M Intangible assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that it will bring benefits to the Council for more than twelve months. Intangible assets are measured initially at cost. Amounts are not revalued, as the fair value of the assets held by the Council cannot be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life (generally between 1 and 6 years) to the relevant service line(s) in the CIES.

## **N Inventories**

Inventories include consumable stock and work-in-progress and are recognised in the Balance Sheet at the lower of cost and net realisable value. The valuation of work-in-progress has been made at cost plus an appropriate proportion of overheads, together with attributable profits and allowances for foreseeable losses.

## **O Investment properties**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but reviewed annually and revalued regularly to ensure their carrying value reflects market conditions at the year-end.

## **P Landfill Allowance trading scheme**

Landfill allowances became tradable in Scotland on 1 April 2008. Allowances (whether issued free by the Scottish Government or purchased from another waste disposal authority) are recognised as current assets. As landfill is used, a liability is recognised measured at the best estimate of the expenditure required to meet the obligation at the balance sheet date, which is normally the market price. The scheme is currently under review and the Scottish Government has suspended penalties and trading, therefore no asset or liability has been recognised in the Statements as there is no market for the allowances.

## **Q Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

### *The Council as Lessee*

North Ayrshire Council currently has one Finance Lease where the Council is the lessee. The item being leased has been treated as if it had been purchased by the Council. It is added in to the Council's Asset Register at either fair value or if lower the NPV of the minimum lease payments and is then treated in the same way as all other Council assets. Rentals paid under operating leases, for vehicles and plant, are charged to the appropriate service account in the CIES as an expense of the services benefiting from use of the leased equipment.

### *The Council as Lessor*

North Ayrshire Council has no finance leases where the Council is the lessor. It rents out property on cancellable operating leases only. Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet.

## **R     Property, plant and equipment**

Assets that have physical substance and are held for use in the supply of services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Valuations of council dwellings are based on beacon values calculated by the District Valuer with valuations of other land and buildings carried out internally. Both valuations are in accordance with the methodologies and bases of estimation as set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).

### *Recognition*

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure that merely maintains the condition of an asset (i.e. repairs and maintenance) is charged as an expense when it is incurred.

The Council has a de minimis level of £10,000 for expenditure to be classed as capital. Land and Buildings with a valuation below £10,000 are not recognised on the Council Balance Sheet.

### *Measurement*

Assets are initially measured at cost, comprising:

- the purchase price; and
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

Assets are carried on the Balance Sheet using the following measurement bases:

- Council Dwellings - Fair value, determined using the basis of existing use value for social housing (EUV-SH);
- Other Land and Buildings - Fair value, determined by the amount that would be paid for the asset in its existing use (existing use value - EUV). Where there is no market-based evidence of fair value, because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.
- Vehicles, Plant and Equipment - depreciated historical cost
- Infrastructure Assets - depreciated historical cost
- Community Assets - depreciated historical cost
- Surplus Assets - fair value based on market value in highest and best use
- Assets Under Construction - historical cost
- Investment Properties (Common Good only) - fair value based on market value in highest and best use

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Assets included in the Balance Sheet at fair value are revalued on a rolling 5-year programme. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, the revaluation loss is accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

#### *Impairment*

Assets are assessed at each year-end to establish whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line(s) in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

#### *Disposals*

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

Property, land and buildings are classified as 'held for sale' when the following criteria are met:

- the property is available for sale in its present condition;
- the sale is highly probable;
- the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value;
- the sale is expected to qualify for recognition as a completed sale within one year.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the CIES as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

To comply with statutory guidance, this gain or loss is excluded when determining the General Fund balance within the Movement in Reserves Statement.

#### *Depreciation*

Depreciation is provided for on all Property, Plant and Equipment assets. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction). Investment Properties and Assets Held for Sale are not subject to depreciation.

Depreciation is charged on a straight-line basis over the useful life of the assets (as advised by a suitably qualified officer). Depreciation is charged in the year of acquisition but not in the year of sale.

Where a Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. For the purposes of component accounting the Council considers significant components being those with a cost that is at least 20% of the overall cost of the asset. Individual assets shall be disregarded for component accounting where their carrying value is below £2m.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### **S Provisions, contingent liabilities and contingent assets**

#### *Provisions*

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the CIES in the year that the Council becomes aware of the obligation, and measured at the best estimate, at the balance sheet date, of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet. Estimated settlements are reviewed at the end of each financial year; where it becomes less than probable that a transfer of economic benefits will be required (or a lower settlement than anticipated is made); the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

#### *Contingent Liabilities*

A contingent liability arises where an event has taken place that gives the Council a possible obligation, whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not definite that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but disclosed in a note to the accounts.

#### *Contingent Assets*

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the balance sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

## **T Public Private Partnership (PPP) and similar contracts**

PPP and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PPP contractor. As the Council is deemed to control the services that are provided under its PPP schemes and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. For North Ayrshire Council Schools PPP contract, the liability was written down by an initial capital contribution of £1.743 million.

The amounts payable to the PPP operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the CIES;
- finance cost – the interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the CIES;
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the CIES;
- payment towards liability – applied to write down the Balance Sheet liability towards the PPP operator (the profile of write-downs is calculated using the same principles as for a finance lease);
- life-cycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

## **U Reserves**

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus/Deficit on the Provision of Services in the CIES. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and do not represent usable resources for the Council; these reserves are explained in the relevant notes.

## **V Revenue expenditure funded from capital under statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset is charged as expenditure to the relevant service in the CIES in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

## **W VAT**

All income and expenditure excludes amounts relating to VAT, as all VAT collected is payable to HM Revenue and Customs and net VAT paid is fully recoverable by the Council.



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## **NORTH AYRSHIRE COUNCIL**

### **Agenda Item 6**

**Audit and Scrutiny Committee**

**30 May 2017**

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**Title:** **Internal Audit Reports issued**

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**Purpose:** To inform the Committee of the findings of Internal Audit work completed between 1 November 2016 and 30 April 2017.

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**Recommendation:** That the Committee (a) considers the outcomes from the Internal Audit work carried out; and (b) challenges services where there are significant weaknesses in internal controls.

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#### **1. Executive Summary**

- 1.1 The Council's local Code of Corporate Governance requires effective arrangements to be put in place for the objective review of risk management and internal control. Internal Audit is an important element in this framework as it reviews internal controls and offers Elected Members and officers an objective and independent appraisal of how effectively resources are being managed.
- 1.2 The remit of the Audit and Scrutiny Committee includes the monitoring of Internal Audit activity. The submission and consideration of regular reports assists the Committee in fulfilling this remit.

#### **2. Background**

- 2.1 This report provides information on the Internal Audit reports published between 1 November 2016 and 30 April 2017. Internal control reviews have been completed in respect of the areas detailed in Appendix 1 to this report. The aim of these reviews is to provide assurance that the internal control framework within the areas examined is appropriate and operating effectively.

2.2 The findings from each audit assignment have been notified in writing to the Chief Executive, the Executive Director (Finance and Corporate Support) and the relevant Executive Director and service managers on the completion of each assignment. Where appropriate, this has included an action plan detailing recommendations for improving internal control. Appendix 1 includes the executive summary and action plan from each audit.

2.3 Full copies of all Internal Audit reports are provided to all Elected Members, in confidence, through the Council's intranet site. Reports are held within the dedicated 'Members' information' area at:

<http://naconnects.north-ayrshire.gov.uk/elected-members/audit-reports/audit-reports.aspx>

2.4 The findings from 7 separate audit assignments are detailed at Appendix 1 to this report. The key findings are as follows:

- There is a lack of awareness of the requirement to submit ICT Leaver Procedure Forms. The failure to submit these forms is the cause of a significant number of the issues noted in the audit report.
- There remain issues with the removal of leavers from the Carefirst system and obtaining signed agreement to the Third Party Acceptable Computer Use Policy - these are of increased importance with Health staff now accessing the system.
- Further work is required to enhance data quality and share good practice in relation to the Carefirst system.
- Limited assurance was obtained in relation to the record-keeping associated with Employability grant schemes

### **3. Proposals**

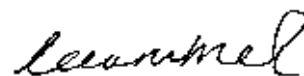
3.1 It is proposed that the Committee (a) considers the outcomes from the Internal Audit work carried out during the period; and (b) challenges services where there are significant weaknesses in internal controls.

#### 4. Implications

<b>Financial:</b>	None.
<b>Human Resources:</b>	None.
<b>Legal:</b>	None.
<b>Equality:</b>	None.
<b>Environmental &amp; Sustainability:</b>	None.
<b>Key Priorities:</b>	The work of Internal Audit helps to support the efficient delivery of the strategic priorities within the Council Plan 2015-2020.
<b>Community Benefits:</b>	None.

#### 5. Consultation

- 5.1 The relevant services are consulted on Internal Audit findings during each audit assignment.



LAURA FRIEL  
Executive Director (Finance and Corporate Support)

#### Reference :

For further information please contact Paul Doak, Senior Manager (Internal Audit, Risk and Fraud) on 01294-324561.

#### Background Papers

None.



## **EXECUTIVE SUMMARY LEAVERS PROCESS**

### **Background**

A review of the leavers process was carried out as part of the current Internal Audit Plan.

The leavers process is the process for terminating the employment of a Council officer. The process involves the completion of a range of documents by the employee leaving the Council and their line manager. These documents are then processed by staff within Human Resources, Payroll and IT.

During the course of the audit the guidance, policies, procedures and forms used for the administration of leavers were reviewed. A range of tests was also carried out on a sample of leavers within the past year to establish whether processes are being followed.

### **Key Objectives**

The main objectives of this audit were to:

- provide reasonable assurance that the procedures for administering Council leavers are robust;
- ensure that Council leavers had their employment terminated correctly and in line with procedures;
- ensure that Council leavers have had access removed from IT systems and networks.

### **Key Findings and Actions**

All the recommended actions arising from this audit are detailed in the action plan which follows this Executive Summary. The key findings are as follows:

- Managers are failing to submit contract termination forms to HR/Payroll promptly, often resulting in an additional administrative burden.
- There is a lack of awareness of the requirement to submit ICT Leaver Procedure Forms. The failure to submit these forms is the cause of a significant number of the issues noted in this report.
- Guidance documents could be improved.

### **Audit Opinion**

Overall a reasonable level of assurance was obtained with regard to the leavers process. The majority of the issues identified were of low risk, many of which could be addressed by raising awareness of the forms managers are required to submit and enhancing the level of detail within procedural documents.

## ACTION PLAN LEAVERS PROCESS

<b>Action</b>	a
<b>Action Description</b>	The information contained within the Connects page 'Contractual changes and terminations' and associated forms and guidance notes should be reviewed and updated where required. Guidance on the completion of contract termination forms should be enhanced, particularly in relation to notice periods and termination dates, as these can impact upon final payments of salary, pensions and continuous service.
<b>Risk</b>	Leavers processes are not correctly followed. Incorrect information is publicised. Incorrect payments made to leavers. Leaver does not work appropriate notice period.
<b>Priority (1, 2, 3)</b>	2
<b>Paragraph Reference</b>	3.3, 3.4, 3.5, 3.6, 3.8
<b>Assigned to</b>	Payroll Manager and HR Operations Manager
<b>Due Date</b>	30 June 2017
<b>Management Response</b>	Guidance document will be refreshed.

<b>Action</b>	b
<b>Action Description</b>	Guidance on the completion of the ICT Leaver Procedure Form should be enhanced.
<b>Risk</b>	Access cards not appropriately recycled/disposed of. Incorrect information is publicised.
<b>Priority (1, 2, 3)</b>	3
<b>Paragraph Reference</b>	3.11, 3.12, 3.26
<b>Assigned to</b>	Customer Services Operational Manager and Team Manager (Strategy and Performance)
<b>Due Date</b>	30 June 2017
<b>Management Response</b>	Agreed. The guidance on the form will be enhanced.

<b>Action</b>	c
<b>Action Description</b>	The Council's duty to notify Disclosure Scotland when PVG Scheme Members are dismissed should be highlighted in contractual termination guidance and on Connects. Details of how managers report this should be incorporated.
<b>Risk</b>	Inappropriate access to vulnerable persons. Reputational risk. Failure of Council to meet its responsibilities under the PVG Scheme.
<b>Priority (1, 2, 3)</b>	2
<b>Paragraph Reference</b>	3.14
<b>Assigned to</b>	Employment Services Manager
<b>Due Date</b>	31 August 2017
<b>Management Response</b>	A full review of the Council's procedures in relation to Disclosure/PVG checking is currently being undertaken. This review will cover the Council's responsibility in relation to advising Disclosure Scotland where an employee has been dismissed/disengaged for a reason that would impact on their ability to work with vulnerable groups.

<b>Action</b>	d
<b>Action Description</b>	The responsibility of managers to submit notification to Payroll/HR promptly following the employee's resignation should be highlighted in contractual termination guidance and on Connects.
<b>Risk</b>	Inefficient use of Council resources. Financial loss.
<b>Priority (1, 2, 3)</b>	2
<b>Paragraph Reference</b>	3.16
<b>Assigned to</b>	Employment Services Manager and Payroll Manager
<b>Due Date</b>	30 June 2017
<b>Management Response</b>	The Payroll Team provides a quarterly report to the Heads of Service Group on the overpayment of wages. This report specifically details overpayments resulting from the late notification of terminations. This report brings visibility of overpayments at senior level. Heads of Service are required to take action as appropriate to reduce the occurrence of overpayments within their service area. Guidance on Connects will be updated and wording within the guidance and/or Connects will be added to reinforce the importance of submitting the forms promptly.

<b>Action</b>	e
<b>Action Description</b>	The requirement to complete fully ICT Leaver Procedure Forms for all leavers should be highlighted on the 'Contractual changes and terminations' Connects page. Consideration should be given to adding a note to this effect in the confirmation email managers receive when they complete the contract termination process via the Employee Account.
<b>Risk</b>	Former employees have access to corporate systems and confidential information.
<b>Priority (1, 2, 3)</b>	2
<b>Paragraph Reference</b>	3.18, 3.19, 3.20, 3.23, 3.24, 3.26, 3.27, 3.29, 3.30
<b>Assigned to</b>	Payroll Manager and Team Manager (Systems)
<b>Due Date</b>	30 April 2017
<b>Management Response</b>	<p>Agreed. The Connects page will be reviewed and updated accordingly. The current email sent to managers when they complete a contract amendment form will highlight the need to also complete the ICT Leaver Procedure Form and will contain a link to the form on Connects.</p> <p>The Business Improvement Team will review the leavers process as part of the ongoing programme of work during 2017/18 to achieve a more consolidated approach to the termination of employment.</p>

### Priority Key used in Action Plan

<b>1 (High)</b>	Control weakness where there is a material impact on the achievement of the control objectives, generally requiring prompt attention.
<b>2 (Medium)</b>	Control weakness which needs to be rectified, but where there is no material impact on the achievement of the control objectives.
<b>3 (Low)</b>	Minor weakness or points for improvement.

## **EXECUTIVE SUMMARY**

### **CareFirst System**

#### **Background**

The main purpose of the audit was to examine the use of the CareFirst system by the Health and Social Care Partnership (HSCP). CareFirst is a Management Information System which holds personal, sensitive and confidential information on people who are receiving a service from the HSCP.

#### **Key Objectives**

The main objectives of this audit were to ensure that:

- the actions from the previous audit in 2014 had been implemented.
- there are suitable controls in place over the quality of data in the system.
- there are appropriate controls in place to manage data input and output.
- appropriate user access controls are in place and the system is secure.

#### **Key Findings and Actions**

All the recommended actions arising from this audit are detailed in the action plan which follows this Executive Summary. The key findings are as follows:

- 12 of the 14 recommendations from the 2013/14 audit had been implemented. Audit testing, however, concluded that issues persist in relation to:
  - the removal of leavers from the CareFirst system, where 16 staff who had left North Ayrshire Council since 1 February 2016 were identified as having active CareFirst user accounts.
  - obtaining signed agreement with the Acceptable Use Policy from third party users. The auditor was unable to verify this for 3 of 5 cases reviewed.
- The new financial management system (FMS), Capita Integra, does not currently provide the necessary output to allow interfaces with CareFirst to be reconciled. As such there is a risk that incorrect payments will go unchecked.
- Staff at one location reviewed suggested that knowledge gaps existed which if enhanced would improve data quality performance levels.
- Examples of good practice are not currently shared increasing the likelihood that data quality issues persist.
- Assessments are initially documented on paper and subsequently keyed into CareFirst increasing levels of duplication that could potentially be avoided.
- From a sample of 5 CareFirst users, the auditor identified 2 staff who used CareFirst for review purposes only, who were not restricted to read only access. There is therefore an increased risk that they could deliberately or accidentally alter client records.
- Proactive audit trail checking does not take place for powerful user accounts increasing the risk of account misuse going unnoticed.

#### **Audit Opinion**

Based on the audit work carried out a reasonable level of assurance can be placed upon the control environment. The audit has identified some scope for improvement in the existing arrangements and 10 recommendations which should be addressed.



## ACTION PLAN CareFirst System

<b>Action</b>	a
<b>Action Description</b>	The system administrator should conduct a quarterly data match between current CareFirst users and Council leavers within the period, to identify and remove those accounts which are no longer required.
<b>Risk</b>	The system is not secure as leavers still have access.
<b>Priority (1, 2, 3)</b>	1
<b>Paragraph Reference</b>	3.3
<b>Assigned to</b>	Team Manager - Information Systems
<b>Due Date</b>	31/07/2017
<b>Management Response</b>	<p>Quarterly requests will be made of team managers to check a provided user list against team complement.</p> <p>HR have been asked to provide an extract from CHRIS for the IS Team System Administrator to check against user accounts.</p> <p>The service long term absence form has already been amended to prompt managers to ask if system user account needs to be closed.</p>

<b>Action</b>	b
<b>Action Description</b>	All external users of the CareFirst system should sign the Council's 3 <sup>rd</sup> Party Acceptable Computer Use Policy before access is granted. Copies should be retained thereafter for audit purposes.
<b>Risk</b>	Data security responsibilities are not read, understood and agreed.
<b>Priority (1, 2, 3)</b>	1
<b>Paragraph Reference</b>	3.4
<b>Assigned to</b>	Team Manager – Information Systems
<b>Due Date</b>	Complete – March 2017
<b>Management Response</b>	<p>A new process has been agreed with the HSCP Business Support Team to centralise all ACUP documentation along with network and device access.</p> <p>All direct system requests from external users will be forwarded to the Business Support Team for arranging the ACUP authorisation prior to system set up and regular meetings, starting in May 2017, agreed to review requests.</p>

<b>Action</b>	c
<b>Action Description</b>	A review of high volume subjects should be undertaken to determine whether common themes exist which could be improved through targeted training.
<b>Risk</b>	Easily rectified issues continue to reoccur.
<b>Priority (1, 2, 3)</b>	2
<b>Paragraph Reference</b>	3.7
<b>Assigned to</b>	Data Quality Officer
<b>Due Date</b>	30/09/17
<b>Management Response</b>	<p>Data Quality Officer to identify if there are common themes in tidying the data and if those high volume subjects are working to agreed team practices rather than provided system processes.</p> <p>The DQ officer will liaise with the IS Team Trainers to determine if there is a further training need for identified staff.</p>

<b>Action</b>	d
<b>Action Description</b>	Where substantial data quality improvements are identified the Data Quality Officer should consult with the relevant manager to determine whether good practice can be obtained. Thereafter examples should be shared with underperforming sections.
<b>Risk</b>	Poor data quality performance persists.
<b>Priority (1, 2, 3)</b>	3
<b>Paragraph Reference</b>	3.9
<b>Assigned to</b>	Data Quality Officer
<b>Due Date</b>	01/07/17
<b>Management Response</b>	Data Quality Officer will identify possible instances of good practice for sharing within and across teams.

<b>Action</b>	e
<b>Action Description</b>	Council staff should be reminded of the requirement to store laptop devices away securely when not in use.
<b>Risk</b>	Laptop devices are misappropriated.
<b>Priority (1, 2, 3)</b>	2
<b>Paragraph Reference</b>	3.13
<b>Assigned to</b>	Team Manager – Information Systems
<b>Due Date</b>	Complete – April 2017
<b>Management Response</b>	Communication has been sent reminding staff of best practice handling of devices; appropriately and securely:

<b>Action</b>	f
<b>Action Description</b>	The HSCP should consider the feasibility of introducing mobile tablet devices so that workers can input lengthy forms directly into the CareFirst system.
<b>Risk</b>	Time is wasted through duplication of effort.
<b>Priority (1, 2, 3)</b>	3
<b>Paragraph Reference</b>	3.15
<b>Assigned to</b>	Team Manager – Information Systems
<b>Due Date</b>	31/12/17
<b>Management Response</b>	<p>This has already been considered.</p> <p>An agile working pilot has recently been completed. The feedback received has been on the benefit of having full system access outwith an office environment that a device was seen as a barrier to the operational assessment process and it would be inappropriate to use a device in certain Social Work situations.</p> <p>Due to its geographical profile, it has previously been noted that North Ayrshire has numerous mobile and wifi signal blackspots which impact accessibility corporate network access. Additional considerations on feasibility will be considered as part of our wider 'Developing Applications' Strategy due for completion in Dec 17.</p>

<b>Action</b>	g
<b>Action Description</b>	The project manager of the Capita Integra FMS project should ensure that appropriate control output can be obtained from the system, so that reconciliations can be undertaken for interfaces from CareFirst.
<b>Risk</b>	Incorrect payments are made which go unchecked.
<b>Priority (1, 2, 3)</b>	1
<b>Paragraph Reference</b>	3.17
<b>Assigned to</b>	Head of Finance
<b>Due Date</b>	Complete
<b>Management Response</b>	The FMS was still under development during the course of this audit. Full control output is now in place to enable reconciliations with the interface and this will be available from the go live date.

<b>Action</b>	h
<b>Action Description</b>	Staff who do not input data to the CareFirst system as part of their role should be restricted to 'read only' access permissions.
<b>Risk</b>	Users could accidentally or deliberately alter client records.
<b>Priority (1, 2, 3)</b>	2
<b>Paragraph Reference</b>	3.19
<b>Assigned to</b>	Team Manager – Information Systems
<b>Due Date</b>	01/06/2017
<b>Management Response</b>	<p>System set up and privilege setting is determined by the responsible team manager and individual user role requirements at the time of user request. This is currently requested using the required CareFirst New User form and logged on a dedicated team User Log. Any changes to the initial set up are performed on request from team managers as needed.</p> <p>The CareFirst New User Request form will be amended to specifically ask if an account is to have Read or Write access.</p> <p>Identified user accounts have been amended based on the auditor identification.</p>

<b>Action</b>	i
<b>Action Description</b>	Information Systems should conduct a review of NHS CareFirst users to identify accounts which are no longer required and can be removed. Thereafter they should ensure that an effective process is implemented so that NHS leavers, with CareFirst access, are reported to the Council and removed from the system in a timeous manner.
<b>Risk</b>	The system is not secure as there are active accounts for users who no longer require access.
<b>Priority (1, 2, 3)</b>	1
<b>Paragraph Reference</b>	3.20
<b>Assigned to</b>	Team Manager – Information Systems
<b>Due Date</b>	31/7/17
<b>Management Response</b>	<p>An agreement is already in place within the Business Support Team to inform the IS Team of movers and leavers.</p> <p>An annual review is performed along with the NAC users. This will be increased to a quarterly check of all system users, NHS and NAC.</p>

<b>Action</b>	j
<b>Action Description</b>	Powerful account use should be monitored on a sample basis to identify potential instances of account misuse.
<b>Risk</b>	Account misuse could go undetected.
<b>Priority (1, 2, 3)</b>	2
<b>Paragraph Reference</b>	3.22
<b>Assigned to</b>	Team Manager – Information Systems
<b>Due Date</b>	31/7/17
<b>Management Response</b>	<p>The IS Team have full system access privileges to enable all development, administration and cleansing requirements, and, to ensure user and team support during planned and unplanned absence.</p> <p>2 accounts (1 accessible only to the Team Manager and System Administrator), have been amended to remove the All Privileges security group leaving 9 accounts to be monitored.</p> <p>IS Manager will run a check on team accounts.</p>

#### Priority Key used in Action Plan

<b>1 (High)</b>	Control weakness where there is a material impact on the achievement of the control objectives, generally requiring prompt attention.
<b>2 (Medium)</b>	Control weakness which needs to be rectified, but where there is no material impact on the achievement of the control objectives.
<b>3 (Low)</b>	Minor weakness or points for improvement.

## **EXECUTIVE SUMMARY**

### **EUROPEAN GRANT INCOME**

#### **Background**

There are currently 4 programmes receiving European Grant Income in Economic Growth and a bid for a 5<sup>th</sup>, which will be funded via the Big Lottery Fund, has recently been accepted. This bid was submitted on behalf of a consortium of 3rd sector partners, where North Ayrshire Council is the lead partner.

#### **Key Objectives**

The main objectives of this audit were to:

- Obtain details of arrangements (or proposed arrangements) for ensuring that grant conditions are fulfilled, including collating required evidence, and consider the adequacy of these arrangements
- Consider the adequacy of risk management arrangements within the programmes, including the consortium arrangement for the funding via the National Lottery
- Consider arrangements being put in place to plan for funding of future programmes after the UK has left the EU

#### **Key Findings and Actions**

All the recommended actions arising from this audit are detailed in the action plan which follows this Executive Summary. The key findings are as follows:

- 4 of the programmes have passed a “Pre-Claims Check” of systems and procedures from the Scottish Government. The 5<sup>th</sup> programme is being funded via the Big Lottery.
- Sample testing of evidence for 2 Employer Recruitment Incentive (ERI) schemes found that in several cases evidence was missing or unclear. Also for one employer with 9 employees on the programmes, application forms were mislaid and then filled in again in retrospect, which would potentially render them ineligible for grant funding.
- Risk logs have been completed for the 4 ongoing programmes and one for the newest programme will be completed shortly. The auditor observed that 3 of the risk logs required further information to complete them and advice was given on how to do this.
- The Financial Inclusion programme requires contracts to be agreed and signed with delivery partners. It is understood that this is in hand but an audit action has been raised because of the risk level involved.
- The UK and Scottish Governments have both given assurances that the current European funding will be made available to the Council even if the UK completes its withdrawal from the European Union (EU) during the lifetime of these programmes. However, there is no such guarantee for any subsequent programmes. Officers are aware of this risk and have contingency plans for future service provision, although this is likely to be on a significantly reduced basis.

#### **Audit Opinion**

Overall, limited assurance was obtained with regard to the grant schemes as there are significant issues with record-keeping which are likely to lead to a small loss of grant income for Employability ERI schemes. The team were aware of this and have been starting to put in improvement measures themselves. Risk logs for the Employability programmes require some additional work and the risk log from the Business Growth programme was seen as an example of good practice. All the programmes funded directly by European Social Funds have passed a pre-claim check from the Scottish Government.

## ACTION PLAN EUROPEAN GRANT INCOME

<b>Action</b>	a
<b>Action Description</b>	The Employability team should complete the review of spreadsheets for Employer Recruitment Incentive (ERI) programmes and ensure they have adequate procedures for record-keeping and data quality. They should ensure that records are sufficient to allow one officer to pick up a case in another's absence.
<b>Risk</b>	Claw back of grant if evidence to support a claim is insufficient.
<b>Priority (1, 2, 3)</b>	1
<b>Paragraph Reference</b>	3.5
<b>Assigned to</b>	Employability & Skills Finance & Programme Manager
<b>Due Date</b>	30 <sup>th</sup> September 2017
<b>Management Response</b>	<ul style="list-style-type: none"> <li>• Prior to the report being issued, the team had already recognised weaknesses in procedures and put actions into place to address them. This involved a new staffing structure, a streamlining and centralising of record keeping and clearer lines of responsibility in terms of checking paperwork. These actions are detailed below and are designed to provide adequate procedures for record keeping and data quality and ensure that officers can pick up a case in another's absence</li> <li>• It was identified back in 2015-16 that a Compliance Team was needed to carry out checks to ensure grants claimed meet criteria. A Scheme of Delegation was drawn up and staff were eventually all appointed in Jan 2017. The Monitoring &amp; Compliance Team consists of a manager and three other staff. They will systematically check all claims and YETI information throughout the space of a year (a timetable has been implemented as to what should be checked and when which was also passed to the Scottish Government when they carried out a Systems Check for the new funding).</li> <li>• Processing of ERIs has also been reviewed and this has been changed to reflect the new team. Every ERI claim that is received will be checked by a Programme Delivery Officer and then passed to a member of the Monitoring &amp; Compliance Team to check before any payments are made. Any issue will be investigated before payments are made.</li> <li>• A single spreadsheet to record all ERI information has been introduced removing the need for 5 separate spreadsheets to be completed. This is password secure and there will only be three members of staff who will be inputting to this spreadsheet on a daily basis.</li> <li>• We have been aware for some time now with the issues of sole dependency in terms of managing programmes however staffing numbers have never allowed us to shadow. Following a Team Development Day on 30<sup>th</sup> March 2017, we will be implementing a shadowing system so that during periods of staff absence we are better able to ensure that compliance levels and data quality are maintained. This will be reviewed at monthly staff meetings.</li> </ul>

<b>Action</b>	b
<b>Action Description</b>	The Employability team should ensure that contracts with the sub-contractors for the Financial Inclusion programme are agreed and signed as soon as practicable.
<b>Risk</b>	Risks associated with the funding programme are not shared between partners. Failure to achieve the expected benefits of the programme. Failure to qualify for the available funding of up to £3million.
<b>Priority (1, 2, 3)</b>	1
<b>Paragraph Reference</b>	3.9
<b>Assigned to</b>	Senior Manager – Employability and Skills
<b>Due Date</b>	Complete
<b>Management Response</b>	Sub-contracts now in place with annual break points in contracts. While risks appear high, there is a high degree of confidence that the partnership can meet contractual targets.

### Priority Key used in Action Plan

<b>1 (High)</b>	Control weakness where there is a material impact on the achievement of the control objectives, generally requiring prompt attention.
<b>2 (Medium)</b>	Control weakness which needs to be rectified, but where there is no material impact on the achievement of the control objectives.
<b>3 (Low)</b>	Minor weakness or points for improvement.



## **EXECUTIVE SUMMARY SUPPLY TEACHERS**

### **Background**

A review of the controls in place in relation to the use of supply teachers by Education and Youth Employment was undertaken as part of the current Internal Audit Plan.

During the course of the audit the guidance, policies and procedures used for the administration of supply teachers were reviewed. A range of tests were also carried out on a sample of supply teachers used within the past year to establish whether processes are being followed.

### **Key Objectives**

The main objectives of this audit were to:

- provide reasonable assurance that the procedures for administering supply teachers are robust;
- ensure that supply teachers have been recruited correctly, in line with procedures;
- ensure that supply teachers have been paid correctly, in line with procedures.

### **Key Findings and Actions**

All the recommended actions arising from this audit are detailed in the action plan which follows this Executive Summary. The key findings are as follows:

- On a number of occasions evidence could not be obtained to demonstrate that supply teachers had satisfactorily completed all checks prior to appointment.
- Current procedures have not been communicated to staff.
- On a number of occasions key information was omitted from forms used to administer payments to supply teachers.

### **Audit Opinion**

Overall, reasonable assurance was obtained with regard to the controls in place in the use of supply teachers. Minor issues were identified which the Service should be able to address by publicising current procedures to staff.

The lack of evidence of required checks being undertaken prior to appointment to the supply list was of more concern, particularly in relation to identification and PVG checks. The Service must ensure that all supply teachers have successfully completed these checks. It is, however, likely that the main issue was in the ability to provide the evidence, rather than the checks not having been carried out in the first place. A review of record management processes should address this issue.

## ACTION PLAN SUPPLY TEACHERS

<b>Action</b>	a
<b>Action Description</b>	Updated supply staff procedures should be uploaded to Connects and publicised to all staff involved in the administration of supply teachers.
<b>Risk</b>	Correct processes are not followed. Incorrect rate of payment applied.
<b>Priority (1, 2, 3)</b>	3
<b>Paragraph Reference</b>	3.4, 3.5, 3.18
<b>Assigned to</b>	Team Manager (Education Resources)
<b>Due Date</b>	17/08/2017
<b>Management Response</b>	The Education Resources Team, HR Operations Team and HR Resources Team are working on new letters and contracts for supply teachers. Once complete a new procedure will be issued along with new documents to all schools for the start of the new session. The revised process will make clear where the responsibility for each part of the process lies. Once completed, the revised procedures will be issued to schools, posted on Connects and posted on GLOW.

<b>Action</b>	b
<b>Action Description</b>	School staff involved in the inputting and processing of timesheets should be reminded to reject any timesheets which have not been correctly completed. Staff should also ensure there is a matching, fully completed and signed contract letter.
<b>Risk</b>	Incorrect payments made to supply teachers. Payments made to wrong supply teacher.
<b>Priority (1, 2, 3)</b>	2
<b>Paragraph Reference</b>	3.15, 3.16, 3.19
<b>Assigned to</b>	Team Manager (Education Resources)
<b>Due Date</b>	17/08/2017
<b>Management Response</b>	The revised procedures will be issued to schools for the start of the new session. Particular note will be made in the procedures of the need to ensure that letters are issued and timesheets are accurately and fully completed.

<b>Action</b>	c
<b>Action Description</b>	The Education and Youth Employment Resources Team should ensure that evidence of PVG and identification checks has been obtained for all supply teachers in the sample. Where this evidence is not held on file, new checks should be undertaken. The CHRIS system should also be updated once evidence of the PVG check has been obtained.
<b>Risk</b>	It cannot be demonstrated that teachers have successfully completed all required checks.
<b>Priority (1, 2, 3)</b>	2
<b>Paragraph Reference</b>	3.23, 3.24
<b>Assigned to</b>	Team Manager (Education Resources)
<b>Due Date</b>	17/08/2017
<b>Management Response</b>	Education Resources and HR Resources will work together to ensure appropriate checks are in place and logged on CHRIS. The ongoing audit of disclosure checks being led by HR on behalf of Disclosure Scotland will help towards this objective. Once we have the outputs any missing checks can be completed or updated at this point. Completing Action a will ensure that this happens.

<b>Action</b>	d
<b>Action Description</b>	The Education and Youth Employment Resources Team should review their record management processes in order that in future they can demonstrate that all appropriate checks have been undertaken and evidence is readily available.
<b>Risk</b>	It cannot be demonstrated that teachers have successfully completed all required checks.
<b>Priority (1, 2, 3)</b>	2
<b>Paragraph Reference</b>	3.23, 3.24, 3.25
<b>Assigned to</b>	Team Manager (Education Resources)
<b>Due Date</b>	17/08/2017
<b>Management Response</b>	Education Resources and HR Resources will work together to ensure appropriate checks are in place and logged on CHRIS and ID checks are placed in the personnel file. Completing Action a will ensure that this happens.

### Priority Key used in Action Plan

<b>1 (High)</b>	Control weakness where there is a material impact on the achievement of the control objectives, generally requiring prompt attention.
<b>2 (Medium)</b>	Control weakness which needs to be rectified, but where there is no material impact on the achievement of the control objectives.
<b>3 (Low)</b>	Minor weakness or points for improvement.

## **EXECUTIVE SUMMARY**

### **ASSET MANAGEMENT SYSTEM**

#### **Background**

Tribal K2 is an asset management system used by the Council's Property Management and Investment team (PMI). The Council uses the Estates Management module for functions such as recording premises, ownership, leases and condition surveys. Work is ongoing to implement maintenance modules to control jobs raised against premises (both planned and reactive).

#### **Key Objectives**

The main objectives of this audit were to:

- Review the processes for populating and updating the K2 system and the data quality
- Review the development of the system at North Ayrshire Council, including financial information
- Ensure that there are adequate access and backup controls

#### **Key Findings and Actions**

All the recommended actions arising from this audit are detailed in the action plan which follows this Executive Summary. The key findings are as follows:

- Procedure manuals do not give adequate description of procedures for inputting amendments to the system, to allow business continuity in the event that the person who usually does this is unavailable for an extended period
- There is no clear record retention policy for data in the system which includes some personal data
- Users set up in the system were generally current employees in appropriate roles. One leaver and one person who had changed role were identified from 49 users.

#### **Audit Opinion**

Overall, reasonable assurance was obtained with regard to the K2 asset management system. It is important that an appropriate record retention policy is established as the system does include some personal data. The team were already aware that the procedures for inputting to K2 required to be expanded upon. This does not have any immediate impact upon their work, but could do in the event that the officer who does the inputting is unavailable.

## ACTION PLAN ASSET MANAGEMENT SYSTEM

<b>Action</b>	a
<b>Action Description</b>	Estates Procedure Manuals should be expanded to give more information about how amendments are input to the K2 system.
<b>Risk</b>	If the officer who usually inputs to K2 is unavailable for an extended period, other team members are unable to input amendments to the system
<b>Priority (1, 2, 3)</b>	2
<b>Paragraph Reference</b>	3.1
<b>Assigned to</b>	Team Manager, Estates and Assets
<b>Due Date</b>	30th September 2017
<b>Management Response</b>	PMI will: 1. Identify suitable members of staff to receive training on the K2 system; 2. Establish a training programme to ensure other identified staff are able to input information into the K2 system; 3. Roll out training to the appropriate staff; 4. Maintain a record of the staff who are able to use the system. 5. Update Estates Procedure Manual to expand guidance on making amendments to K2 system.

<b>Action</b>	b
<b>Action Description</b>	PMI should review the retention of records within the K2 system with advice from the Council's Information Governance team and establish a clear policy for how they will deal with this issue.
<b>Risk</b>	Breach of Data Protection legislation.
<b>Priority (1, 2, 3)</b>	1
<b>Paragraph Reference</b>	3.2
<b>Assigned to</b>	Team Manager, Estates and Assets
<b>Due Date</b>	30th September 2017
<b>Management Response</b>	PMI will: 1. Contact the Council's Information Governance team and establish a meeting date to commence discussions; 2. Jointly agree an action plan to ensure appropriate governance of information within the K2 system.

<b>Action</b>	c
<b>Action Description</b>	Managers of teams using the K2 system should be reminded to inform the system administrator when users in their team leave or change roles and no longer require access to the system
<b>Risk</b>	Inappropriate access to the system.
<b>Priority (1, 2, 3)</b>	2
<b>Paragraph Reference</b>	3.10
<b>Assigned to</b>	Senior Manager, PMI
<b>Due Date</b>	Complete
<b>Management Response</b>	All PMI team managers have been made aware of the comment and Audit action and have been reminded to update the system administrator regarding changes / departures.

#### Priority Key used in Action Plan

<b>1 (High)</b>	Control weakness where there is a material impact on the achievement of the control objectives, generally requiring prompt attention.
<b>2 (Medium)</b>	Control weakness which needs to be rectified, but where there is no material impact on the achievement of the control objectives.
<b>3 (Low)</b>	Minor weakness or points for improvement

## **EXECUTIVE SUMMARY**

### **HSCP PERFORMANCE MANAGEMENT**

#### **Background**

This audit was undertaken as part of the Audit Plan of the IJB Performance and Audit Committee.

North Ayrshire Health and Social Care Partnership (NAHSCP) was established on 2<sup>nd</sup> April 2015 and has produced its first Annual Performance Report for the financial year 2015/16. This first report was not a statutory requirement, but from 2016/17 onwards Health and Social Care Partnerships will be required to produce such a report under the Public Bodies (Joint Working) (Scotland) Act 2014 and certain elements will have to be included in the reports under this legislation.

#### **Key Objectives**

The main objectives of this audit were to assess the extent to which:

- The performance management arrangements are action and improvement oriented, so that they will be impactful
- The Partnership has or is developing a performance culture across the organisation
- The Partnership is aware of its relative performance
- Performance management is integrated with Partnership activities
- Performance measures are effective

#### **Key Findings and Actions**

All the recommended actions arising from this audit are detailed in the action plan which follows this Executive Summary. The key findings are as follows:

- A mechanism for identifying and monitoring mitigating actions from risk registers is still under development
- The Implications section of IJB reports could be presented more consistently and include risk management information
- Performance Information for Localities to demonstrate how the locality arrangements contribute to provision of services needs to be developed in order to comply with statutory reporting requirements
- Financial reporting for Localities needs to be developed in order to comply with statutory reporting requirements

#### **Audit Opinion**

Overall, a reasonable level of assurance was obtained over performance management arrangements in the Health and Social Care Partnership. 4 actions for improvement have been identified. There are also several points of good practice in the partnership's performance management arrangements, such as the ASPIRE peer review process which is being rolled out to other services in North Ayrshire Council.

## ACTION PLAN

### HSCP PERFORMANCE MANAGEMENT

<b>Action</b>	a
<b>Action Description</b>	North Ayrshire HSCP should include in its Annual Performance Report signposting information to South and East Ayrshire HSCPs' Annual Performance Reports in respect of pan-Ayrshire services where they are the lead partnership.
<b>Risk</b>	North Ayrshire residents are unaware that performance information regarding services they use is contained in the Annual Performance Reports for South and East Ayrshire HSCPs
<b>Priority (1, 2, 3)</b>	3
<b>Paragraph Reference</b>	3.4
<b>Assigned to</b>	Principal Manager (Planning and Performance), Principal Manager (Finance)
<b>Due Date</b>	30/09/17
<b>Management Response</b>	The 2016/17 Annual Performance Report will include signposting information.

<b>Action</b>	b
<b>Action Description</b>	The Implications section of reports to the IJB should be presented consistently, including ensuring that implications for key priorities are included
<b>Risk</b>	IJB members do not receive all the information on implications of a report which they require to make an informed decision
<b>Priority (1, 2, 3)</b>	2
<b>Paragraph Reference</b>	3.9
<b>Assigned to</b>	Team Manager (Governance)
<b>Due Date</b>	09/02/17
<b>Management Response</b>	Each IJB report will be checked by the Governance Officer to ensure all of the implication sections are complete prior to the report being cleared for issue.

<b>Action</b>	c
<b>Action Description</b>	Consideration should be given to including risk implications in the Implications section of IJB reports
<b>Risk</b>	IJB members do not receive all the information on risk implications of a report which they require to make an informed decision
<b>Priority (1, 2, 3)</b>	2
<b>Paragraph Reference</b>	3.9
<b>Assigned to</b>	Team Manager (Governance)
<b>Due Date</b>	09/02/17
<b>Management Response</b>	A risk section will be added to the IJB report template and as above each IJB report will be checked by the Governance Officer to ensure all of the implication sections are complete prior to the report being cleared for issue.



<b>Action</b>	d
<b>Action Description</b>	A mechanism for identifying and monitoring mitigating actions from risk registers should be developed and implemented.
<b>Risk</b>	Mitigating actions to help control risks are not put in place
<b>Priority (1, 2, 3)</b>	1
<b>Paragraph Reference</b>	3.17
<b>Assigned to</b>	Principal Manager (Finance)
<b>Due Date</b>	30/06/17
<b>Management Response</b>	<p>Mitigating actions are outlined in the risk templates that are completed by each risk owner. These are used to populate the risk register. The mitigating actions will be monitored by presenting updated risk registers to:</p> <ol style="list-style-type: none"> <li>1) the PSMT quarterly</li> <li>2) Performance and Audit Committee – six monthly</li> <li>3) IJB – annually</li> </ol>

#### Priority Key used in Action Plan

<b>1 (High)</b>	Control weakness requiring prompt attention.
<b>2 (Medium)</b>	Control weakness which needs to be rectified, but where there is no material impact on the achievement of the control objectives.
<b>3 (Low)</b>	Minor weakness

## **EXECUTIVE SUMMARY**

### **VAT**

#### **Background**

VAT is a tax on the supply of goods and services in the furtherance of business and is administered by Her Majesty's Revenue and Customs (HMRC). Since the Council buys more goods which are liable to VAT than it sells, it is in the position of reclaiming VAT from HMRC.

The Council was subject to a VAT inspection in November 2013 which identified 3 errors. The Council was required to fulfil a series of conditions in order to avoid paying penalties in relation to these errors. All the conditions were fulfilled within the prescribed timescale.

#### **Key Objectives**

The main objectives of this audit were to ensure that:

- The Council has adequate procedures and policies in relation to VAT
- The de minimis calculation is correct and has supporting evidence
- Input VAT (VAT on expenditure transactions) is accounted for correctly
- Arrangements for accounting for VAT are adequate

#### **Key Findings and Actions**

All the recommended actions arising from this audit are detailed in the action plan which follows this Executive Summary. The key findings are as follows:

- A new online StudyIt training package on VAT is shortly being rolled out to officers in Council services who deal with VAT transactions
- Of 20 Accounts Payable invoices examined, 17 had no material issues
- 1 invoice was very poorly scanned therefore not all required fields were legible – advice was given to the service involved
- 1 invoice for £893.57 requires further research to ensure that the supply has been treated correctly. This may have implications for other similar invoices.
- 1 invoice which included £90 of VAT did not fulfil the requirements of a VAT invoice, therefore consideration should be given as to whether the Council should have reclaimed the VAT. This also may have implications for other similar invoices.
- All other controls tested were found to be in place

#### **Audit Opinion**

Overall a reasonable level of assurance was obtained on the processes for accounting for VAT at North Ayrshire Council. 2 individual supplier invoices were identified which require further investigation and possible corrective actions to ensure that VAT isn't being reclaimed incorrectly.

## ACTION PLAN VAT

<b>Action</b>	a
<b>Action Description</b>	Financial Management should investigate the 2 invoices highlighted during the audit and ensure that appropriate corrective actions are taken if required, including considering any wider implications for similar transactions.
<b>Risk</b>	The Council is reclaiming VAT from invoices incorrectly.
<b>Priority (1, 2, 3)</b>	1
<b>Paragraph Reference</b>	3.8, 3.9
<b>Assigned to</b>	Senior Manager (Financial Management)
<b>Due Date</b>	Complete
<b>Management Response</b>	<p>The invoice noted in paragraph 3.8 has been treated correctly. NAS Services Ltd is an unregulated Private Welfare Institution and, as such, is required to charge VAT for its services.</p> <p>In relation to the invoice for solicitor's fees, noted in paragraph 3.9, a replacement invoice which meets VAT requirements has now been received from the company.</p>

### Priority Key used in Action Plan

<b>1 (High)</b>	Control weakness requiring prompt attention.
<b>2 (Medium)</b>	Control weakness which needs to be rectified, but where there is no material impact on the achievement of the control objectives.
<b>3 (Low)</b>	Minor weakness



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## NORTH AYRSHIRE COUNCIL

### Agenda Item 7

Audit and Scrutiny Committee

30 May 2017

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**Title:** Internal Audit Annual Report 2016/17

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**Purpose:** To provide the Committee with an annual report on the work of Internal Audit during 2016/17 and provide an opinion on the governance, risk management and internal control environment of the Council.

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**Recommendation:** The Committee is asked to note the content of the annual report and the opinion of the Senior Manager on the Council's governance, risk management and internal control environment.

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#### 1. Executive Summary

- 1.1 The Internal Audit annual report attached at Appendix 1 provides information on the work carried out during the period of the 2016/17 audit plan.
- 1.2 It is the opinion of the Senior Manager (Internal Audit, Risk and Fraud) that reasonable assurance can continue to be placed on the adequacy and effectiveness of the Council's systems of governance, risk management and internal control.

#### 2. Background

- 2.1 The Public Sector Internal Audit Standards (PSIAS) require that the Chief Internal Auditor prepares an Annual Report on the activities of Internal Audit to demonstrate performance and that the report should contain a view on the soundness of the Council's governance, risk management and internal control frameworks. The Annual Report for 2016/17 is attached at Appendix 1 and outlines the role of Internal Audit, the performance of the section during the year and the key audit findings. It also contains the annual audit assurance statement.
- 2.2 The report gives information on actual performance against the plan. Overall, 615 days of audit work took place, which was 234 days less than budgeted; this was due to part-year vacancies within the team. The shortfall was mainly managed by delivering less consultancy work and by withdrawing a number of audit assignments from the plan with Committee approval. Paragraph 2.7 of the annual report details the actual time spent on each category of audit work.

- 2.3 Other than the assignments that were withdrawn, all audits within the approved plan for 2016/17 were either completed during the year or were in progress at 31 March 2016; 2 draft reports were with Services and 4 planned audits were still being worked on and will be completed within the first quarter of 2016/17.
- 2.4 Section 3 of the annual report provides information on the most significant findings. Each of these audits, along with all other audit reports published, were reported to the Audit and Scrutiny Committee.
- 2.5 All audit findings during the year support and inform the opinion by the Senior Manager (Internal Audit, Risk and Fraud) on the adequacy of the Council's governance, risk management and internal control environment. The Public Sector Internal Audit Standards require this opinion to be given each year through an annual assurance statement. This is included within the annual report at section 6.
- 2.6 The opinion in the annual assurance statement also contributes to the Annual Governance Statement which is published as part of the Council's annual accounts and is elsewhere on the Audit and Scrutiny Committee agenda for approval.
- 2.7 Based on the audit work carried out, the opinion of the Senior Manager (Internal Audit, Risk and Fraud) is that reasonable assurance can continue to be placed on the adequacy and effectiveness of the Council's systems of governance, risk management and internal control.
- 2.8 At section 5, the annual report also provides information on some of the performance highlights for Internal Audit during 2016/17. Most notably this includes a very positive External Quality Assessment, which was reported to the Audit and Scrutiny Committee in February 2017, and favourable feedback from client surveys that are issued at the end of each audit assignment.

### **3. Proposals**

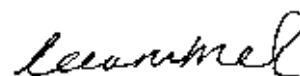
- 3.1 It is proposed that the Committee notes the content of the annual report and opinion on the Council's governance, risk management and internal control environment.

#### 4. Implications

<b>Financial:</b>	None.
<b>Human Resources:</b>	None.
<b>Legal:</b>	None.
<b>Equality:</b>	None.
<b>Environmental &amp; Sustainability:</b>	None.
<b>Key Priorities:</b>	The work of Internal Audit helps to support the efficient delivery of the strategic priorities within the Council Plan 2015-2020.
<b>Community Benefits:</b>	None.

#### 5. Consultation

- 5.1 Council services are consulted on the findings of Internal Audit throughout the year. No specific consultations have taken place in relation to this annual report.



LAURA FRIEL  
Executive Director (Finance and Corporate Support)

#### Reference :

For further information please contact Paul Doak, Senior Manager (Internal Audit, Risk and Fraud) on 01294-324561.

#### Background Papers

None.





# INTERNAL AUDIT ANNUAL REPORT

**2016-17**

<b>Version:</b>	Final
<b>Date:</b>	15/05/2017
<b>Author:</b>	Paul Doak
<b>Classification:</b>	PUBLIC



**North Ayrshire Council**  
Comhairle Siorrachd Àir a Tuath

## **INTERNAL AUDIT ANNUAL REPORT 2016-17**

### **1 Introduction**

- 1.1** The Executive Director (Finance and Corporate Support) has overall responsibility for Internal Audit in North Ayrshire Council. The Senior Manager (Internal Audit, Risk and Fraud) reports directly to the Executive Director, with the right of access to the Chief Executive and the Chair of the Audit and Scrutiny Committee on any matter. These rights of access help ensure the organisational independence of Internal Audit.
- 1.2** During 2016-17, the section operated in conformance with the 'Public Sector Internal Audit Standards (PSIAS)'. The Standards define the way in which the Internal Audit section should be established and undertake its functions. Conformance can be evidenced by the successful completion of an external assessment during the year, undertaken by Falkirk Council through the peer-to-peer review network of the Scottish Local Authorities Chief Internal Auditors Group (SLACIAG).
- 1.3** The Internal Audit section also operated under an 'Internal Audit Charter' which was refreshed and approved by the Audit and Scrutiny Committee in February 2016.
- 1.4** One of the requirements of the PSIAS is the publication of an annual report. The aim of this annual report is to give an overview of the work carried out during 2016-17. Some information is provided on the resources available to Internal Audit and the performance of the section.
- 1.5** Finally, the report provides an assurance statement on the overall adequacy and effectiveness of the Council's governance, risk management and internal control frameworks.

### **2 Planned and Actual Activity during 2016-17**

- 2.1** The Internal Audit plan for the period 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017 was approved by the Council's former Audit Committee in February 2016.
- 2.2** From the total of 849 planned days, 739 days (87%) were budgeted as 'productive' and allocated for carrying out audit work. A further 110 days (13%) were budgeted for 'non-productive' time: management and strategy, attendance at meetings, administration and staff training and development. Time is determined as 'productive' or 'non-productive' in line with definitions produced by CIPFA.
- 2.3** During 2016-17, 615 work days took place; this was 234 days less than budgeted. The shortfall was attributable to part-year vacant posts. A number of audits were withdrawn from the plan or deferred until the 2017/18 plan with approval from the Audit Committee; further detail on the audits that were removed can be found within the appendix to this report.
- 2.4** There were 532 actual 'productive' days during 2016-17 and 83 'non-productive' days. At 87% of total actual days, this meant productive days were in line with the target.

- 2.5** This was broadly similar to 2015-16, when productive days were 88% of the total. The target for 2017-18 has also been set at 87%; based on experience in recent years, this is considered the optimum level of performance.
- 2.6** Other than the 7 audits that were withdrawn or deferred, every audit within the approved plan for 2016-17 was either completed during the year or was in progress at 31<sup>st</sup> March 2017; 2 draft reports were with Services and a further 4 planned audits were still being worked on and will be completed within the first quarter of 2017-18.
- 2.7** Budget and actual days, together with the variance from budget, are shown against the main themes from the audit plan in the table below. A full analysis of the time spent on individual audits is provided at pages 8 to 12 of this annual report.

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Key Corporate Systems	75	44	31 days under
Other Systems	265	167	98 days under
ICT auditing	50	30	20 days under
Governance	45	35	10 days under
Performance Monitoring	20	16	4 days under
Regularity Audits	45	0	45 days under
Following the Public Pound	12	11	1 days under
Other Work	202	151	51 days under
Investigations/Contingencies	25	78	53 days over
<b>TOTAL</b>	<b>739</b>	<b>532</b>	<b>207 days under</b>

- 2.8** Key Corporate Systems was 31 days under budget; 3 of the planned audits were concluded and the other 2, which were seen as lower risk areas, were withdrawn from the plan to assist with meeting the resource shortfall.
- 2.9** The time spent on 'Other Systems' during 2016-17 was 98 days under budget. 4 audits were withdrawn from the plan to assist with meeting the resource shortfall and 2 audits were still being worked on at 31<sup>st</sup> March.
- 2.10** Both ICT audits were still in progress at the end of March and fieldwork was finalised during April.
- 2.11** All three governance audits were finalised during 2016-17 but required less time than budgeted.
- 2.12** Both planned regularity audits, amounting to 45 days of planned work and relating to Secondary Schools and Income Collection, were delayed to assist with meeting the resource shortfall and will be prioritised in the 2017/18 plan.
- 2.13** 'Other Work' was 51 days under budget. Time spent on other year audit was 34 days over, as it took longer than planned to finalise a number of 2015-16 audits during Quarter 1, and some 2017-18 audits were started before the end of Quarter 4. Audit consultancy was 49 days under budget; however, the team supported all consultancy requests, most notably in relation to ad-hoc enquiries, the Financial Management System replacement project and a change to the Council Tax exemption process.

- 2.14** Two unplanned assignments were undertaken by Internal Audit during 2016/17, both relating to Procurement issues within the Health and Social Care Partnership. These took 78 days of audit time against the contingency budget of 25 days.
- 2.15** In line with the Council's defalcation procedures, all instances of suspected fraud and irregularity should be reported to Internal Audit. These are investigated by the Corporate Fraud team and a separate report has been prepared on the work of that team.

### **3 Main Findings**

- 3.1** Detailed below are the most significant findings from the audit work finalised during 2016-17.

**3.2** Physical Disabilities Team

An investigation identified non-compliance with the Council's Standing Orders relating to Contracts and the Codes of Financial Practice. A number of control weaknesses were identified within the Physical Disabilities Team, Corporate Procurement Unit and Improvement Grant processes.

The action plan should be implemented in full in order to improve the internal control environment, ensuring compliance with Council policies, procedures and regulations.

**3.3** Procurement of Care

An investigation highlighted that there is a long-standing failure within certain service areas of the Health and Social Care Partnership to comply properly with procurement regulations. A much greater emphasis must be placed on procurement requirements when social care services are being arranged.

The audit action plan should be implemented in full in order to address contractual issues, improve performance and focus resources on areas of weakness.

**3.4** Carefirst System

There remain issues with the removal of leavers from the Carefirst system and obtaining signed agreement to the Third Party Acceptable Computer Use Policy - these are of increased importance with Health staff now accessing the system.

It was also noted that further work is required to enhance data quality within the system and to share good practice amongst staff.

**3.5** European Grant Income

Audit work was carried out in relation to projects that are funded by income from European grant income. Limited assurance was obtained in relation to the record-keeping associated with Employability grant schemes.

- 3.6** As a result of identifying the procurement issues highlighted at 3.2 and 3.3 above, further detailed work was carried out by the Corporate Procurement Unit, and reviewed by Internal Audit, to analyse spend across the Council. This highlighted a small number of other areas of non-compliance and an action plan has been put in place to address these.

- 3.7** These findings, together with those from other audits carried out, contribute to the assurance statement in section 6 of this report.

## **4 Audit Resources**

- 4.1** The Internal Audit section is directly managed by the Team Manager (Internal Audit), who reports to the Senior Manager (Internal Audit, Risk and Fraud). The Senior Manager is responsible for Internal Audit, as well as Corporate Fraud, Risk Management, Insurance, and the Directorate Performance Management team within Finance and Corporate Support.
- 4.2** As well as the Team Manager, a part-time Computer Auditor was also in post at the end of 2016-17. A full-time Internal Auditor post had been filled, with the post holder commencing employment during April 2017, and another part-time Internal Auditor post had also been vacant since May 2016. This was advertised during April and it is anticipated that this will be filled during June.
- 4.3** All staff within the section hold a relevant qualification, either through an institute which is part of the CCAB (Consultative Committee of Accountancy Bodies) or the IIA (Institute of Internal Auditors).

## **5 Performance**

- 5.1** During 2016-17, Internal Audit provided quarterly updates on work carried out to the Council's Audit and Scrutiny Committee. Elected Members had the opportunity to discuss all Internal Audit reports and question either the Senior Manager or relevant officers from Council services. All Elected Members have access to full copies of all Internal Audit reports on a confidential basis through the Council's intranet.
- 5.2** The Council's performance management system, Covalent, is utilised to follow-up on audit recommendations. Officers with responsibility for implementing recommendations are required to update the Covalent system and updates are provided to the Audit and Scrutiny Committee on a quarterly basis. Where actions are overdue, officers are required to attend the Committee to update Elected Members on plans to ensure that actions are implemented.
- 5.3** Internal Audit issues customer feedback questionnaires at the end of each audit assignment. This is designed to gather feedback from those who assisted with the audit and aims to help measure the effectiveness of audit work, ensuring it is targeted to best effect.
- 5.4** The questionnaire is completed online using Survey Monkey and requires participants to answer 9 questions. When each draft audit report is issued, the auditor e-mails a link to the survey to the staff who were most involved in assisting with the provision of information.
- 5.5** During 2016-17, 50 questionnaires have been issued and 19 responses were received, a response rate of 38% (2015-16: 49%).
- 5.6** Feedback was generally extremely positive, with all respondents confirming that the auditor explained the purpose of the audit and answered any questions they had and that requests for information were reasonable. All respondents also advised that they found the audit useful. A number of very positive comments were received about the approach of individual auditors.

- 5.7** Almost all respondents found that the audit caused only minimal disruption to normal service delivery and all confirmed that they would be happy to approach the auditor for advice in the future.
- 5.8** The only real issue, raised by one-third of respondents, was around the discussion of significant concerns during and/or at the end of the audit. Further exploration has revealed that this is due to different interpretations of what constitutes a 'significant concern' or the fact that the significant concerns may be discussed with the Head of Service at the end of the audit, rather than the auditee.
- 5.9** A significant achievement during 2016-17 was the successful completion of the External Quality Assessment. Under the terms of the Public Sector Internal Audit standards (PSIAS), each organisation's Internal Audit team is required to undertake an External Quality Assessment at least once in each 5 year period. This helps to ensure compliance with the standards.
- 5.10** The review of the Council's Internal Audit team has recently been completed by Falkirk Council and was reported to the Audit and Scrutiny Committee in February 2017. The review assessed the compliance of the Council's Internal Audit team with the 13 sections of the PSIAS and noted that the team fully conforms to 11 of the standards and generally conforms to the remaining two. Overall the assessor was able to provide substantial assurance that the Council's Internal Audit team complies with the requirements of the PSIAS. There were a number of low priority actions for implementation by the team which will further improve compliance.
- 5.11** A range of performance indicators is used to monitor performance within the section and these are detailed in full on page 13, along with the two previous years' actual figures. These are tracked by the Senior Manager on a quarterly basis to drive further improvement in service standards; a team meeting is held following each quarter with all audit staff to discuss performance and identify opportunities for development.
- 5.12** A number of the indicators are slightly below target, but most importantly the section continues to achieve its percentage of productive time as noted at 2.4 above. There were a number of part-year vacancies and staffing changes within the team during 2016-17 and this was the main factor in not achieving some of the performance targets.
- 5.13** Audits completed within budgeted days were 67% against a target of 75%. This equates to 20 audits from 30 completed during the year and is a slight improvement on 63% in 2015-16. Most of the audits which did not meet the target were either one or two days over budget and there are no concerns with performance.
- 5.14** Final reports issued within 14 days of return of the action plan were 90% against a target of 100% and slightly down from 93% in 2015-16. Only three audits missed the target, where some further work was required following the return of the action plan.

- 5.15** The Internal Audit section also calculates 2 annual performance indicators which are required by the CIPFA Directors of Finance group. These are as follows:

	<b>2016-17</b>	<b>2015-16</b>
Productive days achieved per audit plan	72.2%	86.8%
Cost of Internal Audit per £1m of net expenditure	tbc	£860.22

- 5.16** The 'productive days achieved per the audit plan' were less than the 86.8% recorded in 2015-16; this was due to the reasons highlighted at 2.3 above.
- 5.17** The 'cost of Internal Audit per £1m of Council net expenditure' cannot be calculated until the closure of the Council's 2016-17 accounts. This will be reported as part of the Council's performance reporting arrangements at a later date. Based on the 2015-16 performance, the Council was ranked 11<sup>th</sup> from 32 authorities and the cost was well below the Scottish average of £974.03. The Council was also ranked 11<sup>th</sup> in both 2014-15 and 2013-14.

## **6 Assurance statement**

- 6.1** This statement on the adequacy and effectiveness of the frameworks of governance, risk management and internal control is based on the audit work performed during 2016-17 as reported above. It also draws on the experience of audit work carried out in earlier years as well as assurances received from management and external audit findings.
- 6.2** Internal Audit staff have carried out work, both on a corporate basis and within each of the Service groups and, subject to the comments in section 3 above, the conclusion drawn from that work was that most of the anticipated governance, risk management and internal control frameworks were in place and operating effectively.
- 6.3** Where Internal Audit identified opportunities for improvement, the responses received from managers continued to be positive and there was commitment to implementing Internal Audit's recommendations.
- 6.4** On this basis, it is my opinion that reasonable assurance can be placed on the adequacy and effectiveness of the Council's systems of governance, risk management and internal control.

**Paul Doak**  
**Senior Manager (Internal Audit, Risk and Fraud)**  
**10th May 2017.**

FINAL REPORT

**PRODUCTIVE TIME - AUDIT PLAN**

Key Corporate Systems	Audit Objective	Planned Audit Days	Actual Days @ 31/03/17	Variance Fav / (Adv)	Current Progress @ 31/03/17	Final Report issued	Report to Audit and Scrutiny
CHRIS HR/Payroll system	Examine a range of controls in the HR/Payroll system.	15	0	15	Combined with Supply Teachers audit below	n/a	n/a
Accounts Receivable	Examine a range of controls in the Accounts Receivable system.	15	15	0	Finalised	24/10/2016	14/11/2016
Procurement and Accounts Payable	Review controls within the Procurement and Accounts Payable section.	15	1	14	Budget utilised towards unplanned procurement work below.	n/a	n/a
VAT	Carry out a review of the Council's VAT arrangements.	15	13	2	Finalised	09/12/2016	30/05/2017
Income Collection system	Examine a range of controls in the PARIS income collection system.	15	15	0	Finalised	02/09/2016	14/11/2016
<b>TOTAL AUDIT DAYS</b>		<b>75</b>	<b>44</b>				

Other Systems	Audit Objective	Planned Audit Days	Actual Days @ 31/03/17	Variance Fav / (Adv)	Current Progress @ 31/03/17	Final Report issued	Report to Audit and Scrutiny
Licensing	Review processes within the Licensing section.	20	20	0	Finalised	28/07/2016	22/08/2016
Members Allowances and Expenses	Consider the controls that are in place around the payment of allowances and expenses to the Council's elected members.	15	0	15	Audit withdrawn from plan	n/a	n/a
European grant income	Review controls in relation to the use of European grant income by Economic Growth.	20	19	1	Draft report with service.	25/04/2017	30/05/2017
Supply teachers	Examine the controls around the Council's use of supply teachers.	15	16	-1	Finalised	08/03/2017	30/05/2017
Revenues and Benefits (inc. Welfare Reform)	Review controls in relation to the Scottish Welfare Fund, Discretionary Housing Payments and the Council Tax Reduction Scheme.	20	16	4	Finalised	18/10/2016	14/11/2016
Business Continuity	Consider the adequacy of the Council's Business Continuity arrangements.	15	0	15	Audit withdrawn from plan	n/a	n/a
Revenue Budget Monitoring	Review the effectiveness of revenue budget monitoring arrangements within one of the Council's directorates.	15	15	0	Fieldwork ongoing		
Financial Intervention Orders	Review the administration of Financial Intervention Orders within the Health and Social Care Partnership and Finance.	15	14	1	Finalised	24/10/2016	14/11/2016
Self Directed Support	Review the use of 'Self Directed Support' to provide assurance that appropriate controls are in place and operating effectively.	20	21	-1	Finalised	23/09/2016	14/11/2016
Clients funds	Examine the controls that are in place around the handling of funds belonging to clients of the Health and Social Care Partnership, both by Council employees and external contractors.	15	2	13	Include within HSCP establishment visits in 2017/18	n/a	n/a
Carefirst system	Examine the use of the Carefirst system by the Health and Social Care Partnership.	25	16	9	Fieldwork ongoing	28/04/2017	30/05/2017
Health and Social Care Partnership	Carry out audit work within the Health and Social Care Partnership as agreed by the Performance and Audit Committee of the Partnership.	15	16	-1	Finalised	13/01/2017	30/05/2017
Building services systems	Examine the use of IT systems within Building Services.	15	0	15	Audit withdrawn from plan	n/a	n/a
Asset Management (inc. Asset Register systems)	Review the Council's asset management arrangements.	20	12	8	Draft report with service.	21/04/2017	30/05/2017
Commercial and industrial rents	Review the governance arrangements and processes around commercial and industrial property rentals.	20	0	20	Audit withdrawn from plan	n/a	n/a
<b>TOTAL AUDIT DAYS</b>		<b>265</b>	<b>167</b>				



ICT Auditing	Audit Objective	Planned Audit Days	Actual Days @ 31/03/17	Variance Fav / (Adv)	Current Progress @ 31/03/17	Final Report issued	Report to Audit and Scrutiny
Internet and e-mail controls	Examine controls in relation to e-mail across both the Council and Education networks.	25	12	13	Fieldwork ongoing		
Telecommunications	Review a range of controls in relation to Agile Working across the Council, including remote and wireless access to networks and systems.	25	18	7	Fieldwork ongoing		
<b>TOTAL AUDIT DAYS</b>		<b>50</b>	<b>30</b>				

Governance	Audit Objective	Planned Audit Days	Actual Days @ 31/03/17	Variance Fav / (Adv)	Current Progress @ 31/03/17	Final Report issued	Report to Audit and Scrutiny
Information Governance and Data Protection	Review aspects of the Council's Information Management and Data Protection arrangements.	15	12	3	Finalised.	24/10/2016	14/11/2016
Community Capacity building	Consider the arrangements that the Council has in place with a number of local Community Associations.	15	7	8	Finalised.	n/a	n/a
Leavers process	Examine processes that are in place in relation to employees who leave the Council, including removal from IT systems and networks.	15	16	-1	Finalised.	06/03/2017	30/05/2017
<b>TOTAL AUDIT DAYS</b>		<b>45</b>	<b>35</b>				

Performance Monitoring	Audit Objective	Planned Audit Days	Actual Days @ 31/03/17	Variance Fav / (Adv)	Current Progress @ 31/03/17	Final Report issued	Report to Audit and Scrutiny
Performance Indicators	Provide assurance on the robustness and accuracy of a sample of indicators.	20	16	4	Finalised	23/09/2016	14/11/2016
<b>TOTAL AUDIT DAYS</b>		<b>20</b>	<b>16</b>				

Regularity Audits	Audit Objective	Planned Audit Days	Actual Days @ 31/03/17	Variance Fav / (Adv)	Current Progress @ 31/03/17	Final Report issued	Report to Audit and Scrutiny
Secondary Schools	Review financial controls within the Council's secondary schools using self-assessment audit questionnaires and investigate any concerns which arise.	25	0	25	Delay until 2017/18	n/a	n/a
Income Collection	Carry out a review of the controls within a range of income collection establishments, with a particular focus on those which do not use the corporate income collection system, PARIS.	20	0	20	Delay until 2017/18	n/a	n/a
<b>TOTAL AUDIT DAYS</b>		<b>45</b>	<b>0</b>				

Following the Public Pound	Audit Objective	Planned Audit Days	Actual Days @ 31/03/17	Variance Fav / (Adv)	Current Progress @ 31/03/17
Community Councils	Annual audit of Community Councils accounts' to ensure Council funding is used in accordance with the Council's Scheme of Administration.	10	8	2	As required.
Tenants and Residents Associations	Annual audit of the accounts of various Tenants and Residents Associations.	2	3	-1	As required.
<b>TOTAL AUDIT DAYS</b>		<b>12</b>	<b>11</b>		

Other Work	Audit Objective	Planned Audit Days	Actual Days @ 31/03/17	Variance Fav / (Adv)	Current Progress @ 31/03/17
Other year audit work	Completing audits from the previous year's audit plan that were not fully complete by the end of March 2016 or starting audits early from the approved 2017/18 plan.	30	64	-34	All 15/16 audits were finalised within Q1 and four 17/18 audits were started in Q4.
Audit consultancy: ad-hoc advice	Providing advice to council services in response to ad-hoc queries	10	9	1	As required.
Audit consultancy: project work	Participating in project work to support developments in other council services.	65	17	48	As required.
Follow-up	Follow up of previous audit reports to ensure that appropriate action has been taken.	20	10	10	As required.
Audit planning and monitoring	Preparing audit plans and monitoring progress and performance against plans.	20	22	-2	As required.
Audit and Scrutiny Committee	Supporting the Council's Audit and Scrutiny Committee by preparing reports, attending meetings and delivering training for elected members as required.	25	19	6	As required.
Governance documents	Review of governance documents	5	1	4	As required.
Development of the Audit service	Carry out developmental work to further enhance the efficiency of the audit section.	5	4	1	As required.
Internal Audit self-assessment against PSIAS	Undertake a quality assurance programme for Internal Audit in line with the requirements of the Public Sector Internal Audit Standards (PSIAS).	2	0	2	As required.
Internal Audit EQA (assess or being assessed)	Participate in the Scottish Local Authorities Chief Internal Auditors Group (SLACIAG) review network for the external quality assessment programme.	10	4	6	Assessment complete and reported to Audit and Scrutiny Committee February 2017.
Grant claims	Certification of expenditure funded by specific grants from external funding bodies	5	0	5	As required.
Annual Accounts	Work in relation to the Council's annual accounts, including stock counts, reviewing imprests and preparing the Annual Governance Statement.	5	1	4	As required.
<b>TOTAL AUDIT DAYS</b>		<b>202</b>	<b>151</b>		

<b>TOTAL</b>	<b>PRODUCTIVE TIME - AUDIT PLAN</b>	<b>714</b>	<b>454</b>
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### PRODUCTIVE TIME - CONTINGENCIES AND INVESTIGATIONS

[illegible]

TOTAL	PRODUCTIVE TIME - CONTINGENCIES AND INVESTIGATIONS	25	78
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## PRODUCTIVE TIME - RESERVE AUDITS

		Planned Audit Days	Actual Days @ 31/03/17	Variance Fav / (Adv)	Current Progress @ 31/03/17	Final Report issued	Report to Audit and Scrutiny
<b>Reserve Audits</b>	<b>Audit Objective</b>						
Library and Information service	Review a range of controls within the Library and Information service.	15	0	15	n/a	n/a	n/a
Environmental Health	Review a range of controls within the Council's Environmental Health service.	15	0	15	n/a	n/a	n/a
Throughcare payments	Examine the controls around Throughcare payments within Finance and the Health and Social Care Partnership.	10	0	10	n/a	n/a	n/a
Vehicle replacement	Review the Council's vehicle replacement programme.	15	0	15	n/a	n/a	n/a
Council house building and buyback programmes	Review the Council's house building and buyback programmes.	15	0	15	n/a	n/a	n/a
Covalent system	Carry out a review of the controls around the Council's Performance Management system. Covalent.	10	0	10	n/a	n/a	n/a

<b>TOTAL</b>	<b>PRODUCTIVE TIME - RESERVE AUDITS</b>	<b>80</b>	<b>0</b>
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**NON-PRODUCTIVE TIME**

		Planned Audit Days	Actual Days @ 31/03/17	Variance Fav / (Adv)	Current Progress @ 31/03/17
Management		18	19	-1	On budget.
Administration		22	21	1	On budget.
Meetings		40	34	6	On budget.
Training		30	9	21	Below budget - partly due to vacancies but further work required in 2017/18 to improve.

<b>TOTAL</b>	<b>NON-PRODUCTIVE TIME</b>	<b>110</b>	<b>83</b>
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<b>TOTAL DAYS</b>	<b>849</b>	<b>615</b>
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	ANNUAL BUDGET	ACTUAL to 31/03/17
PRODUCTIVE DAYS	739 87.0%	532 86.5%
NON-PRODUCTIVE DAYS	110 13.0%	83 13.5%
<b>TOTAL DAYS</b>	<b>849 100.0%</b>	<b>615 100.0%</b>

### Internal Audit Performance Indicators

	<b>2014/15 Actual</b>	<b>2015/16 Actual</b>		<b>2016/17 Target</b>	<b>2016/17 Actual</b>
% of auditor time spent productively	86%	88%		87%	87%
Training days per auditor	6.5 days	2.7 days		6 days	1.7 days
Final reports issued	40	30		information only	30
Audits completed within budgeted days	70%	63%		75%	67%
Draft reports issued within 21 days of fieldwork completion	95%	91%		100%	96%
Final reports issued within 14 days of return of action plan	98%	93%		100%	90%
Actions implemented on time by Council services	85%	85%		80%	85%
Ad-hoc requests for advice from Council services	58 requests	42 requests		information only	30 requests



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## **NORTH AYRSHIRE COUNCIL**

### **Agenda Item 8**

**30 May 2017**

#### **Audit and Scrutiny Committee**

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**Title:** **Internal Audit and Corporate Fraud Action Plans:  
Quarter 4 update**

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**Purpose:** To advise the Audit and Scrutiny Committee on the progress made by Council services in implementing the agreed actions from Internal Audit and Corporate Fraud reports as at 31 March 2017.

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**Recommendation:** That the Committee (a) notes the current position with the implementation of Internal Audit and Corporate Fraud actions; and (b) challenges those services that have not implemented actions within the previously agreed timescales.

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#### **1. Executive Summary**

- 1.1 The CIPFA document 'Audit Committee Principles in Local Authorities in Scotland' highlights that Audit Committees should monitor and review the progress made in implementing audit recommendations.
- 1.2 Service managers are responsible for ensuring that agreed actions arising from Internal Audit and Corporate Fraud reviews are implemented. This provides assurance that identified control weaknesses have been addressed and are being managed effectively.
- 1.3 All actions are monitored on the Covalent system and service managers are responsible for updating Covalent as they progress each action. This enables Internal Audit to monitor progress on a 'real-time' basis and address any delays in implementation.
- 1.4 This report details the position at 31 March 2017.

#### **2. Background**

- 2.1 The last report to the Audit and Scrutiny Committee on 13 February 2017 highlighted that there were 57 actions outstanding at the end of December 2016: 21 that had not been started or were only partially implemented and 36 where the due date had not yet passed.

- 2.2 In addition to these 57 'carried forward' actions, there have been 48 new actions agreed during quarter 4, giving a total of 105 action points for review.
- 2.3 Services have completed 62 actions since the last report. All services are required to retain evidence of work carried out in completing their actions and Internal Audit carries out 'spot-checks' on a sample of completed actions on an ongoing basis.
- 2.4 Of the remaining 43 actions, 9 were either not started or only partially complete at 31 March and the remaining 34 were not due for completion until after that date.
- 2.5 Appendix 1 to this report provides the Committee with full details of the 9 actions that were not complete within the agreed timescales.
- 2.6 One action relating to teaching staff signing the Council's Acceptable Computer Use Policy has been outstanding since 2014. The Executive Director (Education and Youth Employment) has attended the Committee to provide updates on progress and will provide a further update report to the next meeting in August 2017.

### 3. Proposals

- 3.1 It is proposed that the Committee (a) notes the current position with the implementation of Internal Audit and Corporate Fraud actions; and (b) challenges those services that have not implemented actions within the previously agreed timescales.

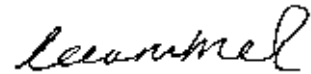
### 4. Implications

<b>Financial:</b>	None.
<b>Human Resources:</b>	None.
<b>Legal:</b>	None.
<b>Equality:</b>	None.
<b>Environmental &amp; Sustainability:</b>	None.
<b>Key Priorities:</b>	The effective implementation of agreed Internal Audit actions helps to support the efficient delivery of the strategic priorities within the Council Plan 2015-2020.
<b>Community Benefits:</b>	None.



## **5. Consultation**

- 5.1 Council services are consulted during the completion of each Internal Audit and Corporate Fraud review and have also provided updates on progress made in implementing action points.



LAURA FRIEL  
Executive Director (Finance and Corporate Support)

### **Reference :**

For further information please contact Paul Doak, Senior Manager (Internal Audit, Risk and Fraud) on 01294-324561.

### **Background Papers**

None.



## Actions due by 31<sup>st</sup> March 2017 but not started or only partially complete

Generated on: 23 May 2017

<b>Code</b>	IA2014PA027c	<b>Description</b>	Education should ensure that all teaching staff with access to IT equipment should read and sign the Corporate Acceptable Computer Use Policy and have a process in place for ensuring new staff read and sign up to this policy.		
<b>Priority</b>	1	<b>Latest Note</b>	<b>2016/17- Quarter Four Update:</b> 7 (from 9) secondary schools and 33 (from 50) primary schools have confirmed that at least 85% of teaching staff have now signed the Acceptable Computer Use Policy. Education continue to work with the remaining schools to ensure that teaching staff are signing the policy.		
<b>Progress Bar</b>	<div><div>80%</div></div>	<b>Original Due Date</b>	31-Aug-2014	<b>Due Date</b>	30-Jun-2016
<b>Parent Code &amp; Title</b>	IA2014PA027 Education and Skills Mobile Devices			<b>Managed By</b>	Andrew McClelland
				<b>Assigned To</b>	Teri McIntosh

<b>Code</b>	IA2016PA001c	<b>Description</b>	Employment Services should ensure that password rules are updated within CHRIS so that a mixture of upper and lower case letters, numbers and special characters are used.		
<b>Priority</b>	1	<b>Latest Note</b>	<b>2016/17- Quarter Four Update:</b> This action is dependent on the implementation of CHRIS version 8. The delivery of the software from the supplier has been delayed again and is now expected in July. If this date is met by the supplier, implementation is expected at the end of October 2017.		
<b>Progress Bar</b>	<div><div>75%</div></div>	<b>Original Due Date</b>	30-Sep-2016	<b>Due Date</b>	30-Sep-2016
<b>Parent Code &amp; Title</b>	IA2016PA001 HR/Payroll System			<b>Managed By</b>	Fiona Walker
				<b>Assigned To</b>	Karen Clarke

<b>Code</b>	IA2016PA021a	<b>Description</b>	The Corporate Transport Hub, supported by Legal Services, should continue to liaise with SPT to finalise a mutually acceptable Agency Agreement and have this signed at the earliest opportunity.		
<b>Priority</b>	1	<b>Latest Note</b>	<b>2016/17- Quarter Four Update:</b> The elderly SPT documentation has proved to be neither fit for purpose or transparent and there has been detailed Legal negotiation to finalise something which is useable (latest email correspondence was 22 May 2017 over the requirement for a robust Data Sharing Agreement to be put in place). The Council has not contributed to the delay, other than by refusing to sign an unsuitable style of document.		
<b>Progress Bar</b>	<div><div>90%</div></div>	<b>Original Due Date</b>	31-Mar-2016	<b>Due Date</b>	30-Sep-2016
<b>Parent Code &amp; Title</b>	IA2016PA021 Transportation			<b>Managed By</b>	Andrew Fraser; Russell McCutcheon
				<b>Assigned To</b>	Susan Adamson; Gordon Mitchell; Nicola Shearer

<b>Code</b>	IA2016PA021b	<b>Description</b>	The Corporate Transport Hub should ensure a data sharing agreement is in place with both SPT and contractors.		
<b>Priority</b>	1	<b>Latest Note</b>	Democratic Services requested inclusion of Information Sharing and Exchange Policy again on 21st March 2017 to SPT for comment. Previously provided to them in February 2016.  SPT have not responded in relation to this matter on 30th March 2017, awaiting further comment to date.		
<b>Progress Bar</b>	<div><div>85%</div></div>	<b>Original Due Date</b>	31-May-2016	<b>Due Date</b>	30-Sep-2016
<b>Parent Code &amp; Title</b>	IA2016PA021 Transportation			<b>Managed By</b>	Russell McCutcheon
				<b>Assigned To</b>	Susan Adamson; Gordon Mitchell

<b>Code</b>	IA2016PA023a	<b>Description</b>	Services should be issued with current guidance on maintenance procedures. This guidance should be made available on Connects.		
<b>Priority</b>	3	<b>Latest Note</b>	<b>2016/17- Quarter Four Update:</b> The Property Asset Management Plan (PAMP) has been approved by Cabinet. The guidance for services has been drafted and is currently awaiting approval by the Head of Service prior to being published and circulated to staff. It is now expected the action will be complete by 30th June.		
<b>Progress Bar</b>	<div><div>90%</div></div>	<b>Original Due Date</b>	31-Aug-2016	<b>Due Date</b>	23-Jan-2017
<b>Parent Code &amp; Title</b>	IA2016PA023 Corporate Landlord - Maintenance			<b>Managed By</b>	Yvonne Baulk
				<b>Assigned To</b>	Laurence Cree
<b>Code</b>	IA2016PA028c	<b>Description</b>	Senior Management should ensure that the Stakeholder Model is completed so that a full database of all stakeholders with which the authority should engage is known.  Following this the Council should put in place a process for evaluating the effectiveness of the relationships in place and where appropriate identify any opportunities for improvement.		
<b>Priority</b>	3	<b>Latest Note</b>	<b>2016/17 Quarter 4 Update:</b> A report was presented to ELT on 12th April where senior officers were asked to review a core set of key stakeholders and take ownership of key relationships. A mechanism for describing and updating these relationships was proposed, with all stakeholders to be mapped to the council's strategic priorities. The Director of Economy and Communities has agreed to liaise directly with other directors to ensure the list is correct.		
<b>Progress Bar</b>	<div><div>95%</div></div>	<b>Original Due Date</b>	30-Apr-2016	<b>Due Date</b>	30-Dec-2016
<b>Parent Code &amp; Title</b>	IA2016PA028 Review of Corporate Governance			<b>Managed By</b>	Audrey Sutton
				<b>Assigned To</b>	Audrey Sutton

<b>Code</b>	IA2016PA029b	<b>Description</b>	The Council should provide appropriate training on the risk of and policies and procedures relating to Serious Organised Crime, including Scotland's Serious Organised Crime Strategy, to Members and Officers.		
<b>Priority</b>	2	<b>Latest Note</b>	<b>2016/17- Quarter Four Update:</b> The Senior Manager (Audit, Risk and Fraud) assumed responsibility as the Council's key contact for Serious and Organised Crime during April 2017. An action plan is now being developed and it is anticipated that appropriate training will be provided by December 2017.		
<b>Progress Bar</b>	<div><div>10%</div></div>	<b>Original Due Date</b>	31-Mar-2017	<b>Due Date</b>	31-Mar-2017
<b>Parent Code &amp; Title</b>	IA2016PA029 Serious Organised Crime			<b>Managed By</b>	Laura Friel
				<b>Assigned To</b>	Paul Doak

<b>Code</b>	IA2016PA029f	<b>Description</b>	The SOCCT Working Group should ensure that they have an appropriate communication strategy to communicate the risks associated with SOC and any related policies and procedures throughout the Council and to partners and the public as appropriate, including Council tenants. This should include appropriate use of technology.		
<b>Priority</b>	2	<b>Latest Note</b>	<b>2016/17- Quarter Four Update:</b> The Senior Manager (Audit, Risk and Fraud) assumed responsibility as the Council's key contact for Serious and Organised Crime (SOC) during April 2017. An action plan is now being developed and it is anticipated that a communication strategy for SOC matters will be introduced by December 2017.		
<b>Progress Bar</b>	<div><div>10%</div></div>	<b>Original Due Date</b>	31-Mar-2017	<b>Due Date</b>	31-Mar-2017
<b>Parent Code &amp; Title</b>	IA2016PA029 Serious Organised Crime			<b>Managed By</b>	Laura Friel
				<b>Assigned To</b>	Paul Doak

<b>Code</b>	IA2016PA029g	<b>Description</b>	The Head of Democratic Services should consider renewing the Data Sharing Protocol for procurement with the Police		
<b>Priority</b>	2	<b>Latest Note</b>	<b>2016/17- Quarter Four Update:</b> Police Scotland produced a national style of Data Sharing Agreement, this has been revised by the Council, our revisions are acceptable and we are currently awaiting the final version for signature		
<b>Progress Bar</b>	<div><div>85%</div></div>	<b>Original Due Date</b>	31-Mar-2017	<b>Due Date</b>	31-Mar-2017
<b>Parent Code &amp; Title</b>	IA2016PA029 Serious Organised Crime			<b>Managed By</b>	Andrew Fraser
				<b>Assigned To</b>	Andrew Fraser

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## **NORTH AYRSHIRE COUNCIL**

### **Agenda Item 9**

**30 May 2017**

#### **Audit and Scrutiny Committee**

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**Title:** External Audit Plan 2016/17

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**Purpose:** To inform the Committee of the External Audit plan for 2016/17.

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**Recommendation:** It is proposed that the Audit and Scrutiny Committee notes the external audit plan for 2016/17.

---

#### **1. Executive Summary**

- 1.1 The Council's new external auditors, Deloitte LLP, have been appointed for the five year period from 2016 to 2021.
- 1.2 This report provides the Audit and Scrutiny Committee with the external audit plan for the 2016/17 audit work.

#### **2. Background**

- 2.1 Following the latest round of audit appointments by the Accounts Commission, Deloitte LLP has been designated as the Council's external auditors for the five year period 2016-2021. Deloitte LLP has also been appointed as the auditors for the North Ayrshire Integration Joint Board and for East Ayrshire and South Ayrshire Councils and IJBs, as well as NHS Ayrshire and Arran.
- 2.2 The first work which will be undertaken by Deloitte will be the 2016/17 audit. An audit plan has been prepared which is attached as Appendix 1 to this report and a representative of Deloitte will be in attendance to present the plan to the Committee.
- 2.3 Under the 2016 Code of Audit Practice, the key areas of responsibility for Deloitte include both core audit work and wider scope requirements.
- 2.4 In planning the audit work, Deloitte has identified recognition of grant income, valuation of property assets and management override of controls as being significant risks in terms of the financial statements and will carry out specific testing in relation to these risks.

2.5 Core audit work will cover:

- providing the Independent Auditor's Report;
- providing the annual report on the audit;
- communicating audit plans;
- providing reports to management in respect of the auditor's corporate governance responsibilities;
- preparing and submitting fraud returns to Audit Scotland;
- certifying grant claims;
- discharging responsibilities in relation to the Council's published performance indicators;
- setting out a 5 year plan for auditing Best Value;
- participating in the shared risk assessment process leading to preparation of the Local Scrutiny Plan.

2.6 In terms of wider scope requirements, the Code of Audit Practice sets out four audit dimensions which set a common framework for all public sector audits in Scotland. Deloitte will consider how the Council is addressing these audit dimensions, including any risks to their achievement, as part of their audit work:

- financial sustainability;
- financial management;
- governance and transparency;
- value for money.

2.7 As part of its wider scope work, Deloitte will also audit Best Value using a new approach developed by Audit Scotland, linked to five strategic audit priorities. These are:

- Council priorities and long-term planning;
- Service delivery;
- Members and officers knowledge, skills and resource;
- Citizen involvement;
- Quality of public performance reporting.

2.8 Wider scope work will also cover transformational change, use of reserves, achievement of savings targets and the Council's participation in the National Fraud Initiative (NFI). Deloitte will also contribute to national performance audits that are planned by Audit Scotland.

### **3. Proposals**

3.1 It is proposed that the Audit and Scrutiny Committee notes the external audit plan for 2016/17.

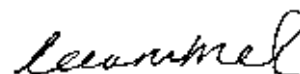


#### 4. Implications

<b>Financial:</b>	The fee which will be charged by Deloitte LLP for the 2016/17 audit work will be £290,290. This represents a reduction of £11,540 (3.8%) against the fee of £301,830 which was charged by Audit Scotland for the 2015/16 audit. A breakdown of this fee is provided on page 27 of the audit plan attached.
<b>Human Resources:</b>	None.
<b>Legal:</b>	None.
<b>Equality:</b>	None.
<b>Environmental &amp; Sustainability:</b>	None.
<b>Key Priorities:</b>	The work of external audit helps to support the efficient delivery of the strategic priorities within the Council Plan 2015-2020.
<b>Community Benefits:</b>	None.

#### 5. Consultation

- 5.1 Deloitte LLP consulted with the Executive Director (Finance and Corporate Support) and the Head of Finance in preparing their audit plan.



LAURA FRIEL  
Executive Director (Finance and Corporate Support)

#### Reference :

For further information please contact Laura Friel, Executive Director (Finance and Corporate Support) on 01294-324512.

#### Background Papers

None.





North Ayrshire Council  
Comhairle Siorrachd Àir a Tuath



## **North Ayrshire Council**

Planning report to the Audit and Scrutiny Committee  
on the 2016/17 audit

13 February 2017

# Contents

## Our planning report

3	Director introduction
5	Our audit explained
6	An audit tailored to you
7	Scoping
9	Materiality
10	Significant risks
14	Wider scope requirements
20	Audit quality
21	Purpose of our report and responsibility statement

## Appendices

23	Fraud responsibilities and representations
25	Your audit team and timetable
27	Independence and fees
28	Technical developments
29	Our approach to quality

# Director introduction

## The key messages in this report

Audit quality is our number one priority. We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

A robust challenge of the key judgements taken in the preparation of the financial statements.

A strong understanding of your internal control environment.

A well planned and delivered audit that raises findings early with those charged with governance.

I have pleasure in presenting our planning report to the Audit and Scrutiny Committee for the 2016/17 audit. I would like to draw your attention to the key messages of this paper:

### Financial challenges

- As with all public sector bodies, North Ayrshire Council continues to face significant financial challenges. Whilst the overall 2016/17 forecast position as at 30 November 2016 is projecting a net in-year surplus of £2.771m (net of transfers to reserves), this is based on the assumption that the North Ayrshire Health and Social Care Partnership will breakeven. As at 30 November 2016, the Partnership is projecting an overspend of £5.351m, of which £3.006m relates to the Council services element.
- In addition, the Council anticipates that there will be further significant cash reductions in the general revenue grant from the Scottish Government over the forthcoming years, whilst simultaneously the Council will have to manage an ever increasing demand for Council services and manage cost pressures that apply to the models of service delivery. Although budgets have reduced in recent years to move the Council to a position where it is closer to a sustainable footing, North Ayrshire Council is still able to provide a good level of services to the public and is continually looking to improve on service delivery through its 'Good to Great' strategy.
- The Council's achievement of savings set out within the Medium Term Financial Outlook will be a key area of audit focus in our audit dimensions work discussed further below.

### Significant risks

- We have identified the following financial statement significant risks:
- recognition of grant income;
  - valuation of property assets; and
  - management override of controls.

### Audit Dimensions

- The 2016 Code of Audit Practice sets our four audit dimensions which set a common framework for all public sector audits in Scotland. Our audit work will consider how North Ayrshire Council is addressing these and report our conclusions in our annual report to the Council in September 2017. In particular, our work will focus on:
  - **Financial sustainability** – we will monitor the Council's actions in respect of its short, medium and longer term financial plan to assess whether short term financial balance can be achieved, whether there is a long-term financial strategy and if investment is effective.
  - **Financial management** – we will review the budget and monitoring reports to the Council during the year and liaise with internal audit in relation to their work on the key financial controls to assess whether financial management and budget setting is effective.

# Director introduction (continued)

## The key messages in this report (continued)

Audit quality is our number one priority. We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

A robust challenge of the key judgements taken in the preparation of the financial statements.

A strong understanding of your internal control environment.

A well planned and delivered audit that raises findings early with those charged with governance.

### Audit Dimensions (continued)

- **Governance and transparency** – from our review of Council papers and attendance at Audit and Scrutiny Committees we will assess the effectiveness of governance arrangements. We will also share best practice from elsewhere from our dedicated governance team, particularly on integration as the Council's relationship with the Integrated Joint Boards develops.
- **Value for money** – we will gain an understanding of the Council's self-evaluation arrangements to assess how it demonstrated value for money in the use of resources and the linkage between money spent and outputs and outcomes delivered.

### Other wider scope work

- As part of our best value work, we will consider the five Strategic Audit Priorities agreed by the Accounts Commission and undertake a baseline analysis of the Council's performance against these priorities. We will also conclude how our work in these areas will be planned and reported across the five year appointment.
- We will assess how effectively the Council undertakes transformational change as it drives forward its journey from 'Good to Great' and whether savings targets set out in the 2016/17 budget have been achieved.
- We will monitor the Council's participation and progress with the National Fraud Initiative (NFI) during 2016/17 and complete an Audit Scotland audit questionnaire by 30 June 2017.
- In accordance with Audit Scotland guidance, we will be requested to provide information to support national performance audits and to inform wider analysis on the following subjects:
  - Arms-Length External Organisations (ALEOs)
  - European Funding
  - Health and Social Care Integration
  - Follow-up of Role of Boards report.

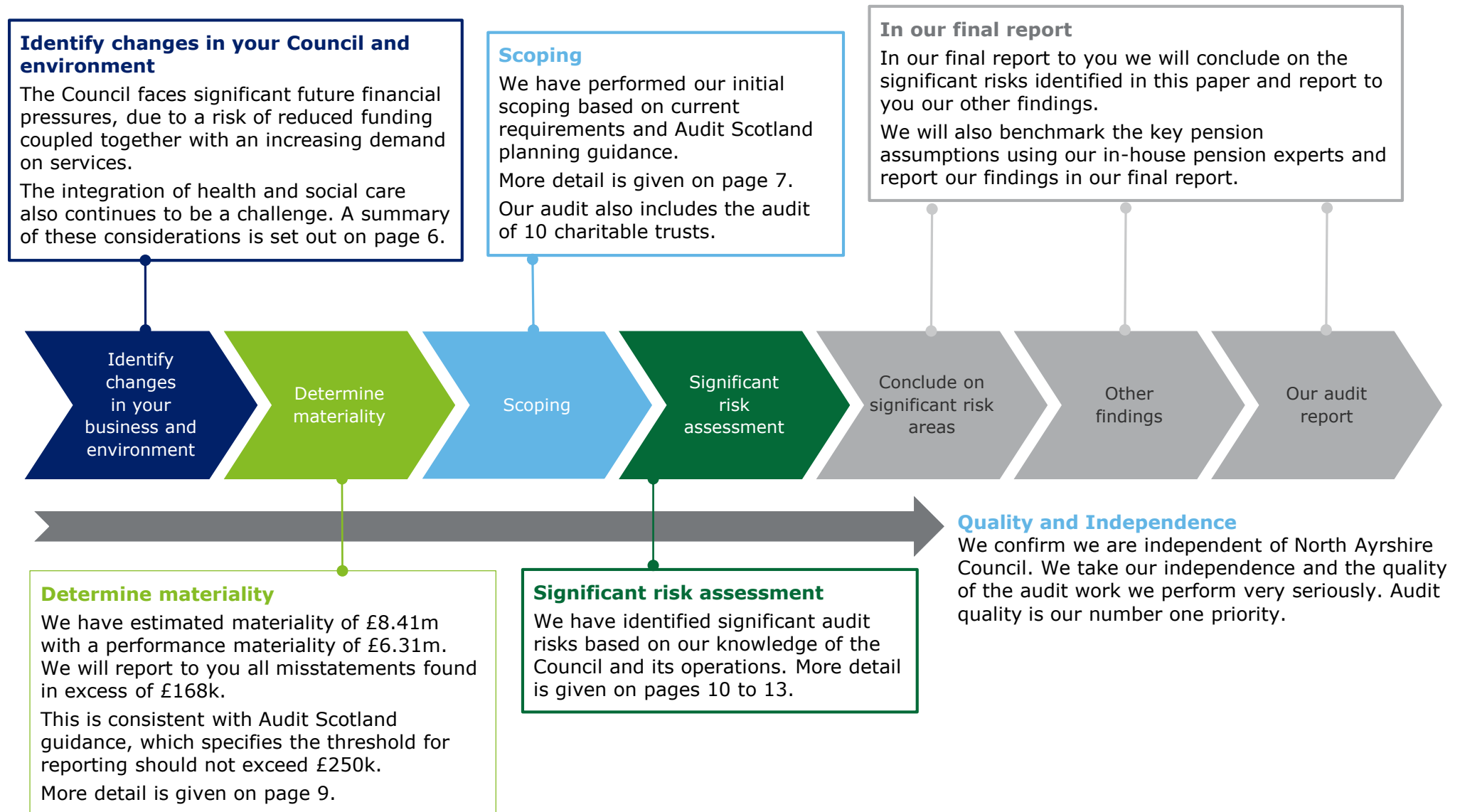
### Our commitment to quality

- We are committed to providing the highest quality audit, with input from our market leading specialists, sophisticated data analytics and our wealth of experience. Further information is presented on page 20.

**Pat Kenny**  
**Audit Director**

# Our audit explained

We tailor our audit to your business and your strategy



# An audit tailored to you

## Focusing on your business and strategy

### Impact on our audit

#### Future financial strategy and sustainability



North Ayrshire Council continues to face significant financial challenges. Whilst the overall 2016/17 forecast position as at 30 November 2016 is projecting a net in-year surplus of £2.771m (net of transfers to reserves), this is based on the assumption that the North Ayrshire Health and Social Care Partnership will breakeven. As at 30 November 2016, the Partnership is projecting an overspend of £5.351m, of which £3.006m relates to the Council services element.

In addition, the Council anticipates that there will be further significant cash reductions in the general revenue grant from the Scottish Government over the forthcoming years. Simultaneously the Council will have to manage an ever increasing demand for Council services, such as in Community Care, and manage cost pressures that apply to the models of service delivery, such as pay awards and national policy changes.

The Council's Medium Term Financial Outlook was updated and approved in February 2016 as part of the budget setting process and covers the period from 2016/17 to 2018/19. The aim of the plan is to help the Council approve annual budgets that are balanced and affordable in the medium term. The plan projects a balanced budget for 2016/17, however, an estimated funding gap of £3.8m and £17.0m have been identified for 2017/18 and 2018/19 respectively. The Council will have to find solutions to the emerging funding gap and there is a risk that they will not be able to achieve the savings required in order to achieve this. This could impact on funding available for Council services and lead to the Council not being able to achieve priority outcomes.

We will monitor the Council's plans to achieve long term financial sustainability.

#### Health and social care integration



Following the establishment of a Shadow Integration Board on 1 April 2014, 2015/16 saw the first year of North Ayrshire Integration Joint Board (IJB), with the IJB being established from 1 April 2015. The results from 2016/17 will be consolidated into the Council's accounts for the second year. The IJB is now responsible for the distribution of resources to partner bodies to achieve what it set out in its strategic plan. The risk remains, however, that the Council and NHS Board encounter problems in working together in these new arrangements.

We will review the current arrangements and plan in place to develop the Health and Social Care Partnership with NHS Ayrshire and Arran. As part of our year-end procedures we will test the consolidation process and have regular communication with the IJB audit team to ensure timescales are met. Additionally, as part of our commitment to sharing best practices and insights we will consider the lessons learned from our wider health and transformation work in the sector including our work on increasing productivity, demand management and financial turnaround.

#### New Finance Ledger



In the 2015/16 annual report prepared by Audit Scotland, it noted that a new system is scheduled to be in place by April 2017 to replace the Council's Masterpiece system as the primary source of financial information across services. Transition arrangements are in place and testing is underway. The new system aims to deliver benefits including; more integration within the financial system; more user friendly and less resource intensive; and improved reporting and forecasting. We will monitor progress with the implementation of the system as part of our 2016/17 audit work.



Significant risk



Normal risk



Considered as part of wider scope audit requirements



# Scoping

## Our key areas of responsibility under the Code of Audit Practice



### Core audit

Our core audit work as defined by Audit Scotland comprises:

- providing the **Independent Auditor's Report** on the annual accounts (and any assurance statement on whole of government accounts);
- providing the **annual report** on the audit addressed to the Council and the Controller of Audit;
- communicating **audit plans** to those charged with governance;
- providing **reports to management**, as appropriate, in respect of the auditor's corporate governance responsibilities in the Code (including auditors' involvement in the NFI exercise);
- preparing and submitting **fraud returns**, including nil returns, to Audit Scotland where appropriate;
- identifying significant matters arising from the audit, alert the Controller of Audit and support Audit Scotland in producing statutory reports as required;
- undertaking work requested by Audit Scotland or local performance audit work;
- certifying all **grant claims** submitted by the Council that have been approved for certification by Audit Scotland;
- discharging our responsibilities in connection with the Councils publication of **Statutory Performance Indicators (SPIs)** in accordance with the Account Commission 2015 Direction;
- setting out an outline **five year plan** for auditing Best Value (BV);
- reporting on the results of follow-up on Councils progress in implementing existing **BV improvement plans** where requested; and
- providing existing evidence and intelligence for, and participate in, **Shared Risk Assessment (SRA)** processes leading to the preparation of a Local Scrutiny Plan for the Council and a national scrutiny plan.

### Wider scope requirements

The Code of Audit Practice sets out four audit dimensions which set a common framework for all public sector audits in Scotland:

- **Financial sustainability** – looking forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.
- **Financial management** – financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.
- **Governance and transparency** – the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.
- **Value for money** – using resources effectively and continually improving services.

The Accounts Commission is reviewing its strategic planning arrangements and has agreed five **Strategic Audit Priorities** that will be built into audit expectations. The priorities are:

- The clarity of Council priorities and quality of long-term planning to achieve these.
- How effectively Councils are evaluating and implementing options for significant changes in delivering services.
- How effectively councils are ensuring members and officers have the right knowledge, skills and time to lead and manage delivery of the Council priorities.
- How effectively Councils are involving citizens in decisions about services.
- The quality of Council public performance reporting to help citizens gauge improvement.

It is not anticipated that Annual Audit Reports will report on all of the Strategic Priorities in this first year but will consider how these should be planned and reported across the five year appointment.

# Scoping (continued)

## Our approach




### Liaison with internal audit

The Auditing Standards Board's version of ISA (UK and Ireland) 610 "Using the work of internal auditors" prohibits use of internal audit to provide "direct assistance" to the audit. Our approach to the use of the work of Internal Audit has been designed to be compatible with these requirements.

We will review reports prepared by Internal audit and meet with them to discuss their work. We will also discuss the work where they have identified specific material deficiencies in the control environment and we will consider adjusting our testing so that the audit risk is covered by our work.

Using these discussions to inform our risk assessment, we will work together with internal audit to develop an approach that avoids inefficiencies and overlaps, therefore avoiding any unnecessary duplication of audit requirements on the Council's staff.



Obtain an understanding of the Council and its environment including the identification of relevant controls.	Identify risks and controls that address those risks.	Carry out "design and implementation" work on relevant controls.	If considered necessary, test the operating effectiveness of selected controls	Design and perform a combination of substantive analytical procedures and tests of details that are most responsive to the assessed risks.
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### Approach to controls testing

Our risk assessment procedures will include obtaining an understanding of controls considered to be 'relevant to the audit'. This involves evaluating the design of the controls and determining whether they have been implemented ("D & I").

The results of our work in obtaining an understanding of controls and any subsequent testing of the operational effectiveness of controls will be collated and the impact on the extent of substantive audit testing required will be considered.

### Consideration of group entities

We expect North Ayrshire Council to consolidate the IJB, the Ayrshire Valuation Joint Board (VJB), Common Good and Trust Funds and 6 other bodies. These will be included in the group accounts for the year ended 31 March 2017. The named bodies are all audited separately to the Council by us. The consolidation of the 6 other bodies is not expected to be individually or cumulatively material.

### Promoting high quality reporting to stakeholders

We view the audit role as going beyond reactively checking compliance with requirements: we seek to provide advice on evolving good practice to promote high quality reporting.

We will utilise the "Code of practice on local authority accounts in the UK disclosure checklist" to support the Council in preparing high quality drafts of the Annual Accounts. We would recommend that the Council also complete this during drafting the accounts.

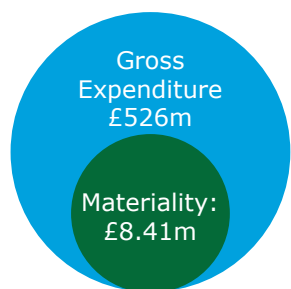
The Disclosure Checklist reflects the cutting clutter agenda and includes a "not material" column. We would encourage the Council to exclude disclosure if the information is not material.

# Materiality

## Approach to materiality



### Basis of materiality – benchmark



- The audit director has estimated materiality as £8.41m and a performance materiality of £6.31m, based on professional judgement, the requirements of auditing standards and the financial measures most relevant to users of the financial statements.
- We have used 1.6% gross expenditure less IJB contributions as the benchmark for determining materiality. As the monthly management accounts are prepared on a net expenditure basis, we have estimated that the gross expenditure will be broadly in line with the prior year and will be recalculated on receipt of draft accounts.
- Our approach to determining the materiality benchmark is consistent with Audit Scotland guidance which states that the threshold for clearly trivial above which we should accumulate misstatements for reporting and correction to audit committees must not exceed £250k.

### Reporting to those charged with governance

Under the current materiality level based on gross expenditure, we will report to you all misstatements found in excess of £168k.

We will report to you misstatements below this threshold if we consider them to be material by nature.

### Our audit report

We will:

- Report the materiality benchmark applied in the audit of the Council;
- Provide comparative data and explain any changes in materiality, compared to prior year, if appropriate; and
- Explain any normalised or adjusted benchmarks we use, if appropriate.

Although materiality is the judgement of the audit director, the Audit and Scrutiny Committee must satisfy themselves that the level of materiality chosen is appropriate for the scope of the audit.

# Significant risks

# Other income recognition

## Recognition of grant income

### Nature of risk

ISA 240 states that when identifying and assessing the risks of material misstatement due to fraud, the auditor shall, based on a presumption that there are risks of fraud in revenue recognition, evaluate which types of revenue, revenue transactions or assertions give rise to such risks.

The main component of income for the Council, as summarised in the table below is the revenue support grant which is directed by the Scottish Government and not considered a significant risk as the process for receipt of this income is not complex and can be verified 100%. The significant risk is pinpointed to the recognition of grant income (excluding non ring fenced government grants). Council tax, non-domestic rates and housing rent income are set through the annual budget process, with no management judgement therefore have a low risk of fraud. Similarly, other Service Income includes fees and charges across all Services, which are set through formal approval processes, with no history of fraud or error.

### The key judgement areas, its potential impact on the financial statements and our planned audit challenge

Grant income is a significant risk due to:

- Significant management judgement around determining if there are any conditions attached to a grant and if so whether the conditions have been met; and
- Complex accounting for grant income as the basis for revenue recognition in the accounts will depend on the scheme rules for each grant.

We will perform the following:

- assess management's controls around recognition of grant income; and
- test a sample of capital grants and contributions and grant income credited to Service Income and confirm these have been recognised in accordance with any conditions applicable.

Type of income	2015/16 (£m)	Significant risk
<b>Taxation and Non-Specific Grant Income</b>		
Council Tax income	47.72	
Non domestic rates	42.94	
Revenue support grant	234.95	
Capital grants and contributions	21.25	✓
<b>Service Income</b>		
Grant income (including Housing Benefit)	76.74	✓
Housing rent	44.95	
IJB commissioning income (book entry)	99.06	
Other Service Income	15.86	

### Deloitte comment

We are not aware of any issues arising which would impact on the treatment or recoverability of income during the year

# Valuation of property assets

The valuation of the Council's £900 million of property assets (as at 31 March 2016) is inherently judgemental

## Nature of risk

The Council is required to hold property assets within Property, Plant and Equipment at a modern equivalent use valuation. The valuations are by nature significant estimates which are based on specialist and management assumptions and which can be subject to material changes in value.

## The key judgement areas, its potential impact on the financial statements and our planned audit challenge

The Council held £900 million of property assets at 31 March 2016. The financial year to 31 March 2017 will represent year 1 of a 5 year rolling programme in which 20% of the portfolio will be revalued along with 100% of Council dwellings.

We will perform the following:

- assess management's controls around the valuation of property assets;
- review any revaluations performed in the year, assessing whether they have been performed in a reasonable manner, on a timely basis and by suitably qualified individuals;
- test a sample of revalued assets and re-perform the calculation assessing whether the movement has been recorded through the correct line of the accounts;
- consider material changes of assets not subject to full revaluation during the year;
- consider assets classified as surplus or held for sale to assess whether these have been valued and disclosed in line with IFRS; and
- involve the use of our internal property specialists to review and challenge the assumptions and methodology adopted by the District Valuer and the Council's internal valuation specialist, including sample testing of inputs to the valuations.

## Deloitte comment

We note that regular discussions have taken place with North Ayrshire Council, the internal valuations specialist and the District Valuer. We will use our property specialists to assist in our testing of the Council's property assets.

# Management override of controls

We will use computer assisted audit techniques, to support our work on the risk of management override

## Nature of risk

International Standards on Auditing requires auditors to identify a presumed risk of management override of control. This presumed risk cannot be rebutted by the auditor. This recognises that management may be able to override controls that are in place to present inaccurate or even fraudulent financial reports.

## The key judgement areas, its potential impact on the financial statements and our planned audit challenge

Our work will focus on:

- the testing of journals, using data analytics to focus our testing on higher risk journals;
- significant accounting estimates. In addition to the estimates discussed above in respect of property valuations, we will also consider any other provisions and accruals; and
- any unusual transactions or one-off transactions, including those with related parties.

Our wider response to the risk of fraud is set out in the Appendix of this report.

In considering the risk of management override, we will:

- assess the overall position taken in respect of key judgements and estimates;
- consider the sensitivity of the financial statements with respect to the achieving financial balance;
- consider remuneration plans and whether there is any linkage with key management judgements; and
- consider our view on the overall control environment and 'tone at the top'.

## Deloitte comment

No testing has been performed to date as we will complete the above as part of our year-end visit.

# Wider scope requirements

## Audit dimensions

The Code of Audit Practice sets our four audit dimensions which set a common framework for all public sector audits in Scotland. We will consider how North Ayrshire Council in addressing these areas, including any risks to their achievement, as part of our audit work as follows:

Audit dimension	Areas to be considered	Impact on the 2017 Audit
<b>Financial sustainability</b> looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.	<ul style="list-style-type: none"><li>• The financial planning systems in place across the shorter and longer terms</li><li>• The arrangements to address any identified funding gaps</li><li>• The affordability and effectiveness of funding and investment decisions made</li></ul>	<p>We will monitor the Council's actions in respect of its short, medium and longer term financial plans to assess whether short term financial balance can be achieved, whether there is a long-term (5-10 years) financial strategy and if investment is effective.</p> <p>As set out on page 18, as part of our best value work, we will also assess the Council's performance in undertaking transformational change, reliance on reserves and achievement of savings targets.</p>
<b>Financial management</b> is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.	<ul style="list-style-type: none"><li>• Systems of internal control</li><li>• Budgetary control system</li><li>• Financial capacity and skills</li><li>• Arrangements for the prevention and detection of fraud</li></ul>	<p>As noted on page 8, we will review internal audit reports in relation to their work on the key financial controls. We will review the budget and monitoring reporting to the Council during the year to assess whether financial management and budget setting is effective.</p> <p>We will invite North Ayrshire Council to take part in the Deloitte benchmarking survey to assess the level of financial capacity and skills within the Council.</p> <p>Our fraud responsibilities and representations are detailed on pages 24 and 25.</p>



# Wider scope requirements (continued)

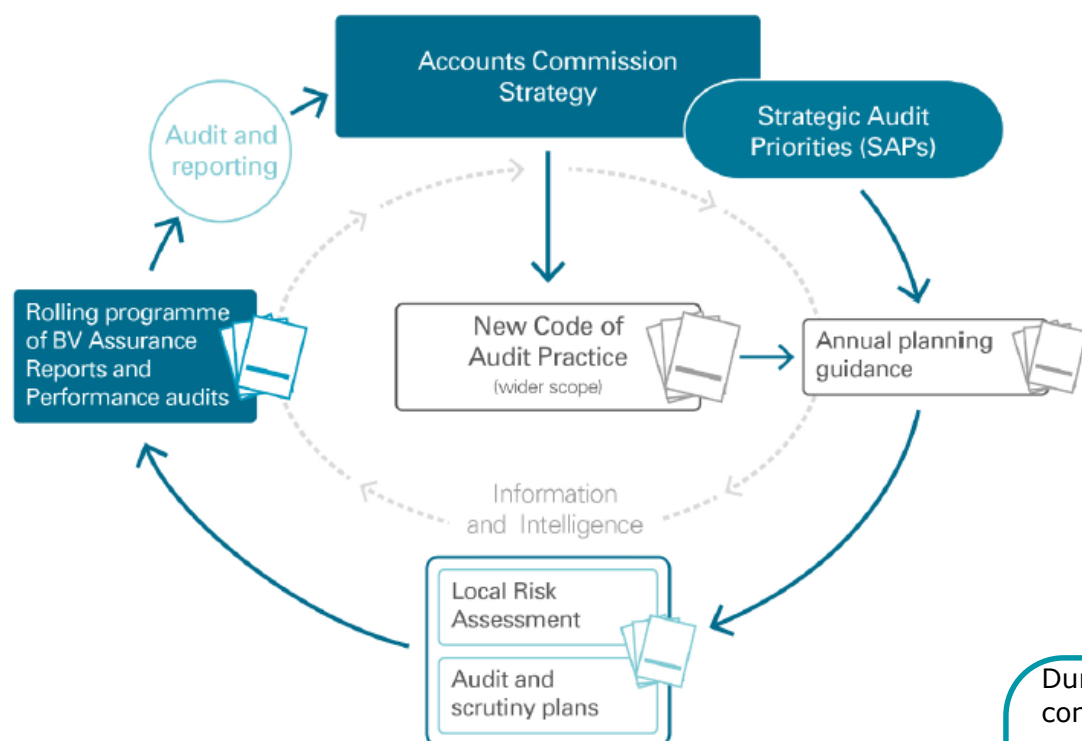
## Audit dimensions (continued)

Audit dimension	Areas to be considered	Impact on the 2017 Audit
<b>Governance and transparency</b> is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.	<ul style="list-style-type: none"> <li>• governance arrangements</li> <li>• Scrutiny, challenge and transparency on decision making and financial and performance reports</li> <li>• Quality and timeliness of financial and performance reporting</li> </ul>	<p>We will review the financial and performance reporting to the Council during the year as well as minutes of all Committee meetings to assess the effectiveness of the governance arrangements. Our attending at Audit and Scrutiny Committees will also inform our work in this area.</p> <p>We will also review the governance of the Medium Term Financial Outlook and the benefits realisation process.</p> <p>We will review the current arrangements and plans in relation to the IJB as they develop, sharing best practice.</p>
<b>Value for money</b> is concerned with using resources effectively and continually improving services.	<ul style="list-style-type: none"> <li>• Value for money in the use of resources</li> <li>• Link between money spent and outputs and the outcomes delivered</li> <li>• Improvement of outcomes</li> <li>• Focus on and pace of improvement.</li> </ul>	<p>We will gain an understanding of the Council's self-evaluation arrangements to assess how it demonstrates value for money in the use of resources and the linkage between money spent and outputs and outcomes delivered.</p> <p>We will also consider the arrangements the Council has in place to monitor how it is achieving its targets and addressing areas of poor performance. This will include following up on progress with the improvement plan which was developed to address the areas for improvement arising from the Recognised for Excellent assessment and award feedback report.</p>

# Wider scope requirements (continued)

## Best value

In June 2016 the Accounts Commission formally agreed the overall framework for a new approach to auditing Best Value (BV). This new approach fulfils the Commission's desire that it is proportionate, risk-based and outcome-focused, providing the Commission and the public with more regular assurance about the performance of Councils. Audit Scotland are bringing together audit work on Best Value, the annual financial audit and the multi-agency shared risk assessment process, and this will continue to support its work with its strategic scrutiny partners. The audit planning framework is set out below.



The objectives of the new approach include:

- the Controller of Audit providing a Best Value Assurance Report (BVAR) to the Commission for each Council at least once in a five year period;
- greater emphasis on driving continuous improvement in Councils;
- greater emphasis on the performance, outcomes and impact made by a Council;
- maintaining a proportionate and risk based approach;
- Performance Audit Best Value (PABV) and local auditors working together, and liaising with other scrutiny body representatives on an ongoing basis; and
- emphasising that it is first and foremost a Council's responsibility to demonstrate that it is meeting its statutory duties, and that its own self evaluation can accurately show its level of performance and that the pace, depth and continuity of its improvement is appropriate.

During 2016/17, we will work closely with PABV staff to plan and complete this work and report our findings and conclusions in our annual report to the Audit and Scrutiny Committee.

The PABV Contact from Audit Scotland for North Ayrshire Council is Mark McPherson.

In addition, to inform the Controller of Audit's Annual Assurance and Risk Report to the Accounts Commission, we will submit a data return covering our audit work by 2 October 2017.

# Wider scope requirements (continued)

## Strategic audit priorities

As noted on page 16, the Accounts Commission is reviewing its strategic planning arrangements and has agreed five **Strategic Audit Priorities** that will be built into audit expectations which are set out below. We will consider these priorities as part of our audit work and report in in our Annual Report to the Audit and Scrutiny Committee in September 2017 how we will plan our work and report on these areas across the five year appointment.



We have reviewed the BV intelligence summary prepared by your previous auditors as part of handover to inform our planning.

During the 2016/17 audit, we will work with our colleagues in PABV to undertake a baseline assessment of the Council's position across these Strategic Audit Priorities. We will be able to use this baseline to monitor performance and improvement against these priorities across the next five years.

This basis for this assessment will include interviews with key Members, senior officers and other personnel across the Council, observance of committee meetings and review of documents such as Council Plan, Medium Term Financial Outlook, Council communications, consultations and performance data.

We will also consider the arrangements for induction and training of Members following the local election in May 2017.

# Wider scope requirements (continued)

## Best value (continued)

As well as assessing the Council's performance against the Strategic Audit Priorities, we will also consider the following key areas in relation to best value as part of our 2016/17 audit, which closely link to the audit dimensions discussed on pages 14 and 15:

### **Transformational Change**

Assessing the Council's performance in undertaking the transformational change required to drive the Council's journey from 'Good to Great' and meet the priorities set out in the 2015 to 2020 Council Plan and the Transformation 2 (T2) programme.

### **Use of Reserves**

Determining the Council's reliance on reserves to meet its ongoing budgetary pressures and investment in change, and whether this is sustainable in the medium to long term.

### **Achievement of Savings Targets**

Assessing how successful the Council has been in achieving its savings target of £8.818m in 2016/17, including achieving those savings linked to the 'Good to Great' transformation programme.

We will also add value by bringing our knowledge from working with local government and the wider public sector nationally to share examples of innovative approaches undertaken to address your key strategic priority of 'achieving the same or more with fewer resources', for example through initiatives relating to improving productivity, the delivery of a community and place based approach, demand management and digital roll-out.

# Wider scope requirements (continued)

## NFI and Performance audits

### National Fraud Initiative (NFI)

All Councils are participating in the NFI 2016/17. All data was submitted in October 2016 and Councils will receive matches for investigation in January 2017.

In the Council's 2015/16 annual report, Audit Scotland concluded that the Council actively investigated NFI matches and that there were no issues of concern regarding the 2014/15 exercise.

In accordance with Audit Scotland planning guidance, we are required to monitor the Council's participation and progress during 2016/17 and complete an NFI audit questionnaire by 30 June 2017. The information contained in this questionnaire will be used for Audit Scotland's NFI report to be published in June 2018.

### Performance audits

In accordance with Audit Scotland planning guidance, we will be requested to provide information to support performance audits and to inform wider analysis on the following subjects during the year:

#### Purpose

Contribute to report on ALEOs

Contribute to informed analysis of European Funding

Contribute to report on Health and Social care integration: part 2

Contribute to follow up Role of Boards

#### Date

Winter 2016

Spring 2017

Spring 2017

30 June 2017

# Audit quality

## Our commitment to audit quality

Our objective is to deliver a distinctive, quality audit to you. Every member of the engagement team will contribute, to achieve the highest standard of professional excellence.

In particular, for your audit, we consider that the following steps will contribute to the overall quality:

- We will apply professional scepticism on the material issues and significant judgements identified, by using our expertise in the local government sector and elsewhere to provide robust challenge to management;
- We will obtain a deep understanding of your Council its environment and of your processes in key areas – such as income recognition, payroll expenditure, and capital expenditure - enabling us to develop a risk-focused approach tailored to the Council;
- Our engagement team is selected to ensure that we have the right subject matter expertise and industry knowledge. We will involve IT, Pensions and Estates specialists to support the audit team in our work, leading to high quality understanding and challenge; and
- In order to deliver a quality audit to you, each member of the core audit team has received tailored training to develop their expertise in audit skills which includes local Engagement Team Based Learning. This is a director led programme encouraging teams from across our practice to engage and discuss current sector and audit issues, sharing best practice and expertise. This is in addition to a practice wide health training day held prior to the end of the financial year to share key issues from across the country, to update on regulatory changes and provide early warning of issues other teams may have faced at the interim testing phase.

### Engagement Quality Control Review

We have developed a tailored Engagement Quality Control approach. Our dedicated Professional Standards Review (PSR) function will provide a 'hot' review before any audit or other opinion is signed. PSR is operationally independent of the audit team, and supports our high standards of professional scepticism and audit quality by providing a rigorous independent challenge.

# Purpose of our report and responsibility statement

## Our report is designed to help you meet your governance duties

### What we report

Our report is designed to establish our respective responsibilities in relation to the financial statements audit, to agree our audit plan and to take the opportunity to ask you questions at the planning stage of our audit. Our report includes:

- Our audit plan, including key audit judgements and the planned scope;
- Key regulatory and corporate governance updates, relevant to you.

### What we don't report

- As you are aware, our audit is not designed to identify all matters that may be relevant to the Audit and Scrutiny Committee.
- Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.
- Finally, the views on internal controls and business risk assessment in our final report should not be taken as comprehensive or as an opinion on effectiveness since they will be based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

### Other relevant communications

- This report should be read alongside the supplementary "Briefing on audit matters" circulated separately on 19 January 2017.
- We will update you if there are any significant changes to the audit plan.

We welcome the opportunity to discuss our report with you and receive your feedback.

### **Deloitte LLP**

Chartered Accountants

Glasgow

19 January 2017

This report has been prepared for the Audit and Scrutiny Committee, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.

# Appendices



# Fraud responsibilities and representations

## Responsibilities explained



### Your responsibilities

- The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

### Our responsibilities

- We are required to obtain representations from your management regarding internal controls, assessment of risk and any known or suspected fraud or misstatement.
- As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.
- As set out in the significant risks section of this document, we have identified the risk of fraud in income recognition and management override of controls as a key audit risk for your organisation.

### Fraud characteristics

- Misstatements in the financial statements can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in the misstatement of the financial statements is intentional or unintentional.
- Two types of intentional misstatements are relevant to us as auditors – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets.

### We will request the following to be stated in the representation letter signed on behalf of the Council:

- We acknowledge our responsibilities for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We are not aware of any fraud or suspected fraud / We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity or group and involves:
  - (i) management; (ii) employees who have significant roles in internal control; or (iii) others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

# Fraud responsibilities and representations (continued)



We will make the following inquiries regarding fraud:

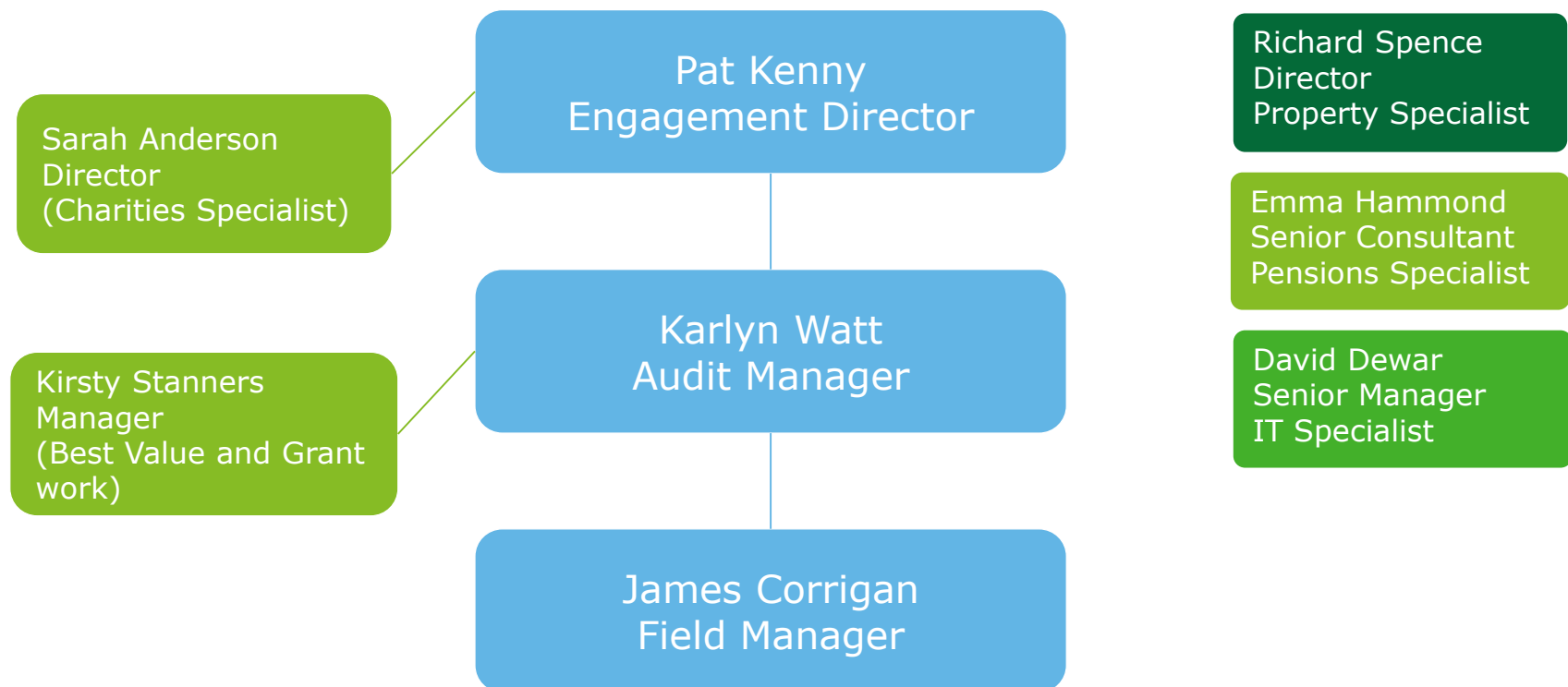
Management	Internal Audit & Local Counter Fraud Specialist	Those charged with governance
<p>Management's assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent and frequency of such assessments.</p> <p>Management's process for identifying and responding to the risks of fraud in the entity.</p> <p>Management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in the entity.</p> <p>Management's communication, if any, to employees regarding its views on business practices and ethical behaviour.</p> <p>Whether management has knowledge of any actual, suspected or alleged fraud affecting the entity.</p> <p>We plan to involve management from outside the finance function in our inquiries.</p>	<p>Whether internal audit and the Local Counter Fraud Specialist has knowledge of any actual, suspected or alleged fraud affecting the entity, and to obtain its views about the risks of fraud.</p>	<p>How those charged with governance exercise oversight of management's processes for identifying and responding to the risks of fraud in the entity and the internal control that management has established to mitigate these risks.</p> <p>Whether those charged with governance have knowledge of any actual, suspected or alleged fraud affecting the entity.</p> <p>The views of those charged with governance on the most significant fraud risk factors affecting the entity.</p>

We will also perform procedures in relation to the National Fraud Initiative as set out on page 19.

# Your audit team and timetable

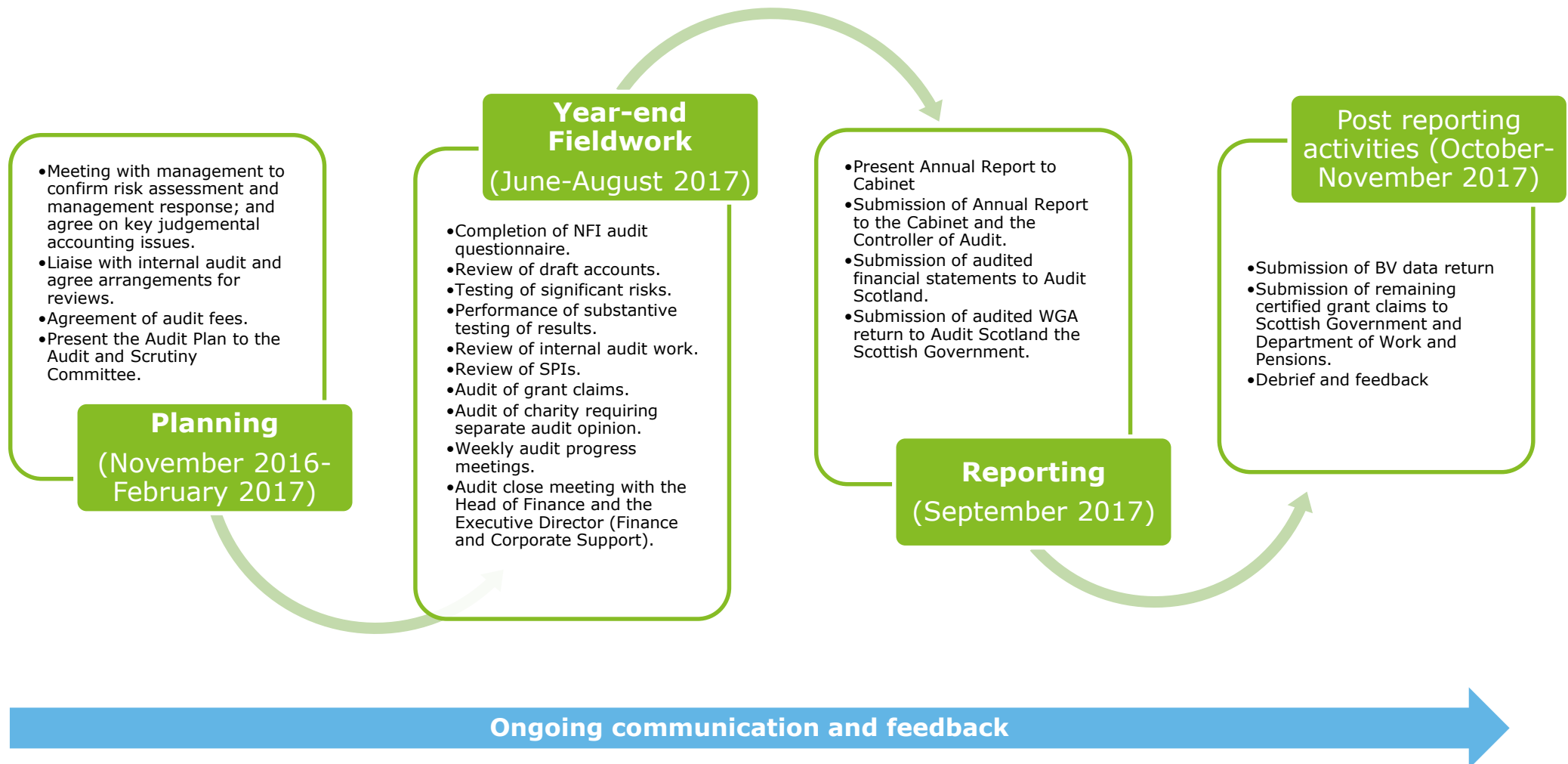
We have a highly experienced audit team

We set out below our audit engagement team. We manage our audit on a basis that it draws on the expertise of our public sector group.



# Your audit team and timetable (continued)

Set out below is the approximate expected timing of our reporting and communication with North Ayrshire Council and Audit Scotland.



# Independence and fees



As part of our obligations under International Standards on Auditing (UK and Ireland), we are required to report to you on the matters listed below:

## Independence confirmation

We confirm we are independent of the Council and will reconfirm our independence and objectivity to the Audit and Scrutiny Committee for the year ending 31 March 2017 in our final report to the Audit and Scrutiny Committee.

## Fees

The audit fee for 2016/17, in line with the fee range provided by Audit Scotland in late December 2016, is £290,290 as analysed below:

	£
Auditor remuneration	174,550
Audit Scotland fixed charges:	
Pooled costs	15,200
Performance audit and Best Value	90,120
Audit support costs	10,420
<b>Total proposed fee</b>	<b>290,290</b>

Details of all non-audit services fees for the period will be presented in our final report.

## Non-audit services

In our opinion there are no inconsistencies between APB Ethical Standards for Auditors and the Council's policy for the supply of non-audit services or any apparent breach of that policy. We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.

# Technical developments

## Sector developments



### Code of practice on local authority accounting in the UK 2016/17

The main changes in this edition of the Code are as follows:

- The new requirement for an expenditure and funding analysis.
- Revised formats and reporting requirements for the comprehensive income and expenditure statement and movement in reserves statement. Authorities are now required to present service analysis based on the organisation structure under which they operate.
- A new section on measuring the highways network asset (however see update below)
- Amendments in respect of accounting and reporting by pension funds.
- Other changes relate to amendments to IFRS, the annual governance statement, and the new conceptual framework for public bodies.

### 2016/17 SeRCOP

Changes have been made to the social work Service Expenditure Analysis (SEA) in respect of the integration of health and social care. There is a new division of service for the contribution to integration joint boards that should be separately presented on the face of the comprehensive income and expenditure statement. As noted above, the accounting code has been amended to instead require the income and expenditure analysis to be based on the authority's organisation structure

### Revised good governance framework

CIPFA and Solace have issued a revised framework for good governance in local government from 2016/17. *Delivering good governance in local government framework 2016* defines the principles that should underpin the governance of each local government organisation. It provides a structure to help individual authorities with their approach to governance. Local authorities are required to prepare an annual governance statement in order to report publicly on the extent to which they comply with their own code of governance, which in turn is consistent with the good governance principles in the framework.

### Revised statement on CFO role in local government

CIPFA has issued a revised statement on The role of the chief financial officer in local government which aims to give detailed advice on how to apply within local government the overarching statement on the role of the public service chief finance officer (CFO). The *Delivering good governance in local government framework* requires authorities to ensure that their financial management arrangements conform with this statement, or explain why they do not and how they deliver the same impact.

### Highway network assets

CIPFA has issued a revised *Code of practice on the highways network asset* to support an asset management-based approach to the provision of financial information about the local authority highways network asset (HNA) from 2016/17.

At its meeting on 9 November 2016, CIPFA/ LASAAC Local Authority Accounting Code Board (CIPFA/ LASAAC) decided to postpone the full implementation of the move to measuring the HNA at Depreciated Replacement Cost in local authorities financial statements. It will issue an update to the 2016/17 Code of Practice on Local Authority Accounting in the United Kingdom to confirm this decision once it has completed the full due process.

# Our approach to quality

## AQR team report and findings

### Audit quality and regulation

We pride ourselves on our commitment to quality and our quality control procedures. We have an unyielding pursuit of quality in order to deliver consistent, objective and insightful assurance.

In May 2016 the Financial Reporting Council ("FRC") issued individual reports on each of the six largest firms, including Deloitte, on Audit Quality Inspections which provides a summary of the findings of its Audit Quality Review ("AQR") team for the year ended 31 March 2016. We adopt an open and communicative approach with the regulator and their report is an accurate reflection of our efforts to improve audit quality across our practice over a number of years.

The review performed by the AQR forms an important part of our overall inspection process. We perform causal factor analysis on each significant finding arising from both our own internal quality review and those of our regulators to identify the underlying cause. This then drives our careful consideration of each of the FRC's comments and recommendations, as well as findings arising from our own reviews to provide further impetus to our quality agenda.

18 of the audits reviewed by the AQR were performed to a good standard with limited improvements required and four audits required improvements. No audits were assessed as requiring significant improvements. We have already taken action to respond to the key themes of the report and will continue to undertake further inputs to our audit quality improvement programmes to embed the changes into our practice.

### The AQR's conclusion on Deloitte

"We reviewed selected aspects of 22 individual audits in 2015/16. In selecting which aspects of an audit to inspect, we take account of those areas identified to be of higher risk by the auditors and Audit Committees, our knowledge and experience of audits of similar entities and the significance of an area in the context of the audited financial statements.

In response to our last inspection report, the firm has made a number of improvements to its policies and procedures:

- The firm's guidance regarding the testing of journals has been enhanced.
- Additional sector-specific training was provided for individuals involved in financial services audits, together with additional training on internal controls for all audit staff.
- The firm has made a number of improvements to its internal monitoring process, including the development of a moderation process in order to increase consistency.

Our key findings in the current year requiring action by the firm are that the firm should:

- Improve the extent of challenge of management in relation to areas of judgment, in particular for impairment reviews and judgmental valuations.
- Improve aspects of its audit approach in the areas of revenue and inventory.
- Ensure high quality reporting to Audit Committees is achieved on a consistent basis.
- Strengthen its audit approach in relation to defined benefit pension scheme balances and disclosures.
- Strengthen its policies and procedures regarding the engagement quality control review process."

### 2015/16 Audit Quality Inspection Report on Deloitte LLP

# Our approach to quality (continued)

## AQR team report and findings (continued)

### Review of individual audits

The following chart provides a summary of the AQR's assessment of the quality of our individual audits inspected in 2015/16, with comparatives for the previous 4 years. The chart also shows the 5 year average of Deloitte and the 5 year average of the 6 largest firms inspected by the AQR (which comprises Deloitte LLP, Ernst & Young LLP, KPMG LLP, PricewaterhouseCoopers LLP, BDO LLP and Grant Thornton UK LLP).

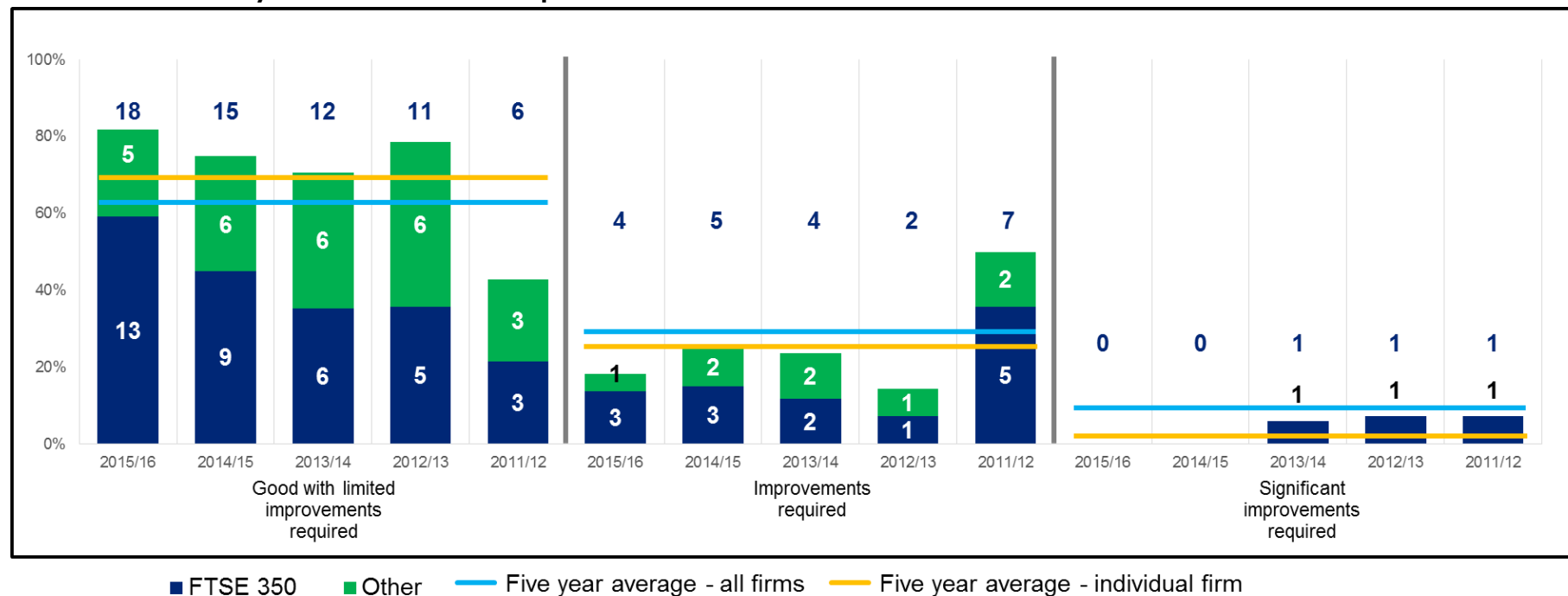
The AQR categorises audits as either:

- Good with limited improvements required
- Improvements required
- Significant improvements required

Changes to the proportion of audits reviewed falling within each grade from year to year reflect a wide range of factors, which may include the size, complexity and risk of the individual audits selected for review and the scope of the individual reviews. For this reason, and given the sample sizes involved, changes in gradings from one year to the next are not necessarily indicative of any overall change in audit quality at the firm.

All the AQR public reports on individual firms are available on its website <https://www.frc.org.uk/Our-Work/Conduct/Audit-Quality-Review/Audit-firm-specific-reports.aspx>

### Deloitte LLP summary of individual audits inspected results





Other than as stated below, this document is confidential and prepared solely for your information and that of other beneficiaries of our advice listed in our engagement letter. Therefore you should not, refer to or use our name or this document for any other purpose, disclose them or refer to them in any prospectus or other document, or make them available or communicate them to any other party. If this document contains details of an arrangement that could result in a tax or National Insurance saving, no such conditions of confidentiality apply to the details of that arrangement (for example, for the purpose of discussion with tax authorities). In any event, no other party is entitled to rely on our document for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document.

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## **NORTH AYRSHIRE COUNCIL**

### **Agenda Item 10**

**30 May 2017**

#### **Audit and Scrutiny Committee**

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**Title:** **External Audit Action Plans: Quarter 4 update**

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**Purpose:** To update the Committee on progress made in implementing the agreed action plans arising from the external audit of the Council's 2014/15 and 2015/16 accounts.

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**Recommendation:** That the Committee notes the progress made in completing the action plans.

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#### **1. Executive Summary**

- 1.1 Each year, on completion of the audit of the Council's annual accounts, a report is prepared by the External Auditor on their findings. This includes an action plan for the Council. In addition, the External Auditor publishes a report on the findings of their work on the Council's key financial systems, which also includes an action plan for the Council.
- 1.2 Internal Audit has responsibility for monitoring progress against these actions. This report provides the Audit and Scrutiny Committee with an update on the progress at 31st March 2017.

#### **2. Background**

- 2.1 The 2014/15 'Review of Main Financial Systems' action plan was reported to the Audit Committee on 24 August 2015 and contains 9 actions. The last update provided to the Committee in November 2016 indicated that only one action remained incomplete; this action was repeated in the 2015/16 action plan as it was not completed within the agreed timescales. It has now been finalised.
- 2.2 The 2015/16 'Review of Main Financial Systems' action plan was reported to the Audit Committee on 23 May 2016 and contains 5 actions. The last update provided to the Committee in November indicated that three were already complete at that time and the other two were not yet due for completion. One of these has now been finalised (see 2.1 above) and the other, which was due by the end of January 2017, is partially complete.

2.3 The action plan relating to the 2015/16 annual accounts was reported to the Audit Committee on 23 September 2016 and contains one action. This has now been completed.

2.4 Full details of all the incomplete actions along with the latest management comments are included in the appendix to this report.

### **3. Proposals**

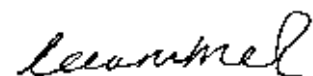
3.1 It is proposed that the Committee notes the progress made in completing the action plans.

### **4. Implications**

<b>Financial:</b>	None.
<b>Human Resources:</b>	None.
<b>Legal:</b>	None.
<b>Equality:</b>	None.
<b>Environmental &amp; Sustainability:</b>	None.
<b>Key Priorities:</b>	The work of External Audit helps to support the efficient delivery of the strategic priorities within the Council Plan 2015-2020.
<b>Community Benefits:</b>	None.

### **5. Consultation**

5.1 No consultations have been required in the preparation of this report.



LAURA FRIEL  
Executive Director (Finance and Corporate Support)

#### **Reference :**

For further information please contact Paul Doak, Senior Manager (Internal Audit, Risk and Fraud) on 01294-324561.

#### **Background Papers**

None.

## External Audit Action Plan Report at 31<sup>st</sup> March 2017

Parent Action								
Code	Description	Note	Priority	Progress	Due Date	Original Due Date	Managed By	Assigned To
EA2016AA	Annual Audit Action Plan 2015-16			<div><div>100%</div></div>				
Sub Actions								
Code	Description	Latest Note	Priority	Progress	Due Date	Original Due Date	Managed By	Assigned To
EA2016AA01	<p>Social Work Services overspent by £2.109 million in 2015/16. This continues a trend of overspends by this service over recent years. The IJB has committed to achieving efficiency savings of £4.000 million in this service in 2016/17. This will be very challenging given the reduced financial settlement for the IJB in 2016/17 and the ongoing increases in demand for services.</p> <p>Recommendation: The council should ensure that the actions contained in the North Ayrshire IJB recovery plan action plan are addressed and that steps are taken to address any projected overspends.</p>	<p>The Chief Officer / IJB Chief Financial Officer have provided regular financial reports to Council including; the most up-to-date financial projections; progress in delivering mitigations to reduce overspends; and progress in delivering agreed efficiency targets. An overspend is being forecast for 2016-17 and all reasonable steps have been taken by the HSCP to mitigate this overspend. A robust approach is being adopted by the HSCP to deliver financial sustainability for the partnership in the future through the development of a Medium Term Financial Plan, a more robust approach to financial reporting which will be further refined in 2017-18 and the targeting of budgets in 2017-18 to reflect demand, where affordable. Close monitoring of financial performance will continue in 2017-18 by both the Chief Officer and the IJB Chief Financial Officer. A £4m challenge fund has been established to support transformation within the Partnership to develop services that will deliver better outcomes and help mitigate current and emerging demand pressures.</p>		<div><div>100%</div></div>	31-Mar-2017	31-Mar-2017	Margaret Hogg	Margaret Hogg

Parent Action								
Code	Description	Note	Priority	Progress	Due Date	Original Due Date	Managed By	Assigned To
EA2016KC	Key Controls Action Plan 2015-16			<div><div></div></div> 94%				
Sub Actions								
Code	Description	Latest Note	Priority	Progress	Due Date	Original Due Date	Managed By	Assigned To
EA2016KC01	<p>It is considered good practice for employing departments to periodically confirm the existence of employees listed on the payroll. This helps to ensure that all employees on the payroll are valid and still work for the council.</p> <p>The last employee data check was completed in June 2013. Last year we were advised that the annual exercise would resume in 2015, however we note that this was not carried out.</p> <p>Risk: The payroll system may not accurately reflect services' staffing levels and leavers may go undetected.</p>	<p><b>2016/17- Quarter Four Update:</b></p> <p>The Employee Data Check has been undertaken by all Directorates.</p>		<div><div></div></div> 100%	28-Feb-2017	28-Feb-2017	Laura Friel	Jackie Hamilton

Code	Description	Latest Note	Priority	Progress	Due Date	Original Due Date	Managed By	Assigned To
EA2016KC05	<p>It is council policy for reliefs to be reviewed at intervals not exceeding every five years to confirm that the eligibility criteria are still being met by the claimant.</p> <p>Sample testing of a variety of discounts and reliefs highlighted a small number which had breached the five year review (i.e. some sports clubs, nursing homes, charities). Our enquiries established that these have all been scheduled for review during 2016/17. We note that Small Business Bonus Reliefs, which we reported last year had not been reviewed for over five years, were reviewed as planned during 2015/16.</p> <p>Risk: Non domestic rates relief may be granted to claimants who are no longer eligible.</p>	<p><b>2016/17- Quarter Four Update:</b></p> <p>The non-domestic rates team has not been able to meet its 2016/17 review programme; only disabled relief and CASC cases have been completed and all other outstanding reviews will be carried forward in 2017/18. The team has been impacted by long term absence during the year and this affected the resource available to complete the reviews along with other work.</p>		<div> <div></div> 70% </div>	31-Jan-2017	31-Jan-2017	Laura Friel	Stephen Humphries





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## **NORTH AYRSHIRE COUNCIL**

### **Agenda Item 11**

**30 May 2017**

#### **Audit and Scrutiny Committee**

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**Title:** **Audit Scotland report: Local Government in Scotland: Performance and Challenges 2017**

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**Purpose:** To inform the Committee of the findings of the recent Audit Scotland national report.

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**Recommendation:** That the Audit and Scrutiny Committee notes the findings and position in North Ayrshire.

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#### **1. Executive Summary**

- 1.1 Audit Scotland recently published its national report 'Local Government in Scotland: Performance and Challenges 2017' which is attached in full at Appendix 1.
- 1.2 This covering report highlights the key messages and issues from the Audit Scotland report and provides some local context.

#### **2. Background**

- 2.1 Audit Scotland has recently published a report entitled 'Local Government in Scotland: Performance and Challenges 2017'. The report provides a high-level view of the challenges facing Councils, how well they are addressing these and what more they can do. It draws on findings from the 'Local Government in Scotland: Financial Overview 2015/16' report which was presented to the Council meeting on 1st March 2017, as well as audit work carried out during 2016 and published performance data.
- 2.2 The report covers three main areas:
- the current and future challenge facing Councils;
  - Councils' progress in meeting these challenges, including performance in key service areas, public satisfaction and unit costs;
  - what more Councils can do to ensure they are best placed to successfully manage the changes and challenges they face.
- 2.3 This covering report considers these 3 main areas and provides some local context for North Ayrshire.

### The Challenge for Councils

- 2.4 Much of the first section of the Audit Scotland report covers the financial challenge; this was outlined in some detail in the report to Council on 1st March 2017.
- 2.5 This section also notes the challenge from an aging and growing population alongside the decline in revenue funding, as well as the changing environment within which Councils operate. This includes the impact of Brexit, the possible implications of a local democracy bill which is being considered by the Scottish Government, the ongoing implications of equal pay and a range of legislative and policy changes.
- 2.6 A number of legislative and policy changes are outlined in the report and include:
- Public Bodies (Joint Working) (Scotland) Act 2014
  - Living Wage
  - Community Empowerment (Scotland) Act 2015
  - Education reform
  - City Deals
  - Community Justice (Scotland) Act 2016
  - Named Persons provisions
  - changes to early learning and childcare
  - Council Tax reform.
- 2.7 The report notes the gearing effect of Scottish Government priorities such as healthcare and childcare spending. Protection of areas such as Education and Social Work services, which account for a large proportion of Council spend, means that other services face much more significant savings targets. The report notes that other services could face average reductions of 10 to 17 percent over the next four years.

### Councils' response to the Challenges

- 2.8 Audit Scotland notes that Councils have reduced workforce numbers by 7% between 2011 and 2016 but that only half of Councils have organisation-wide workforce plans in place to underpin the changes being made. This can result in an increased risk of insufficient capacity in key areas.
- 2.9 There are specific workforce planning challenges arising from national initiatives. The report makes reference to the Scottish Government commitment to maintain pupil to teacher ratios, which limits flexibility in a large proportion of the workforce, and the planned significant expansion of early learning and childcare provision.

- 2.10 It is also noted that Councils have the potential to further reduce staff sickness absence, although absence has generally fallen between 2011 and 2016.
- 2.11 The report notes that Councils approved savings of £524 million for 2016/17 and intended to use £79 million of reserves to help balance budgets. A range of approaches is being used to deliver savings, including sharing services, using ALEOs, using digital and online solutions, increasing fees and charges, reducing or restricting services and improving procurement. Many have established corporate transformation programmes but the report notes that some Councils are better placed to meet future challenges than others and that the pace and scale of reform needs to increase, alongside consideration of potentially more radical solutions including alternative service delivery models.
- 2.12 Effective leadership, both from councillors and officers, is required to explore all options for change. Comprehensive option appraisals, risk assessments and scrutiny are all required to assess options for change and to monitor the impact and progress.
- 2.13 Audit Scotland notes that performance information, gathered and published by the Improvement Service, suggests that performance has generally been maintained or improved despite the challenges faced by Councils. The report includes a number of performance measures which highlight that outcomes for Scotland's communities are generally improving. However, analysis shows a significant variation in performance between the highest and lowest performing Councils.
- 2.14 Information is also provided on selected unit costs and the report notes that the link between performance and cost is not always clear. For example, there is no link between the cost of collecting council tax and the collection rate. There is also evidence that Councils have reduced some costs with no negative impact on performance.
- 2.15 The Accounts Commission has previously stated that, given the challenges facing local government, it does not expect to see performance improving against all measures for all Councils. It is up to individual Councils and their local communities to agree local priorities and identify where improvements are required.
- 2.16 Finally in this section, the report notes that in general public satisfaction with services is falling and complaints are increasing. This may be expected given the financial challenges being faced. However the report also notes that Councils need to engage better with communities to determine what they can realistically deliver with reduced budgets. The report notes (on page 30) that North Ayrshire reviewed its library service in consultation with local communities and reduced opening hours and costs.

- 2.17 Participatory budgeting is noted as a means of actively involving local communities in decision-making and allowing them to influence where a small element of public funds are spent. A case study on page 31 highlights the Council's online participatory budgeting project with Young Scot in November 2016.

#### Looking Ahead

- 2.18 The final section of the Audit Scotland report looks to the future and notes that the next Council term is likely to bring significant challenges and uncertainties. The role of local government is under review and is the subject of planned Scottish Government legislation. The impact of Brexit is unknown and the ongoing financial and population pressures are set to increase.
- 2.19 Elected Members need to provide effective strategic leadership if Councils are to successfully change the way in which they work. Officers must support both new and returning councillors effectively by providing them with clear and understandable information and access to essential training to help them fulfil their role.
- 2.20 It is essential that Elected Members have the knowledge and skills to enable them to fulfil their role effectively, and Councils must provide access to necessary and essential training.
- 2.21 As an appendix to its report, Audit Scotland provides a self-assessment toolkit for Elected Members to help them consider how well informed they are about the challenges faced by their Councils. This can be accessed at:

[http://www.audit-scotland.gov.uk/uploads/docs/report/2017/nr\\_170307\\_local\\_government\\_performance\\_supp1.pdf](http://www.audit-scotland.gov.uk/uploads/docs/report/2017/nr_170307_local_government_performance_supp1.pdf)

- 2.22 Councils need to have comprehensive long-term financial strategies in place, underpinning medium-term financial plans and short-term budgets. The financial planning process needs to be closely linked to service delivery plans and supported by workforce planning. Incremental changes to budgets will no longer be sufficient to meet the scale of the financial challenge. In particular, there are significant pressures on Health and Social Care Partnerships to meet demand pressures and change the way in which they deliver services.

- 2.23 A crucial element of achieving Best Value is using options appraisal to evaluate current and alternative ways to deliver services. Councils must engage local communities in this process and examine opportunities to give communities powers to deliver services in different ways.

North Ayrshire position

- 2.24 In relation to the financial challenge, the current position and key messages for North Ayrshire Council were outlined in the report to Council on 1st March.
- 2.25 Elected Members should note the following in relation to the other points outlined above:
- the sector leading approach and early establishment of the Health and Social Care Partnership in North Ayrshire;
  - the Council's Transformation Programme (T2) to support service redesign;
  - the introduction of a six-step process for Workforce Planning;
  - the delivery of around £73 million of revenue savings between 2010/11 and 2016/17;
  - the introduction of a community investment fund in each locality as well as more local decision making re Streetscene services;
  - increased use of benchmarking and business case methodology to influence decision-making;
  - the Council's personal development and training arrangements for Elected Members;
  - a planned refresh of the long-term financial strategy during 2017/18 and development of workforce planning arrangements.

### **3. Proposals**

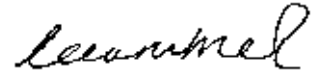
- 3.1 It is proposed that the Committee notes the findings of the Audit Scotland national report and position in North Ayrshire.

### **4. Implications**

<b>Financial:</b>	None.
<b>Human Resources:</b>	None.
<b>Legal:</b>	None.
<b>Equality:</b>	None.
<b>Environmental &amp; Sustainability:</b>	None.
<b>Key Priorities:</b>	None.
<b>Community Benefits:</b>	None.

## **5. Consultation**

5.1 No consultation has been required in the preparation of this report.



LAURA FRIEL  
Executive Director (Finance and Corporate Support)

### **Reference :**

For further information please contact Laura Friel, Executive Director (Finance and Corporate Support) on 01294-324512.

### **Background Papers**

None.

## Local government in Scotland

# Performance and challenges 2017



ACCOUNTS COMMISSION 

Prepared by Audit Scotland  
March 2017


# The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

You can find out more about the work of the Accounts Commission on our website: [www.audit-scotland.gov.uk/about-us/accounts-commission](http://www.audit-scotland.gov.uk/about-us/accounts-commission) 

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.



# Contents



Chair's introduction	4
Summary	6
Part 1. The challenge for councils	9
Part 2. Councils' responses to the challenges	18
Part 3. Looking ahead	32
Endnotes	36

## Links

-  PDF download
-  Web link

## Exhibit data

When viewing this report online, you can access background data by clicking on the graph icon. The data file will open in a new window.



These question mark icons appear throughout this report and represent questions for councillors.

# Chair's introduction



Scotland's councils are operating in an increasingly demanding environment. New and returning councillors face major challenges from continued reductions in their funding from the Scottish Government, and greater demands for services from an ageing population and, in parts of the country, a growing school population. The scale of these challenges mean it is more important than ever that councillors provide effective leadership in setting a clear strategy and make the difficult decisions that will be needed. We have repeatedly stressed the importance of councils having established clear priorities and effective long-term plans. As reported in our 2015/16 financial overview, only 14 councils have long-term financial strategies in place to support delivery of their wider strategic priorities. We acknowledge that annual funding settlements from the Scottish Government make this more challenging but we remain firmly of the view that the absence of indicative funding should not prevent councils from projecting future income and expenditure, and planning accordingly.

Any council tax increases in 2017 may increase public expectations of local government. Paying more for potentially fewer or reduced services will be a difficult argument to sustain, and even more so if compounded by possible increases in other charges. In our report [\*Charging for services – are you getting it right?\*](#) (2013), we said 'charges should not be set in isolation. Any decision to vary or introduce charges should take account of the council's priorities and financial objectives; they should not be seen solely as a means of generating income'.

Councils are increasingly relying on the use of reserves to bridge projected funding gaps. Moreover, recent Best Value audits have highlighted a dependency on incremental changes to services, increasing charges and reducing employee numbers in order to make savings. These are neither sufficient nor sustainable solutions for the scale of the challenge facing councils. We stress the need for a greater openness to alternative forms of service delivery and the consequences of not conducting comprehensive option appraisals; services may not be as efficient or effective as they could be; and may not be achieving value for money; resources may not be directed to priority areas, and councils may not be able to demonstrate that they are achieving best value. The extent to which councils are evaluating their performance and appraising all available options for service delivery will be an important feature of our revised approach to auditing Best Value.

We recognise that councils are generally maintaining or improving performance in many services. But benchmarking data shows a wide variation in the cost of delivering services throughout the country, suggesting there are potential opportunities for councils to make further savings.

These are not the only challenges that councils face. They will need to respond effectively to national policy priorities in the Scottish Government's Programme for Government and, along with their partners, will need to demonstrate progress in integrating health and social care and in meeting the requirements of the Community Empowerment Act.

Local government elections in 2017 could see a significant change in elected members. Any change in leadership and administrations may delay the process of change as new priorities are established and new working relationships develop. In our recently published report, [\*Roles and working relationships in councils – Are you still getting it right?\*](#)  (2016), the Commission highlighted how local government has become much more complex and fragmented and that this additional complexity demands a broader set of skills for councillors, not only in option appraisal but also in scrutiny, audit and risk management all of which are becoming increasingly important. Councillors elected in May must have the necessary training and tools to do an increasingly complex job. We asked councils to ensure comprehensive training is in place for these key roles.

The Commission hopes that this overview report will be a helpful tool to enable councillors and officers to stand back and assess their council's progress. Indeed one of the most important documents in the next iteration of best value will be a councils self evaluation. The more effectively a council can demonstrate a high degree of self awareness of the challenges and improvements it needs to make, the better placed will be that council in becoming one that can demonstrate continuous improvement.

As always, the Commission welcomes feedback on its overview report.

**Douglas Sinclair**

Chair of the Accounts Commission

# Summary



## Key messages

- 1** Councils have faced significant challenges from a long-term decline in revenue funding and from an ageing and growing population. The scale of these challenges continues to grow. Policy and legislative changes are also placing additional demands on councils and changing how councils work.
- 2** Councils are responding to the challenges by continuing to adopt alternative ways of working, reducing the level of service they provide and reviewing fees and charges. While some councils are making good progress in managing services and delivering savings, others are not. The pace and scale of reform needs to increase in some councils. Despite these challenges, councils' performance has been maintained or improved.
- 3** With reducing budgets and workforces, councils will find delivering improvements increasingly difficult. It is critical, therefore, that they set clear long-term strategies and plans that target effort on priority areas. This includes organisation-wide workforce plans to ensure councils have the capacity to manage change and deliver services going forward. A councillor's role is complex, demanding and evolving. They are required to provide effective and strategic leadership, and it is therefore critical that their knowledge is up to date and skills are refreshed to enable them to establish strategic priorities, fully assess options for change and hold services to account.

## Recommendations

### Councils should:



- set clear priorities supported by long-term strategies and medium-term plans covering finances, services, performance and workforce. These plans should inform all council decision-making, service redesign, savings and investment decisions. [Exhibit 14 \(page 34\)](#) sets out the main elements of a councils' financial planning processes and how these link with other council plans
- ensure that budgets are clearly linked to their medium-term financial plans and long-term financial strategies. Budgets should be revised to reflect true spending levels and patterns. This requires good

financial management and real-time information to ensure spending is accurately forecast and monitored within the year

- have an organisation-wide workforce plan to ensure the council has the people and skills to manage change and deliver services into the future
- ensure workforce data allows thorough analysis of changes to the workforce at an organisation-wide and department level. This will allow councils to better assess the opportunities and risks in staff changes
- thoroughly evaluate all options for change and service redesign, including options for investing to save, and monitor the impact of change on council priorities and desired outcomes
- support communities to develop their ability to fully participate in setting council priorities and making decisions about service redesign and use of resources
- ensure councillors get support to develop the right skills and knowledge to fulfil their complex and evolving roles
- ensure there is clear public reporting of performance linked to council priorities to help communities gauge improvements and understand reduced performance in lower priority areas
- continue to work to understand the reasons for variation in unit costs and performance, and collaborate to identify and adopt good practice from each other.

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## About this report


**1.** This report provides a high-level, independent view of the challenges facing councils, how well they are addressing these and what more they can do. It draws on findings from [Local government in Scotland: Financial overview 2015/16](#) , local government audit work in 2016 (including annual audit reports, Best Value audit reports and national performance audits) and published performance data. All audit reports are available on our [website](#) .

**2.** This report is primarily for councillors and senior council officers as a source of information and to support them in their complex and demanding roles. It covers three areas:

- The current and future challenges facing councils.
- Councils' progress in meeting these challenges, including performance in key service areas, public satisfaction and unit costs.
- What more councils can do to ensure they are best placed to successfully manage the changes and challenges they face.

**3.** The 2017 local government elections could result in new councillors and changes to the political make-up of councils. To help councillors who are new to the role, those who are re-elected, and council officers, we have produced the following supplements to accompany this report:

- [\*A self-assessment checklist for councillors\*](#)  – this has questions that councillors could ask to help them understand their council’s position, scrutinise performance and make difficult decisions. Councillors should feel they fully understand, and are satisfied with, the answers to the questions most relevant to them in their role within the council.
- [\*Good practice supplement\*](#)  – a summary of the good practice we identified during the audit. It is not an exhaustive list of all good practice across Scotland but provides examples of councils improving performance and processes or using innovative techniques. This may be a useful source of reference for councillors or senior officers when appraising options for changes.

**4.** Councillors may also find it helpful to refer to our recently published report, [\*How councils work: Roles and working relationships in councils – are you still getting it right?\*](#) . This highlights the increasingly complex nature of local government and includes a series of questions designed to help councillors and officers review current practice and make sure governance arrangements are fit for purpose.

**5.** We refer to real-terms changes in the report, meaning that figures are adjusted for inflation, when we are showing financial information from past and future years. Our analysis of local government funding adjusts figures into 2016/17 prices to reflect the current financial year. Where the report focuses on council performance in 2015/16, figures have been adjusted to 2015/16 prices.

# Part 1

## The challenge for councils

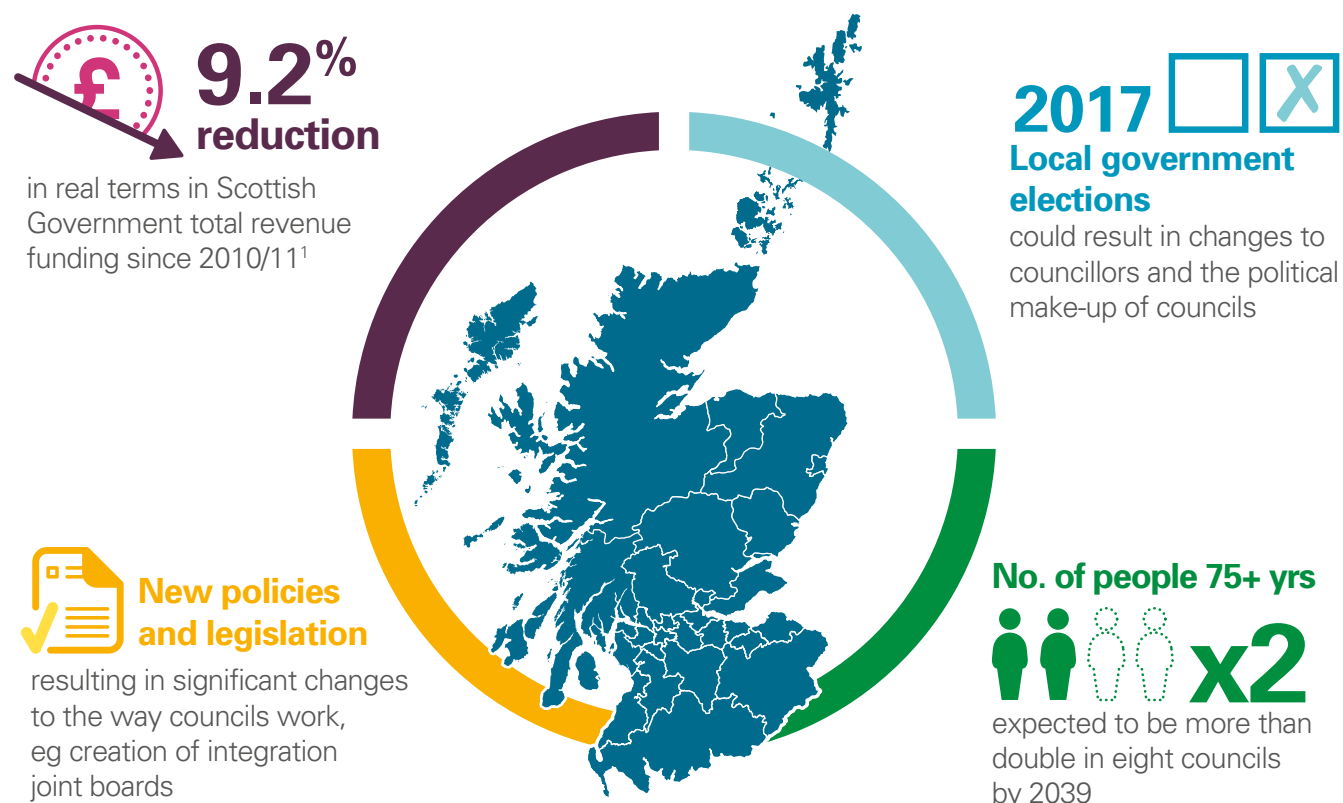


6. Councils continue to face significant financial and demographic challenges, and the scale of these continues to grow. Council budgets are under increasing pressure from a long-term decline in revenue funding (in real terms) from the Scottish Government, and council services are under pressure from an ageing and growing population. Policy and legislative requirements are also changing how councils work and the services they must deliver ([Exhibit 1](#)).

### Exhibit 1

#### The environment in which Scotland's councils are operating

Councils are facing a number of different challenges.



Note: 1. Scottish Government funding for 2017/18 is subject to Parliamentary approval.

Source: Audit Scotland

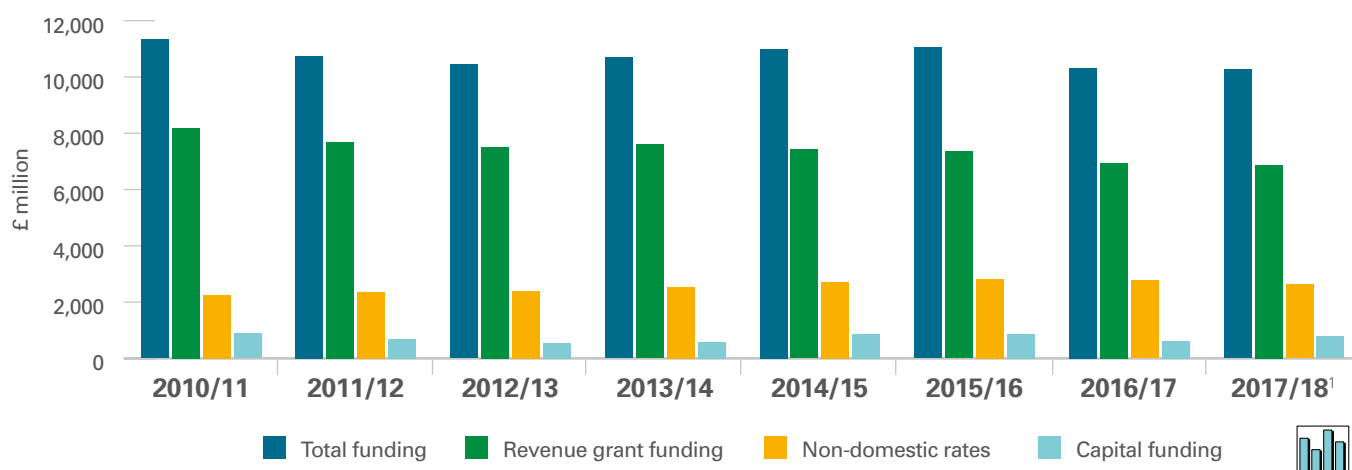
## The funding challenge for councils continues to deepen

7. Councils receive most of their income (about 60 per cent) from the Scottish Government.<sup>1</sup> We previously reported that there has been a long-term reduction in total Scottish Government revenue funding, for day-to-day spending, to local government; and that further reductions were expected.<sup>2</sup> Since then, the Scottish Government has published its 2017/18 budget and a single year local government funding settlement for 2017/18. This is subject to Parliamentary approval.

8. Based on Scottish Government proposals, between 2016/17 and 2017/18, total revenue funding from the Scottish Government will reduce by about £216 million in real terms (2.2 per cent). Both non-domestic rates and revenue grant funding will reduce, by 5.1 per cent and 1.1 per cent respectively ([Exhibit 2](#)).

### Exhibit 2

Scottish Government funding to councils from 2010/11 to that proposed in 2017/18 (at 2016/17 prices)  
The most recent local government funding settlement continues the trend of a long-term reduction in revenue funding.



Notes:

- Figures for 2017/18 are subject to Parliamentary approval.
- Funding allocations up to 2012/13 have been adjusted to remove funding for police and fire. Responsibility for these services transferred from local to central government in April 2013. We have also adjusted figures for specific elements of funding related to adjustments for police and fire pensions.
- Since 2013/14, Scottish Government revenue funding has included payments of about £350 million per year to fund council tax reductions, replacing council tax benefit which previously came from the UK Government.
- The 2016/17 figures do not include £250 million the Scottish Government allocated to health and social care integration authorities specifically for social care. This is an allocation from the Scottish Government health budget to NHS boards rather than councils, and NHS boards allocate funding to the integration authorities. Integration funding, including the uplifted integration funding for 2017/18 and additional £107 million primarily to support implementation of the living wage for social care staff, is also excluded from 2017/18 figures.

Source: *Local Government Finance Circulars 2011-16*, Scottish Government

9. If approved, the 2017/18 settlement means that total revenue funding will decrease by 9.2 per cent from £10.5 billion in 2010/11 to £9.5 billion in 2017/18. A 16.3 per cent decrease in revenue grant funding has been partially offset by a 16.5 per cent increase in non-domestic rate income.<sup>3</sup> The Fraser of Allander Institute predicts a total reduction of £1 billion to local government revenue funding between 2016/17 and 2020/21.<sup>4</sup>



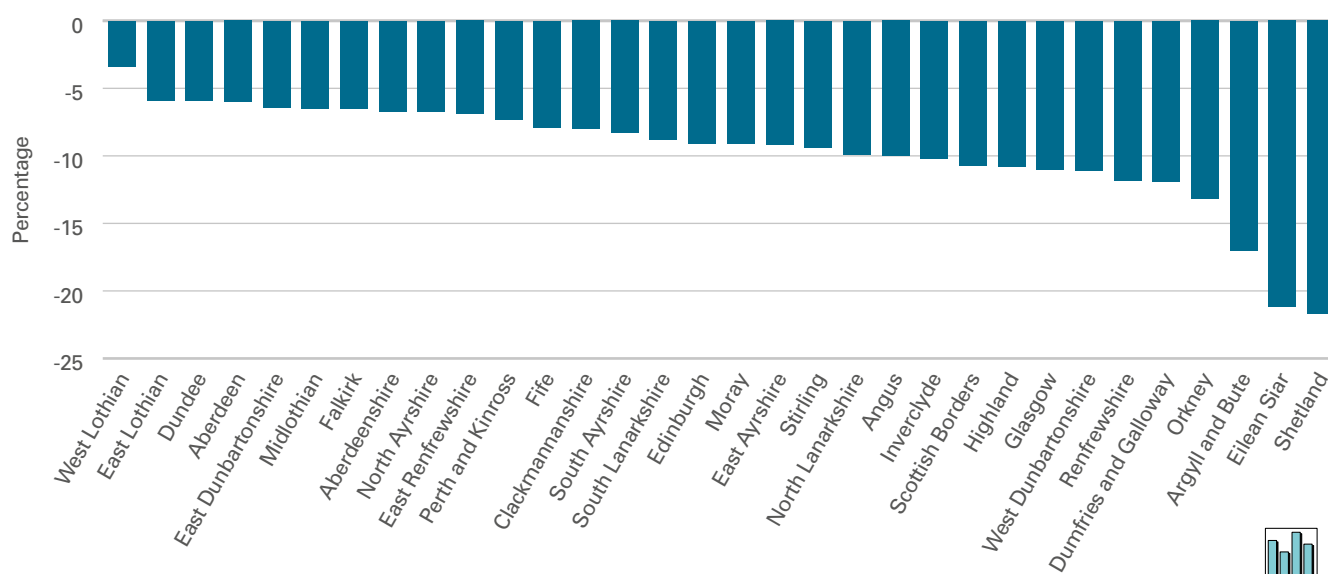
**10.** Although some elements of total revenue funding are allocated separately, such as funding for probationary teachers or elements of the council tax reduction scheme, the majority of revenue funding is distributed to individual councils. This funding is made up of non-domestic rate income, a small number of specific grants and general revenue grant funding. The Scottish Government distributes this funding to councils using a formula based on factors such as population, deprivation and rurality.

**11.** This means that not all councils have experienced the same level of reductions in funding. For example, Scottish Government funding for Comhairle nan Eilean Siar and Shetland Islands Council will reduce by over 20 per cent between 2010/11 and funding proposed in 2017/18, whereas 21 councils saw a reduction of less than ten per cent ([Exhibit 3](#)).

### Exhibit 3

#### Changes in Scottish Government revenue funding by council, 2010/11 to that proposed in 2017/18 (at 2016/17 prices)

There is wide variation in changes in revenue funding allocated to councils.



#### Notes:

- Figures for 2017/18 are subject to Parliamentary approval.
- Figures are based on the distributable elements of initial funding allocations and include grant revenue funding, non-domestic rate income and a small number of specific grants.
- 2010/11 funding has been adjusted to remove funding for police and fire. We have removed the specific police grant and the police grant element of the general revenue grant and estimated the share of distributable funding specifically for fire based upon councils' share of the total Grant Aided Expenditure and Scottish Government budget documentation.
- There are elements of distributable funding that may not feature in all years across the period.

Source: *Local Government Finance Circulars 2011-16*, Scottish Government


#### Councils' ability to increase council tax in 2017 will have a limited impact on their financial position

**12.** The Scottish Government and councils agreed to freeze council tax levels in 2007. Although the Scottish Government provided funding of £70 million each year to compensate councils financially, the freeze did limit councils' flexibility to respond to changes in demand and grant funding by varying their tax rate accordingly. The council tax freeze will be lifted from April 2017. This gives councils the opportunity to increase their council tax charges by up to three per cent a year.

**13.** Not including direct funding for the council tax relief scheme, councils raised £2.1 billion from council tax in 2015/16 (10.9 per cent of total income). If councils had the ability to increase council tax rates by three per cent in 2015/16, and all had done so, this would have marginally increased the share of total income raised from council tax by 0.3 per cent to 11.2 per cent.<sup>5</sup>

**14.** In 2017/18, any additional income raised from increasing the general rate of council tax will be supplemented by income generated because of Scottish Government reforms to higher council tax bands. As part of the 2017/18 local government funding settlement, the Scottish Government has estimated these reforms will generate £110.5 million. Due to the make-up of council funding, however, the ability to increase council tax by up to three per cent per year will continue to have a relatively limited impact on the total income available to councils.

### Education and social work make up an increasing proportion of council spending

**15.** In 2015/16, councils' net spending on services, that is spend minus service income, was £12.4 billion. Our [\*Local government in Scotland: Financial overview 2015/16\*](#)  report shows that £8.8 billion (71 per cent) of this was spent on providing education and social work services. Between 2011/12 and 2015/16, the proportion of relevant council spending on these two services increased from 69 per cent to 71 per cent. This increase is likely the result of a number of factors including:

- growing service demands, particularly on social care from an ageing population
- commitments to deliver national policy priorities, such as maintaining pupil to teacher ratios.

**16.** The proportion of spending on education and social work varies across councils, from about 60 per cent in Orkney Islands, Shetland Islands and Aberdeen City councils to about 80 per cent in Clackmannanshire Council. This could have implications for where councils can make future savings, particularly once charges associated with privately financed assets (via the Public Finance Initiative, Public Private Partnership and Non-profit distributing models) and debt repayment costs are factored in.

**17.** Analysis by Inverclyde Council in April 2016 shows that, of its £190 million spending in 2016/17, £145 million is on education and social work or on areas the council considers protected. This leaves £45 million to spend on other services such as roads, environmental services and corporate services. The council has estimated that it needs to make savings of £25.8 million between 2017/18 and 2019/20. Even if it makes five per cent of savings in education, social work and other protected budgets, it will potentially need to make savings of over 40 per cent in other service budgets such as roads and environmental services.

**18.** Research on Scotland's 2016 budget analysed the impact on other council services of the Scottish Government's commitment to protect areas such as healthcare and childcare spending. It found that other services could face average reductions of ten to 17 per cent over the next four years.<sup>6</sup>

**19.** Increasing demand for education and social care services from population change and national initiatives may make it harder for councils to control spending in these two services. Indeed, about a third of councils overspent their social

care budgets in 2015/16. However, these services do need to be included in councils' discussions on savings as it is possible to make savings and improve performance. We have previously reported that a group of seven councils decreased spending on education by more than five per cent between 2010/11 and 2012/13, while their percentage of S4 pupils achieving five awards at level five increased by more than the national average.<sup>7</sup>

## **Councils face further challenges from a growing and ageing population**

**20.** Predictions of population change suggest that, if all other things remain the same, councils will continue to spend an increasing proportion of their budgets on education and, through integration joint boards, on social work. Between 2014 and 2039, the number of children (defined as aged 0-15) is expected to increase by 1.4 per cent to about 924,000; and the number of people aged 75 and over by 85 per cent to over 800,000.

**21.** The challenge of population change is expected to vary across the country. Some councils will see their total populations falling while the number of people aged 75 and over will increase. For example, Comhairle nan Eilean Siar's population is expected to fall by 14 per cent by 2039 with an increase of 64 per cent of residents who are aged 75 and over. In other councils, the whole population is projected to increase. The number of people aged 75 and over is expected to more than double in eight councils by 2039.<sup>8</sup> This is likely to have a significant impact on demand for health and social care services. The number of people aged 15 and under is expected to increase by 25 per cent in Midlothian Council and decrease by 28 per cent in Comhairle nan Eilean Siar over the same period ([Exhibit 4, page 14](#)).

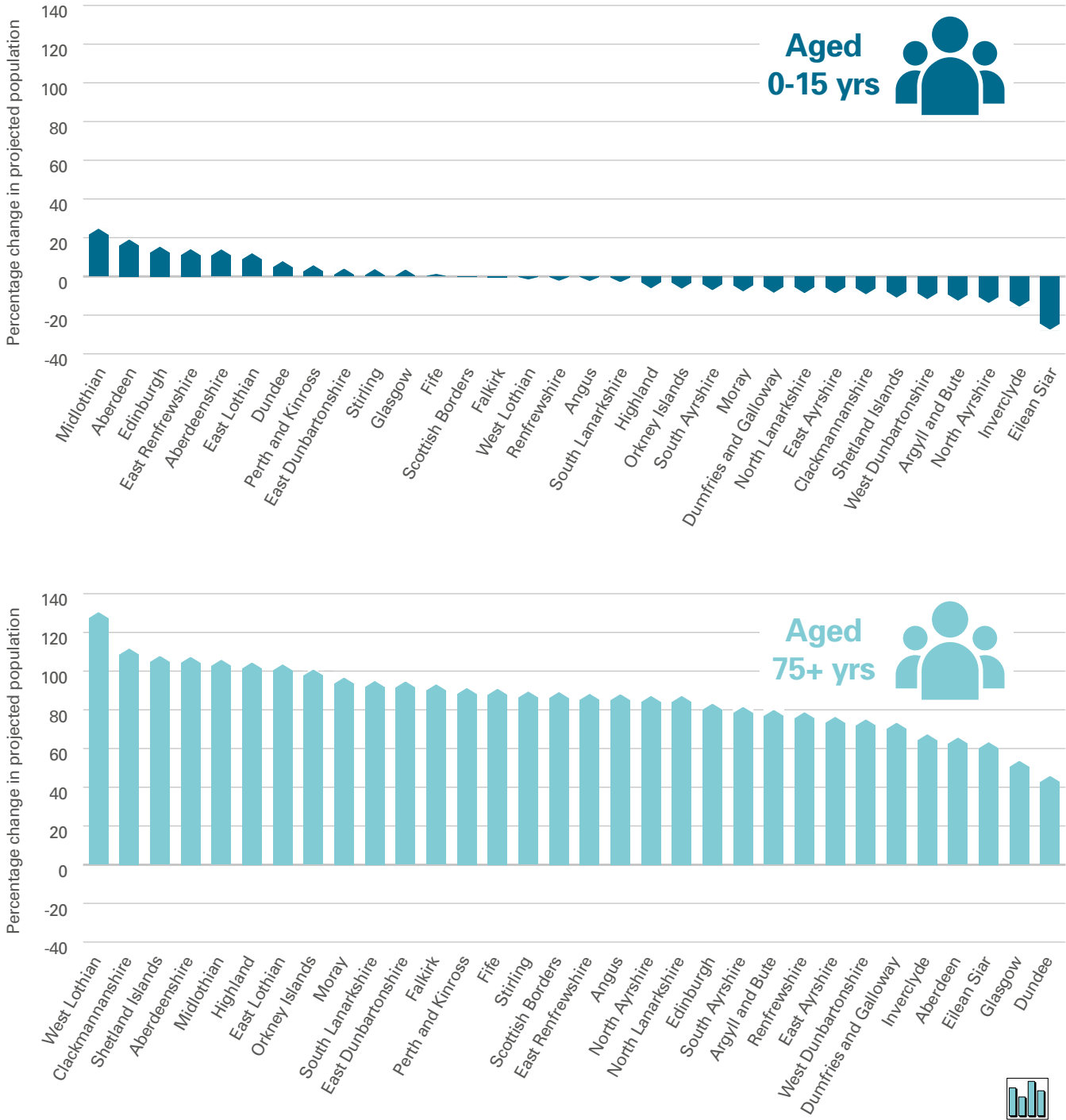
## **The environment within which councils operate is changing**

**22.** Legislative and policy changes affect the way councils work. Councils will have to implement and manage significant legislative and national policy changes initiated by the Scottish Government, although some of the detail is still not clear ([Exhibit 5, page 15](#)). Some of these changes, such as the creation of integration joint boards (IJBs), have already fundamentally altered the role of councils. Some change the relationship between councils and the Scottish Government, NHS boards and local communities. While these changes provide opportunities for positive change, implementing them will require council capacity in terms of staff time, knowledge and skills. Additional funding may also be required, at least in the short term.

**23.** Councils also face further challenges and uncertainties:

- The United Kingdom's decision to leave the European Union will have an impact on councils' work. It is unclear what impact it will have and where, but some councils are starting to plan for a number of scenarios.
- The Scottish Government is currently considering a local democracy bill. This is still at an early stage so the details and impact on councils are not known.
- Equal pay remains an issue across local government. We are auditing equal pay in councils and will publish a report later in 2017.

**Exhibit 4**  
Projected percentage change in population, 2014 to 2039  
The projected change in population varies significantly by council.



Source: National Records Scotland, 2016

## Exhibit 5

### Ongoing and planned legislative and policy changes

Councils will have to change the way they work to successfully implement a wide range of reforms.

#### Legislative and policy changes



##### Public Bodies (Joint Working) (Scotland) Act 2014

Councils and NHS boards must integrate health and social care services. Almost all councils have chosen to do this by creating an integration joint board (IJB) with their NHS partners to commission health and social services through joint budgets.<sup>1</sup> Councils will no longer be wholly responsible for adult social work services.

##### Opportunity

- Fully integrate health and social care services to meet the Scottish Government's 2020 Vision of people living longer at home and more health and social care in local communities.
- To provide services which are better targeted to local communities.

##### Challenge

- Agreeing and managing budgets for the IJBs at a time of reduced funding and an ageing population.
- Agreeing how governance in IJBs will work in practice, including lines of accountability, systems and process for decision-making and managing performance.
- Ensuring continuity of progress after the 2017 local government election.
- Promoting public understanding and managing expectations.
- Localities and locality planning are defined differently in the Public Bodies Act and the Community Empowerment Act. This could lead to confusion.



##### Living Wage

Scottish Government commitment to replace the minimum wage (£7.20 an hour) with a living wage (£8.25 an hour) from 1 October 2016.

##### Opportunity

- Reduce inequalities.
- Provide financial benefits for low-paid workers.
- Improve recruitment and retention.

##### Challenge

- Significant increases in employee costs and the costs of some contracts, notably for social care. Costs could become unaffordable. The potential cost for councils of the Living Wage for social care workers is £199 million a year by 2019/20.<sup>2</sup>
- Impact on existing pay structures means new pay models may need to be developed.



##### Community Empowerment (Scotland) Act 2015

To help empower community bodies and ensure communities are involved in planning and decision-making.

##### Opportunity

- Improve outcomes for communities by improving the process of community planning and ensuring local service providers work more closely with communities to meet the needs of the people who use services.

##### Challenge

- Requires new ways of working – councils and other public bodies need to promote and involve communities in local decisions and activities. This includes decisions about how a council's money should be used, including a target of one per cent of all council spending being decided by communities.<sup>3</sup>
- Engaging with harder-to-reach groups could be challenging and expensive, particularly for rural councils.
- Duty to tackle inequalities at a time of budgetary pressures.
- Councils must focus on local community planning and contribute to developing Local Outcome Improvement Plans. This has resource issues.
- Localities and locality planning are defined differently in the Public Bodies Act and the Community Empowerment Act. This could lead to confusion.

## Exhibit 5 (continued)

### Legislative and policy changes



#### Education reform

Additional funding from Scottish Government will be targeted at specific schools to help close the attainment gap (ie, differences in pupil performance in richer and poorer areas). Attainment challenge funding will also go to councils.

#### Opportunity

- Additional money for education and potential increased flexibility for using money.

#### Challenge

- The additional money is to go to head teachers in some schools, removing some decisions about resources from councils.
- Proposed changes to education funding model are causing uncertainty and have an impact on longer-term planning.



#### City Deals

UK and Scottish Government funding initiative which provides significant funding to city regions to develop infrastructure and economy in line with agreed plans.

#### Opportunity

- Economic growth and improved outcomes for communities.
- Councils could benefit from investment in infrastructure such as roads, technology, housing and transport.

#### Challenge

- Requires partnership working with a wide range of public and private partners.
- Governance arrangements, such as roles, responsibilities, accountability and performance reporting, will need to be determined.
- Ensuring continuity of progress after the 2017 local government elections.
- May take longer for some, particularly rural, councils to see benefits.



#### Community Justice (Scotland) Act 2016

Changes arrangements for managing community justice services and creates a new national body, Community Justice Scotland, to be formally established on 1 April 2017.

#### Opportunity

- Integrating community justice planning with wider community planning.
- Improved outcomes for communities and people at risk of offending.

#### Challenge

- Replace eight Community Justice Authorities with community justice governance structures within each Community Planning Partnership.
- Councils are expected to consult with other community justice partners when developing community justice outcome improvement plans to ensure consistency.



#### Named Person provisions

The Scottish Government plans to implement a Named Person service for every child or young person in Scotland. This means that every child will have someone who is responsible for helping them get the support they need. This is expected to start in August 2017.

#### Opportunity

- To promote, support or safeguard the wellbeing of children and young people.

#### Challenge

- Head teachers, deputy head teachers or guidance teachers could be the Named Person for a large number of school-aged children but it is unclear if a limit applies to the number of children assigned to each Named Person.
- Detailed arrangements for how the Named Person will function during school holidays will be left to councils to organise, with the intention being that they build on current practice.
- There may be an impact on teachers' workloads and councils must ensure that people have the skills to deliver the Named Person service.

## Exhibit 5 (continued)

### Legislative and policy changes



#### Early learning and childcare (ELC)

Scottish Government commitment to increase access to funded hours of high-quality and flexible early learning and childcare. Includes plans to increase the entitlement to 1,140 hours per year by August 2020.

#### Opportunity

- To improve outcomes for children, especially those who are most vulnerable.
- To support parents to work, train or study, especially those who need routes into sustainable employment and out of poverty.

#### Challenge

- Councils will need to assess demand, and commission and provide flexible services.
- Councils, private and third sector ELC providers may face challenges in expanding workforces and extending buildings and facilities.



#### Council tax reform

Removal of council tax freeze and increases to the ratios for higher-banded properties.

#### Opportunity

- Removing the council tax freeze will give councils greater control over their income.
- Increased ratios for higher-banded properties will provide additional council tax income.


#### Challenge

- The changes to ratios will lead to increased charges of over 20 per cent for properties within the highest band. However, residents could be paying more for the same level of services which could be a difficult message for councils to manage.



We are carrying out performance audits in these areas later in 2017/18.

#### Notes:

1. Some have also included children's services and community justice services in their IJBs. NHS Highland and Highland Council are the only partners to not create an IJB. They are continuing with lead agency arrangements whereby NHS Highland leads on adult health and care services, with Highland Council leading on children's community health and social care services. These arrangements have been in place since 2012.
2. [Social work in Scotland](#) , Audit Scotland, September 2016.
3. *A Plan For Scotland: the Scottish Government's Programme for Scotland 2016-17*, Scottish Government, September 2016.

Source: Audit Scotland




# Part 2

## Councils' responses to the challenges



### Councils have reduced staff numbers to save money but many do not have workforce plans

#### Councils' workforce has fallen by seven per cent in the last five years

**24.** Councils spend a significant amount on staff and staff-related costs. Most councils have reduced their workforces as a way to reduce costs. Our [Local government in Scotland: Financial overview 2015/16](#)  highlighted that, between 2011/12 and 2015/16, 13,029 individuals left councils through exit packages costing a total of £518.5 million (at 2015/16 prices). Councils' decisions to reduce their workforce numbers through exit packages should be supported by business cases that outline:

- associated costs
- potential savings
- the impact that this will have on the level of skills and experience within the council.

**25.** At March 2016, approximately 198,000 full-time equivalent (FTE) employees worked in Scotland's councils. Between 2011 and 2016, 27 councils reduced their number of FTE employees and councils' total workforce fell by 15,100 FTE (seven per cent).<sup>9</sup> In the last year, 14 councils reduced their number of FTEs, with councils' total workforce reduced by 2,700 (one per cent) ([Exhibit 6, page 19](#)). From the data that is collected centrally by the Scottish Government, it is not clear how many of these moved to arm's-length external organisations (ALEOs).<sup>10</sup>

#### Only half of councils have organisation-wide workforce plans, risking their ability to deliver services and manage change

**26.** Reducing council workforces, if not planned and managed appropriately, can affect the skills mix and capacity of the organisation to deliver, manage and scrutinise services effectively. Councils should have effective systems in place for managing their workforce and monitoring staffing levels. Councils should hold accurate information on staff numbers by grade and department to help them prepare and implement organisation-wide workforce plans. These should be aligned with other long-term plans such as financial plans.



**What do you need the workforce to look like in terms of numbers, skills and knowledge?**

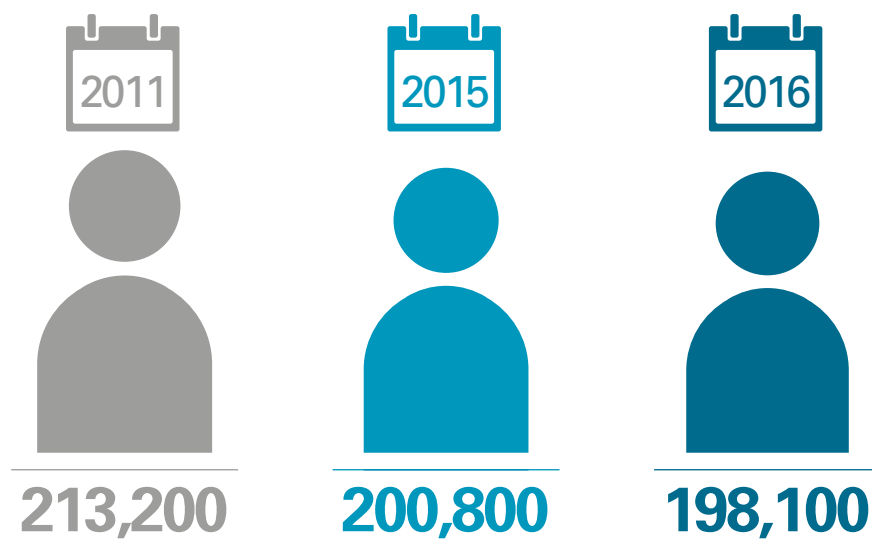
**Does your workforce data allow accurate analysis of changes to the workforce at an organisation and department level?**



## Exhibit 6

Number of full-time equivalent employees in councils in 2011, 2015 and 2016

Councils reduced their workforce by seven per cent between 2011 and 2016.




Source: *Public Sector Employment in Scotland*, Scottish Government, 2016

**27.** Half of Scotland's councils do not have organisation-wide workforce plans in place. For those that do, the quality of these varies and they do not all include information on:

- the numbers and skills of the current workforce
- the numbers, costs and skills of the desired workforce
- how the move from the current to the desired workforce will be achieved.<sup>11</sup>

**28.** Where comprehensive organisation-wide workforce plans are not in place, councils risk losing capacity in key areas. For example:

- Our report *Maintaining Scotland's roads: a follow-up report*  highlighted concerns about a loss of technical and commercial expertise within roads maintenance departments.<sup>12</sup>
- Auditors for East Dunbartonshire Council raised concerns about the capacity within both the finance and the revenue and benefits teams. Within these teams, staff reductions and changes have led to individual officers having sole responsibility for, and knowledge of, certain areas of work.

**29.** National initiatives impact on workforce planning. The Scottish Government's commitment to maintaining teacher to pupil ratios means councils cannot reduce the number of teachers below a certain level. This limits councils' flexibility to reduce staff numbers among a sizeable proportion of staff. The planned expansion of early learning and childcare could mean councils either have to redeploy staff or recruit additional early years workers.



**Do you have an organisation-wide workforce plan with realistic targets and timescales for meeting objectives?**

**Do you think your organisation-wide workforce plan will ensure staff reductions do not have a negative impact on the skills mix and ability of your council to scrutinise, manage and deliver services effectively?**

**30.** The absence of organisation-wide workforce plans means that it is harder for councils to manage workforce changes effectively and ensure that they have the right number of staff with appropriate skills and experience throughout the organisation. This is particularly important given the scale of the challenges and policy and legislative changes councils face. Councils must ensure they have the capacity to manage change and deliver services effectively.

#### **Councils have the potential to further reduce staff sickness absence**

**31.** Reducing staff sickness absence increases a council's capacity. Nationally, the average number of sickness days for all council staff (excluding teachers) reduced between 2010/11 and 2015/16; however, there is variation across councils. In 2015/16, sickness absence per non-teaching employee varied across councils from an average of 8.8 days a year in Aberdeenshire Council to 14.8 days a year in Comhairle nan Eilean Siar. If councils with high absence levels could reduce these to be in line with the top eight performing councils, they would gain the equivalent staff time of about 650 full-time employees across Scotland. This is a reduction of about ten per cent since 2014/15.

**32.** Sickness absence also varied among teachers in 2015/16, from an average of 4.2 days a year in Midlothian Council to 8.7 days a year in Perth and Kinross Council. If councils with high teacher absences could reduce these to be in line with the top eight performing councils, they would gain the equivalent staff time of over 160 full-time teachers across Scotland. This is a reduction of about 18 per cent since 2014/15.

### **The pace and scale of reform need to increase**

#### **Councils approved savings of over £500 million in 2016/17**

**33.** Councils have managed their finances well so far in responding to the pressures they face.<sup>13</sup> In 2016/17, councils approved £524 million of savings and intended to use £79 million of reserves to balance their budgets and meet their funding gaps. Evidence from annual audit reports shows that some councils have made better progress than others. For example, Midlothian Council did not achieve its savings target in 2015/16 and auditors reported that there is a risk that Orkney Islands Council will have to rely heavily on reserves to achieve its target savings. In contrast, auditors highlight the good track record of Inverclyde Council in delivering efficiency savings and note that Renfrewshire Council is expected to make significant savings. East Ayrshire Council has made savings of over £34 million in the five years to 2016/17.

#### **Councils are adopting a range of approaches to deliver savings**

**34.** Councils are adopting a range of approaches to address their forecasted gap in funding ([Exhibit 7, page 21](#)). While there is some evidence of positive change delivering better services for less money, there is limited progress in other areas.

#### **Some councils are better placed to meet future challenges than others**

**35.** Looking forward, councils are predicting significant funding gaps up to 2018/19. Using information available at the time councils were setting their 2016/17 budgets, we estimated that councils would have funding gaps of £358 million in 2017/18 and £544 million in 2018/19.<sup>14</sup> These figures are likely to change as councils approve their 2017/18 budgets and continue to identify and deliver savings. However, they do demonstrate the scale of the challenge facing councils.



**Do you have the staff and skills necessary to manage change and deliver services?**

**Do you need to invest in any skills, for example, change management?**

## Exhibit 7

### Councils have been adopting different approaches to make savings





There is little evidence of progress in some areas but there are also examples of positive change.






Key fact



Good practice

Council approach	Progress
 Sharing services	<p><b>Key fact</b> In 2007, the Scottish Government published guidance relating to shared services. Ten years later, there is limited evidence of councils sharing services. Evidence suggests that most shared services are on a small scale and for back office functions.</p>
	<p><b>Good practice</b> East Dunbartonshire, Inverclyde, and West Dunbartonshire councils are exploring opportunities to share a range of services, beginning with roads and transportation services. In February 2016, the councils estimated that they may be able to generate recurring savings of about £3.5 million by 2020 (15 per cent of current spending on these services).</p> <p>When councils are considering sharing services, it is important that they have mutually understood and compatible objectives. Differing objectives can be a barrier to sharing services. Councils, together with their citizens, need to agree what their primary aims are, for example reducing costs or improving customer experience, or both.</p>
 Using ALEOs	<p><b>Key fact</b> Arm's-length external organisations (ALEOs) can provide services more flexibly than councils, generate income and deliver savings.</p> <p><b>Key fact</b> Evidence suggests that the number of council ALEOs has reduced slightly in 2016 from about 140 to 130. ALEOs provide a range of services across Scotland, with around one third providing leisure and culture services.</p> <p>We are planning to undertake an audit of ALEOs later in 2017.</p>
	<p><b>Key fact</b> Digital and on-line solutions provide opportunities for councils to significantly reduce costs. The estimated cost of a face-to-face visit is £8.21, a telephone call is £2.59 and an online transaction is £0.09.<sup>1</sup></p> <p><b>Good practice</b> Glasgow City Council has launched a myglasgow app and a new website which allows users to access or request services online (for example, request a bulk uplift). This is expected to deliver savings of £3 million a year and improve the customer experience.</p> <p>In recognition that more could be done, 27 councils have recently appointed a chief digital officer and chief technology officer to drive change across local services. It is too early to judge the success of this initiative.</p>
 Increasing fees and charges	<p>Increasing fees and charges is one way councils can increase their income. National information is not available on changes to charges and fees although there is some evidence of increases in charges in the last year. For example, research by Citizens Advice Scotland shows that burial charges increased by eight per cent between 2015 and 2016.</p>
 Reducing/restricting services	<p>There is evidence of councils reducing front-line services.</p> <p><b>Key fact</b> Most councils, through IJBs, now only provide adult social care to people assessed as being of critical and substantial risk. This has reduced the percentage of older people receiving homecare between 2006 and 2015, from just under 70 per 1,000 population to 50 per 1,000. While this has saved councils money in the short term, there is a risk that removing more preventative services will cost more in the longer term.</p>
	<p>In education, Dundee City Council has closed a high school, saving £756,000. Aberdeen City Council has saved £440,000 a year by removing class size limits for S1 and S2 maths and English classes.</p>

## Exhibit 7 (continued)

Council approach	Progress
 <b>Improving procurement</b>	 Councils have made significant savings in the cost of homecare and care homes through competitive tendering and the national care home contract.
	 Through service redesign, councils are also procuring new models of care. For example, in East Ayrshire Council, changes to its model of care for supported living from 24-hour care per person to more flexible care that promotes independence has saved the council almost £500,000 in 2016/17 (about 40 per cent of costs). The council also reports improved service user satisfaction.
	<p>All councils have signed up to Scotland Excel, the Centre of Procurement Expertise for the local government sector.</p>

Note: 1. 2012/13 figures for councils published by the Society of Information Technology Management (Socitum)

Source: Audit Scotland

**36.** In response, many councils have established corporate change, or transformation, programmes. These are significant council-wide programmes that look at what services councils provide and how they are delivered to identify how a council can save money and improve services. It is clear that some councils are taking a strategic approach and looking at what services they provide as a whole. Others are not. Rather, they are making individual departments responsible for identifying an equal proportion of desired savings. Evidence from annual audit reports shows that some councils are making faster progress than others. For example, Fife Council is still developing its change programme; progress is slow in Clackmannanshire Council; and behind schedule in East Dunbartonshire Council. In contrast, East Ayrshire Council is now working on its second transformation programme.

**37.** Best Value reports also raise concern over the pace of change and the small-scale nature of savings to date. For example, in Falkirk Council, the pace of change remains slow and the council needs to urgently agree its priorities and identify significant savings over the next two years.<sup>15</sup>

**38.** Some councils have lacked capacity to manage their corporate change and transformation programmes. In response, councils, through the Improvement Service, have established the Change Managers Network to support the exchange of skills, knowledge and practice to build capacity in corporate change. As part of councils' financial and savings plans, councils should actively consider options for investing to save such as investing in change management skills.

### Effective leadership is required to explore all options for change

**39.** Effective leadership is required to set a clear strategy for how the council will achieve its priorities and outcomes, and make the difficult decisions that will be needed. Councillors must set the strategy and officers must work up options to implement the change required. The importance of effective leadership has been

demonstrated in our Best Value audit work. For example, South Ayrshire Council has made considerable progress in delivering improvements and meeting financial challenges as a result of effective political and managerial leadership.<sup>16</sup>

**40.** Comprehensive option appraisals, risk assessments and scrutiny are required to assess options for change and to monitor the impact and progress. Auditors at Stirling Council reported that the council has a project-driven approach where all projects need to be fully backed up by business cases and completed option appraisals before a decision is taken. Options are effectively challenged throughout the process to ensure that they are achievable and that the project provides value for money. Evidence also suggests that South Ayrshire Council has a robust system in place to review and improve services ([Case study 1](#)). However, it is a mixed picture in other councils. In Falkirk Council, auditors reported a good level of scrutiny and challenge by councillors. But they also noted a lack of detailed reporting on anticipated and achieved outcomes, with no process in place for providing updates on all projects.



**How well do you scrutinise decisions on financial and service performance?**

**How do you ensure you have the knowledge and expertise you need to scrutinise effectively?**

## Case study 1

### South Ayrshire Council



The council has developed a comprehensive review system to help approve and reform services. This follows a nine-step process and includes topic selection, approval, consultations and options appraisal. The reviews and consultation procedures involve staff at all levels, trade unions and service users.

Through this approach, the council has reported that it is starting to achieve positive results. For example, in April 2015, the council carried out a property maintenance service review that concluded that there has been an overall average increase in productivity of staff of 15 per cent from 2014; and an increase in the number of jobs completed on time, from 68 per cent in 2013/14 to 87 per cent in 2015/16.

Source: Audit reports

## Despite challenges, performance has been maintained or improved

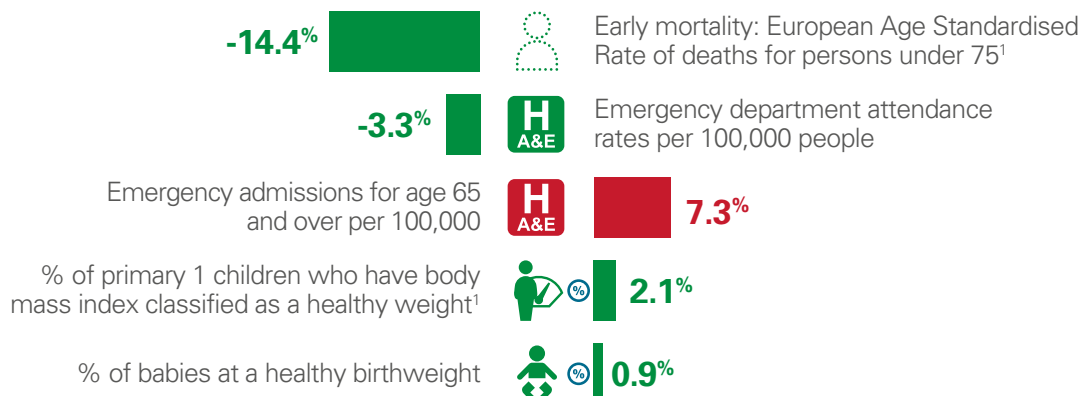
**41.** The Improvement Service reports on progress against 18 outcomes, supported by 16 performance measures, through the Community Planning Outcomes Profile. This is a new tool which allows outcomes and equalities data to be measured on a consistent basis. Councils need to work with partners and communities through, for example, community planning partnerships (CPPs) and integration joint boards (IJBs) to improve outcomes for communities. Changes in outcomes will be influenced by factors wider than council activity so cannot be solely linked to council activity. The 16 performance measures suggest that outcomes are generally improving across Scotland ([Exhibit 8, page 24](#)).

## Exhibit 8

### Changes in performance measures for Scotland's outcomes, 2004/05 to 2014/15

Performance measures suggest that outcomes for Scotland's communities are generally improving.

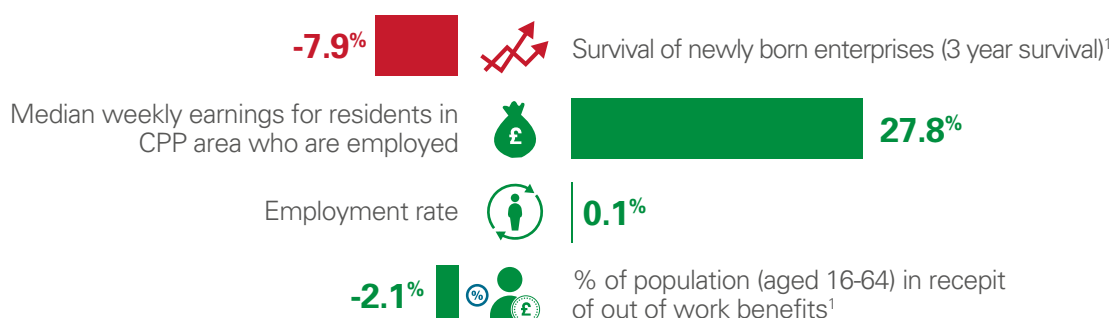
#### Health



#### Education



#### Employment



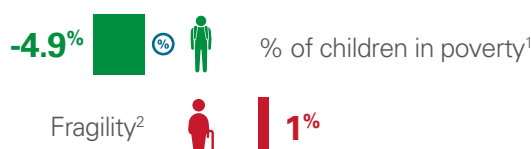
#### Environment



#### Community safety



#### Other



Percentage point change – raw data is not available therefore absolute changes are shown.

#### Notes:

1. Imputed and projected data has been calculated using different methodologies for different measures where raw data is not yet available.
2. Fragility is a weighted combination of three indicators: de-population, rural de-population and old age dependency ratio.

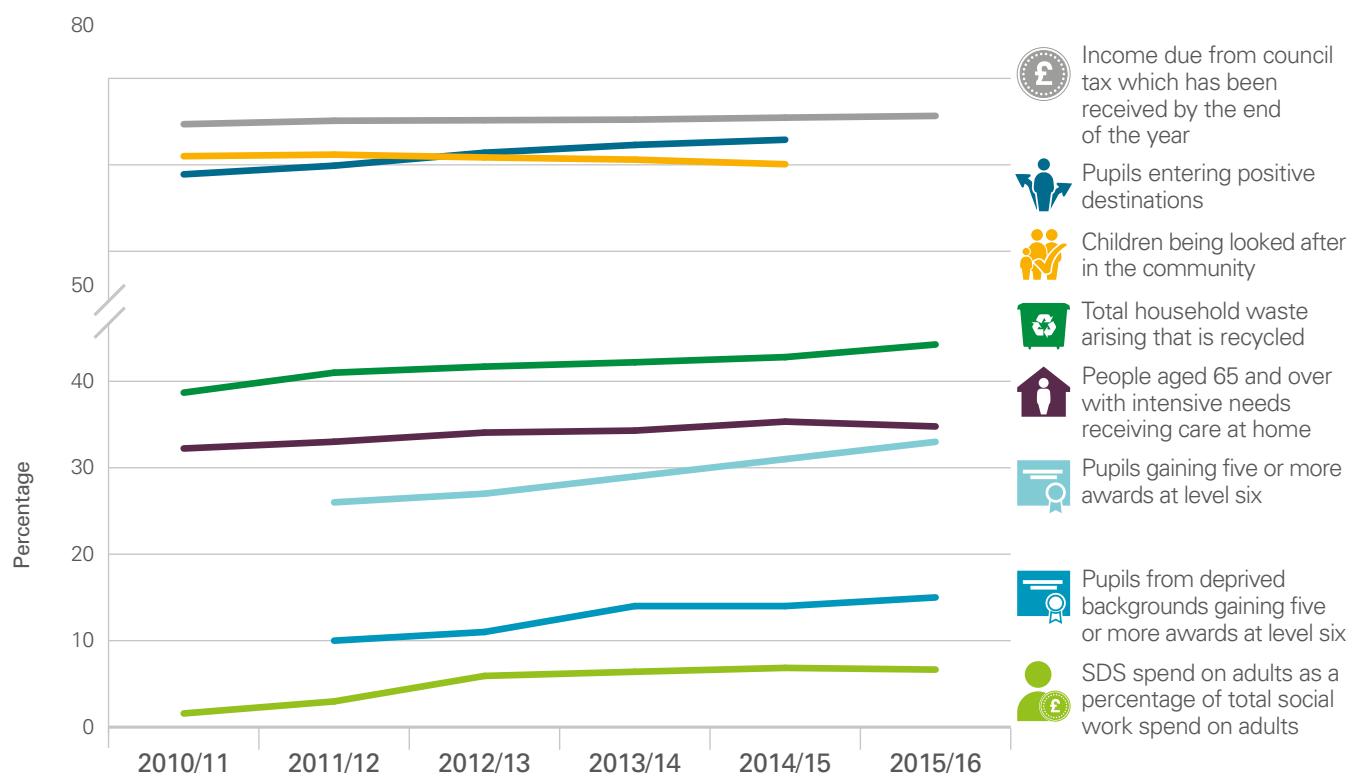
Source: Audit Scotland; and *Community planning outcomes profile*, Improvement Service, 2014/15

**42.** The Improvement Service, in partnership with councils, collates and reports on the Local Government Benchmarking Framework (LGBF) to provide information for councils to improve performance and costs. The framework covers a range of over 60 performance indicators covering a wide range of areas. We have selected those measures which give an indication of council performance in key service areas for the public.<sup>17</sup> This shows that councils' performance in the last five years has been maintained or improved ([Exhibit 9](#)).

## Exhibit 9

### Performance against selected indicators, 2010/11 to 2015/16

Councils' performance has been maintained or improved over the last five years.



#### Notes:

1. Data is not available for all indicators for 2010/11 to 2015/16.
2. We have not included measures of public satisfaction or cost indicators in this analysis.

Source: Audit Scotland; and *Local Government Benchmarking Framework*, Improvement Service, 2015/16



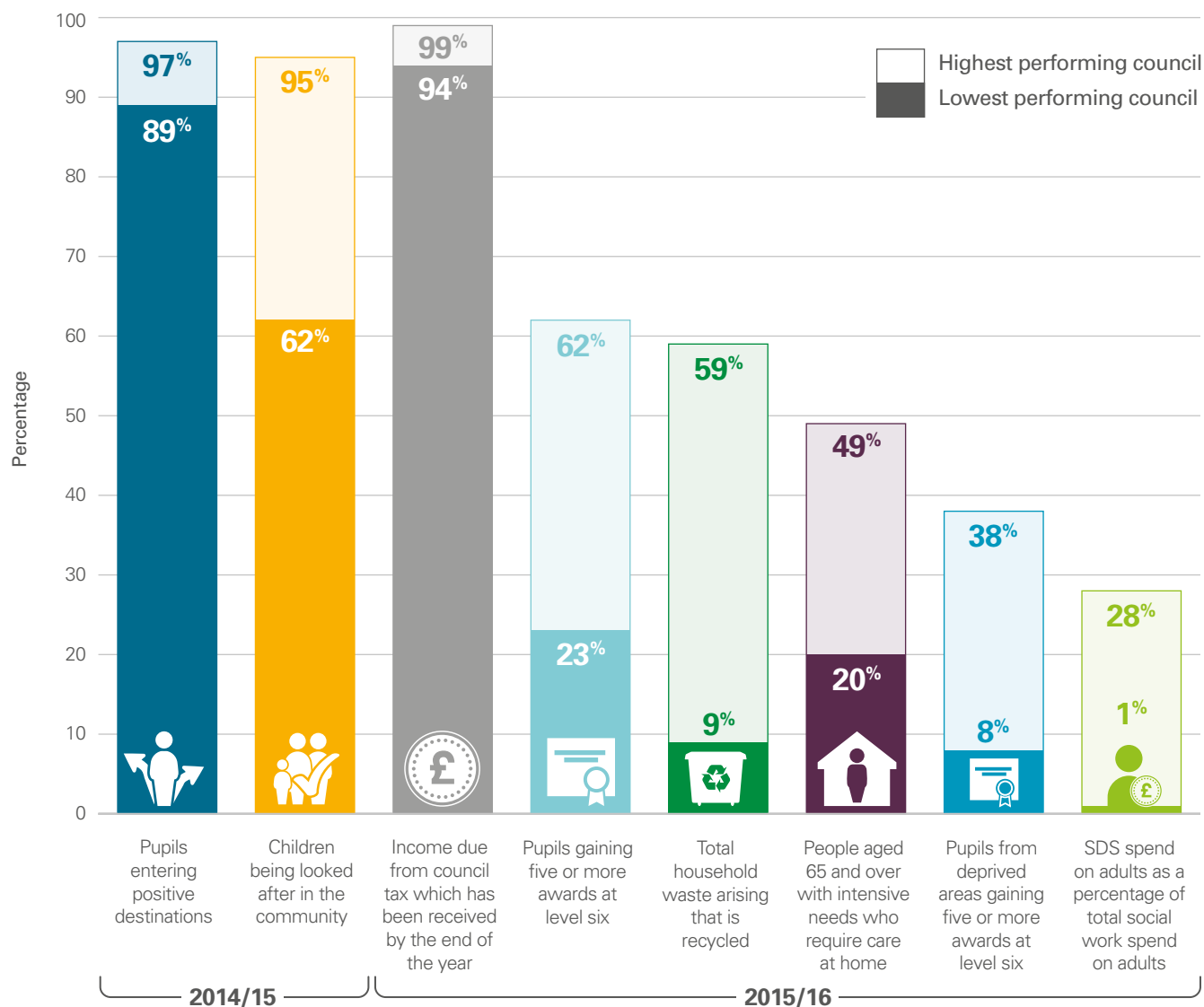
**43.** Analysis also shows significant variation in performance among councils ([Exhibit 10, page 26](#)). The amount of waste recycled and the percentage of pupils gaining five or more awards at level six show the biggest variation. However, there is also variation in social care indicators. There may be valid reasons for some of this variation; however, councils need to work to understand reasons for any lower performance in these measures, learn what has been successful in other councils and apply these lessons to their own services.



## Exhibit 10

### Variation in highest and lowest performing councils

There is significant variation in council performance in most performance measures.



Source: Audit Scotland; and *Local Government Benchmarking Framework*, Improvement Service, 2015/16

### Some unit costs have reduced but there is variation across councils

**44.** We have also analysed selected unit cost indicators over the last five years ([Exhibit 11, page 27](#)). The unit costs of these selected indicators have all reduced over the last five years. Some culture and leisure unit costs reduced by around one-third whilst education unit costs reduced by less than ten per cent.

**45.** The cost of providing similar services varies between councils. In some cases, cost variation will be heavily influenced by geography, population density and deprivation. The Local Government Benchmarking Framework has placed councils with similar profiles into family groups based on factors such as population density and levels of deprivation. This allows similar councils to compare themselves.



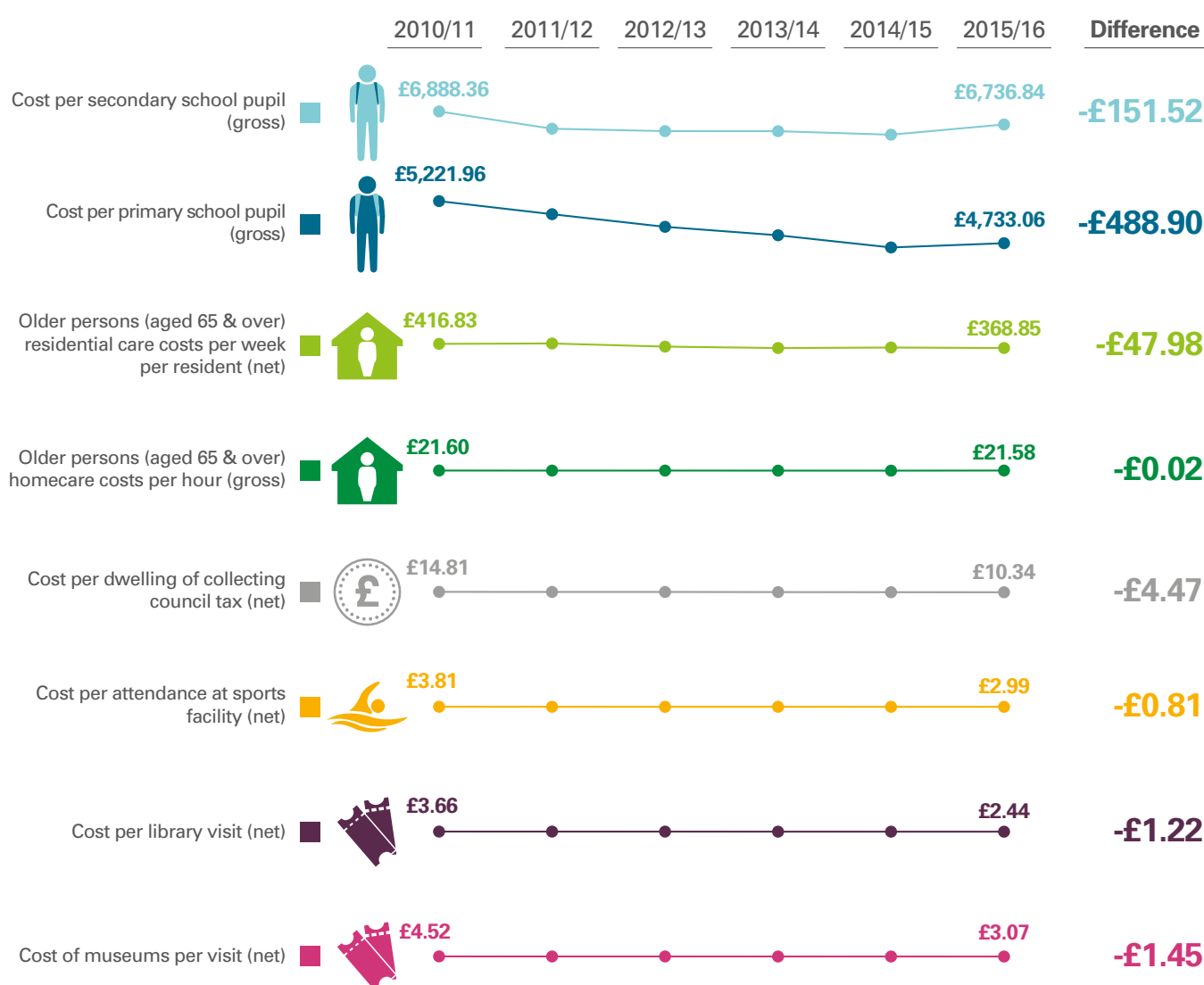
However, some councils in the same family group have significant variation in unit costs. For example, the cost of street cleaning per 1,000 population is almost three times greater in Glasgow City Council (£26,460 in 2015/16) than Aberdeen City Council (£9,312 in 2015/16).

**46.** Analysis of 2015/16 family group data for the cost of collecting council tax shows that, if all councils were able to reduce their cost of council tax collection per dwelling to the lowest in their family group, collectively they could save over £13 million. These figures are only indicative and there will be reasons for some variation, however they do indicate that savings can be made. Councils should continue to work to understand the reasons for their unit costs, learn from each other, identify possible savings that can be made and agree the acceptable impact on performance and policy.

## Exhibit 11

### Change in selected unit costs since 2010/11 to 2015/16

Unit costs have varied over the past five years.



Source: Audit Scotland; and *Local Government Benchmarking Framework*, Improvement Service, 2015/16



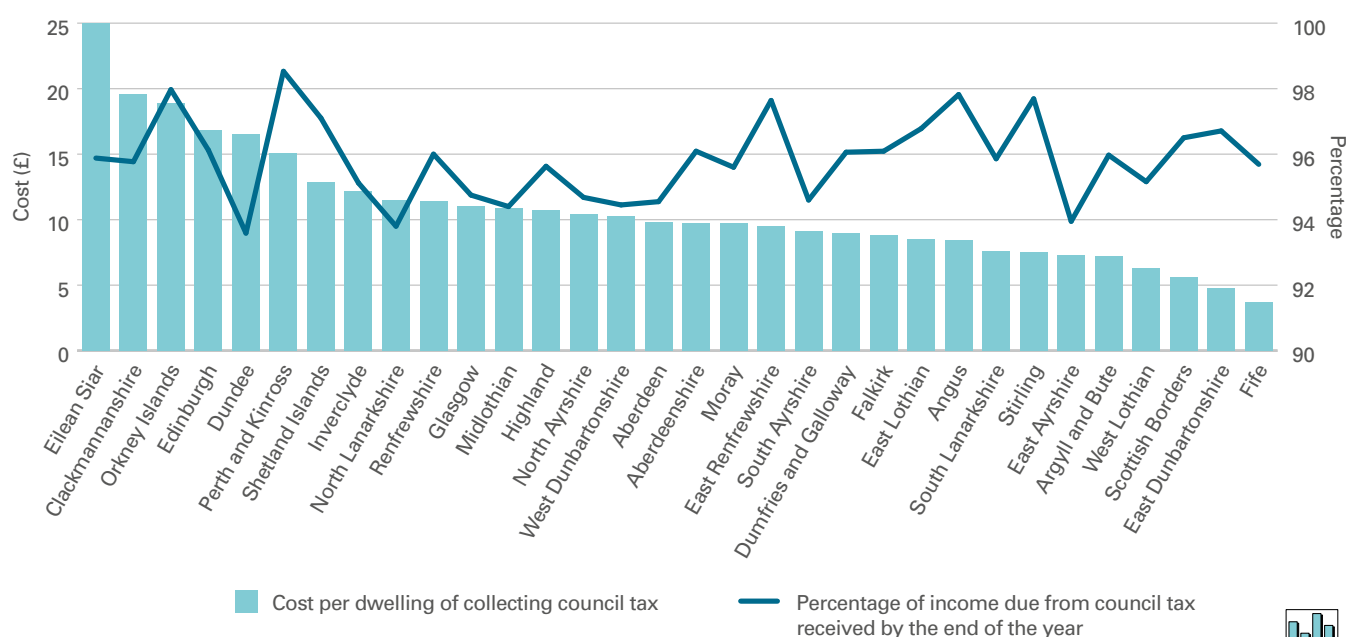
### The link between performance and cost is not always clear

**47.** Variation in unit costs is not always reflected in performance measures at a local level. For example, there is no link between the cost and collection of council tax in 2015/16 ([Exhibit 12](#)). Similarly, changes in unit costs do not always have the expected impact on performance. For example, between 2010/11 and 2015/16, 11 councils improved their cleanliness score, of these; three increased their unit costs while eight reduced their costs ([Exhibit 13, page 29](#)).

## Exhibit 12

### The cost and collection rate of council tax, 2015/16

There is no link between the cost of collecting council tax and the collection rate.



Source: Audit Scotland; and *Local Government Benchmarking Framework*, Improvement Service, 2015/16

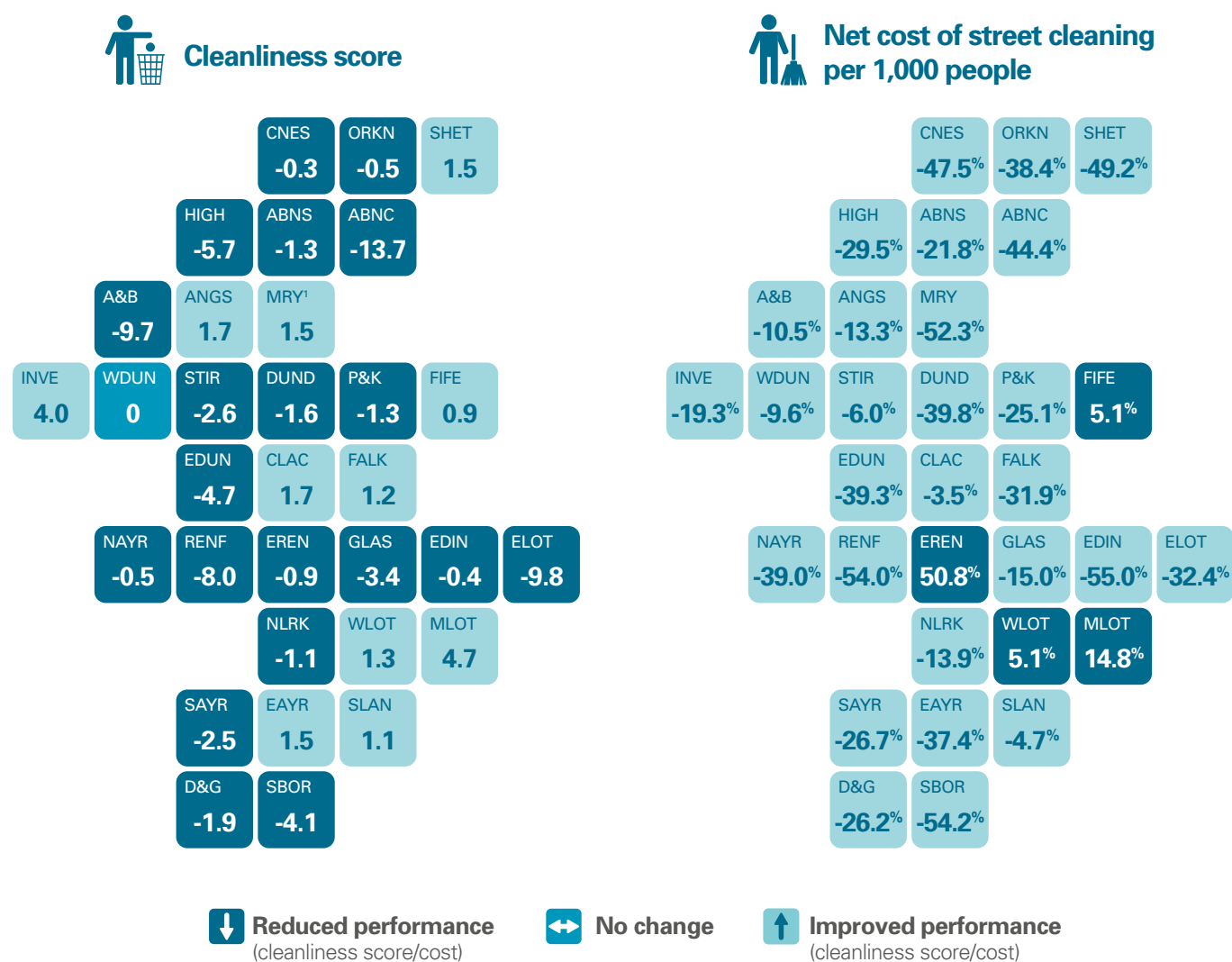
### Councils have reduced some costs with no negative impact on performance

**48.** There is evidence of councils reducing costs and improving performance. Between 2010/11 and 2015/16, the average cost of collecting council tax reduced from £14.81 in real terms to £10.34 while the rate of collecting council tax improved from 94.7 per cent to 95.7 per cent. At council level, Glasgow City Council reduced the cost of collecting council tax in real terms from £18.48 per dwelling in 2010/11 to £10.98 in 2015/16. It achieved this by redesigning processes, better use of technology and closer working with partner organisations. Over the same period, the collection rate increased from 92.3 per cent to 94.7 per cent. City of Edinburgh Council has reduced the net cost of street cleaning per 1,000 residents by over 50 per cent in real terms, from £37,006 to £16,646, with the council's cleanliness score only falling by 0.4 percentage points from 90.5 per cent to 90.1 per cent.

## Exhibit 13

### The cost and cleanliness of streets in Scotland, 2010/11 to 2015/16

The majority of councils have reduced the cost of street cleaning but there has also been a reduction in street cleanliness.



### Councils

**ABNC** Aberdeen  
**ABNS** Aberdeenshire  
**ANGS** Angus  
**A&B** Argyll and Bute  
**CLAC** Clackmannanshire  
**D&G** Dumfries and Galloway  
**DUND** Dundee  
**EAYR** East Ayrshire  
**EDUN** East Dunbartonshire  
**ELOT** East Lothian  
**EREN** East Renfrewshire

**EDIN** Edinburgh  
**CNES** Eilean Siar  
**FALK** Falkirk  
**FIFE** Fife  
**GLAS** Glasgow  
**HIGH** Highland  
**INVE** Inverclyde  
**MLOT** Midlothian  
**MRY** Moray  
**NAYR** North Ayrshire  
**NLRK** North Lanarkshire


**ORKN** Orkney Islands  
**P&K** Perth and Kinross  
**RENF** Renfrewshire  
**SBOR** Scottish Borders  
**SHET** Shetland Islands  
**SAYR** South Ayrshire  
**SLAN** South Lanarkshire  
**STIR** Stirling  
**WDUN** West Dunbartonshire  
**WLOT** West Lothian

Note: 1. The data presented for The Moray Council is calculated using data for 2010/11 and 2012/13 as no further data is available.

Source: Audit Scotland; and *Local Government Benchmarking Framework*, Improvement Service, 2015/16


**49.** The Accounts Commission has previously stated that given the challenges facing local government, not least the future financial challenges, it does not expect to see performance improving in all measures for all councils. It is up to individual councils and their communities to agree local priorities and identify where improvements are required.

### Public satisfaction is declining and complaints are increasing

**50.** Public satisfaction with services is falling. The latest information from the Scottish Household Survey shows that between 2010 and 2015, satisfaction with schools fell from 83 to 74 per cent.<sup>18</sup> However, around the same period, there was an increase in the percentage of school pupils gaining five or more awards at level six. As reported in [Social work in Scotland](#) , satisfaction with social care and social work fell from 62 per cent in 2010/11 to 51 per cent in 2014/15. We recognise that there are limitations with this data, particularly for some rural councils. Many councils therefore supplement this data with locally collected information.

**51.** In 2015/16, the Scottish Public Service Ombudsman (SPSO) received 1,722 complaints relating to Scottish councils. This is 13 per cent more than in 2011/12. It upheld 55 per cent of complaints in 2015/16 compared to 47 per cent in 2014/15. The health sector experienced a similar level of complaints being upheld in 2015/16. The SPSO records complaints by category. For councils, housing has the largest number of complaints (423 complaints in 2015/16), followed by social work (231 complaints). The number of complaints about environmental health and cleansing more than trebled between 2011/12 and 2015/16 to 126.

### Greater community involvement could improve public satisfaction

**52.** The decline in satisfaction measures may be expected given the financial challenges councils have faced. It may also suggest that councils need to have frank and wide-ranging debates with communities to determine what they can realistically deliver in reduced budgets. Our 2016 report on [Social work in Scotland](#)  highlighted that councillors had a key role in consulting more fully with the public about service priorities. It stated that councillors also needed to manage people's expectations of services that councils can afford to provide in the future.<sup>19</sup> North Ayrshire Council reviewed its library opening hours in consultation with local communities and reduced the service by 475 hours a year, saving £315,000.

**53.** The Community Empowerment (Scotland) Act 2015 should ensure councils work more closely with public bodies and communities to design, develop and deliver better-quality services. Some councils already do this through participatory budgeting ([Case study 2, page 31](#)). One per cent of a council's spending should be decided by communities.<sup>20</sup> This allows communities to be actively involved in decision-making and to influence where public funds should be spent.




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**How are you involving local communities and empowering them to design and deliver services to suit local needs?**

**How can you better engage with local communities to understand why public satisfaction is declining?**

---

**What level of complaints does your council receive? For which departments? How has this changed?**

---

**Are appropriate systems in place to deal with complaints?**

---

**Does your council have regular discussions with communities about service priorities and what level of service the council can afford to provide going forward?**

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**What is the your role as councilor in this?**

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## Case study 2

### Participatory budgeting




#### Comhairle nan Eilean Siar

Community members were involved in designing and procuring the Uist and Barra public bus service. The procurement process involved using an 'output performance specification'. In this, participants were asked at various public meetings to define their priorities, rank types of services and vote for their preferred price/quality ratio. The final decisions were made by panels of local people. This participatory budgeting approach has provided a more responsive service for the local community and the council has reported an increase in uptake since it began in March 2016.

#### City of Edinburgh Council

'Leith Decides' is the longest-running participatory budgeting project in Scotland and has been used by Leith Neighbourhood Partnership since 2010/11. The approach involves the local community deciding how 50 per cent of the partnership's community grants fund is spent. In 2014/15, a total of 1,625 people took part in scoring projects (an increase of 66 per cent on the previous year) and £22,092 (in grants of up to £1,000) was allocated to 25 projects. In addition to this, the number of people engaged in local decisions has increased significantly, from 320 in 2010/11 to 1,625 in 2014/15.

#### North Ayrshire Council

In November 2016, the council [launched](#)  one of Scotland's largest online participatory budgeting projects in collaboration with Young Scot. About 5,000 young people aged 11-25 years in North Ayrshire used Young Scot's online voting platform to allocate a share of £60,762 to youth projects in their local area

Source: Audit reports

# Part 3

## Looking ahead




### Councillors need to provide effective, strategic leadership

**54.** The next council term is likely to bring significant challenges and uncertainties for councils. The role of local government in Scotland is under review and is the subject of planned Scottish Government legislation. The impact of the United Kingdom's decision to leave the European Union is currently unknown but will have to be worked out and managed. The ongoing financial and population pressures are set to increase.

**55.** Our audit work has shown that there are still areas that councils need to strengthen in responding to the challenges they face. We recognise that, with reducing resources, councils will find delivering services and improvements increasingly difficult. It is critical therefore, that they set clear long-term strategies and plans that target effort on improving priority areas. This will require councils to evaluate all possible options to make improvements for their communities in the most efficient ways.

**56.** The 2017 local government elections could result in changes to elected members and the political make-up of councils. Councillors have a critical role in setting their council's strategies and need to have the right knowledge, skills and time to lead and scrutinise how councils are achieving these. Councils will also need to continue to involve citizens in decisions about local services and report their performance in ways that help local citizens gauge improvement. Our audit work has highlighted the importance of effective leadership in developing robust strategies and making difficult decisions.


**57.** Councillors need to provide effective strategic leadership if councils are to successfully change the way they work. Councillors need to make informed decisions on the increasingly difficult and complex choices they face and to scrutinise whether the council is achieving its priorities. Council officers must support new and returning councillors effectively by providing them with clear and understandable information, and access to necessary and essential training to help them fulfil their role. We have recently published a report on [\*Roles and working relationships in councils – Are you still getting it right?\*](#)  (2016) to support councillors in their difficult and challenging role. The Improvement Service's induction materials may be a useful resources here.



**How can you ensure that you have the right skills and knowledge to help carry out increasingly complex and challenging roles efficiently?**

## Councils need comprehensive long-term financial strategies and plans in place

**58.** Our recent financial overview for 2015/16 highlighted the increasing challenges that councils are having in managing their budgets. About a third overspent social work budgets in 2015/16, similarly about a third underspent education budgets. The need for budgets and forecasts to reflect actual spending becomes increasingly important for councils with decreasing or low levels of usable reserves to draw on. Councils cannot continue to rely on underspends in certain services offsetting overspending elsewhere. Budgets should be revised to reflect true spending levels and patterns. This requires good financial management to ensure spending is accurately forecast and monitored within the year, including systems that allow budgets to be monitored in real time. The impact of current spending approved by councillors on the financial position can only be accurately assessed if budgets are accurate.

**59.** Councils are developing their financial strategies and plans in an increasingly complex environment. The Accounts Commission recognises that the Scottish Government providing funding settlement figures for a single year presents challenges to councils updating medium-term financial plans and having long-term strategies in place. But the absence of indicative funding should not prevent councils projecting future income, and spending and planning accordingly. A longer-term approach to finances provides a context for current decisions and, along with a clear set of financial strategies and principles, creates an overall framework for financial decision-making and sustainability. It is imperative that long-term financial strategies (covering five to ten years) link spending to councils' strategic priorities and that spending plans are considered in this context. Our [\*Local government in Scotland: Financial overview 2015/16\*](#)  highlighted that this is an area where councils can continue to improve.

**60.** Council priorities should be supported by long-term strategies and medium-term plans. Using tools such as scenario planning, councils can consider a range of different scenarios and become more agile in developing their responses. Financial strategies and plans must be aligned to workforce, service and operational plans to ensure that they take account of councils' operating environments. This will ensure the council is financially aware, takes decisions based on financial information and manages the financial risk. [Exhibit 14 \(page 34\)](#) sets out the main elements of the financial planning process and how these interact with key council planning documents.

## Councils need to appraise all possible options for change and involve local communities

**61.** A crucial element of achieving Best Value is using options appraisal effectively to evaluate current and alternative ways to deliver services. There should be rigorous and challenging appraisal of all the options. It is important that councils consider a wide range of alternatives, including fundamentally different approaches, to help each council find the most effective and efficient way to achieve its priorities for its local communities. This includes examining opportunities to work with and give communities powers to deliver services in different ways as well as learning lessons from other councils across the United Kingdom and from wider public service reform. Councillors should get all necessary information and support from officers to help them fully assess the benefits and risks of each option.




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**How fully have you appraised all options for delivering services differently?**

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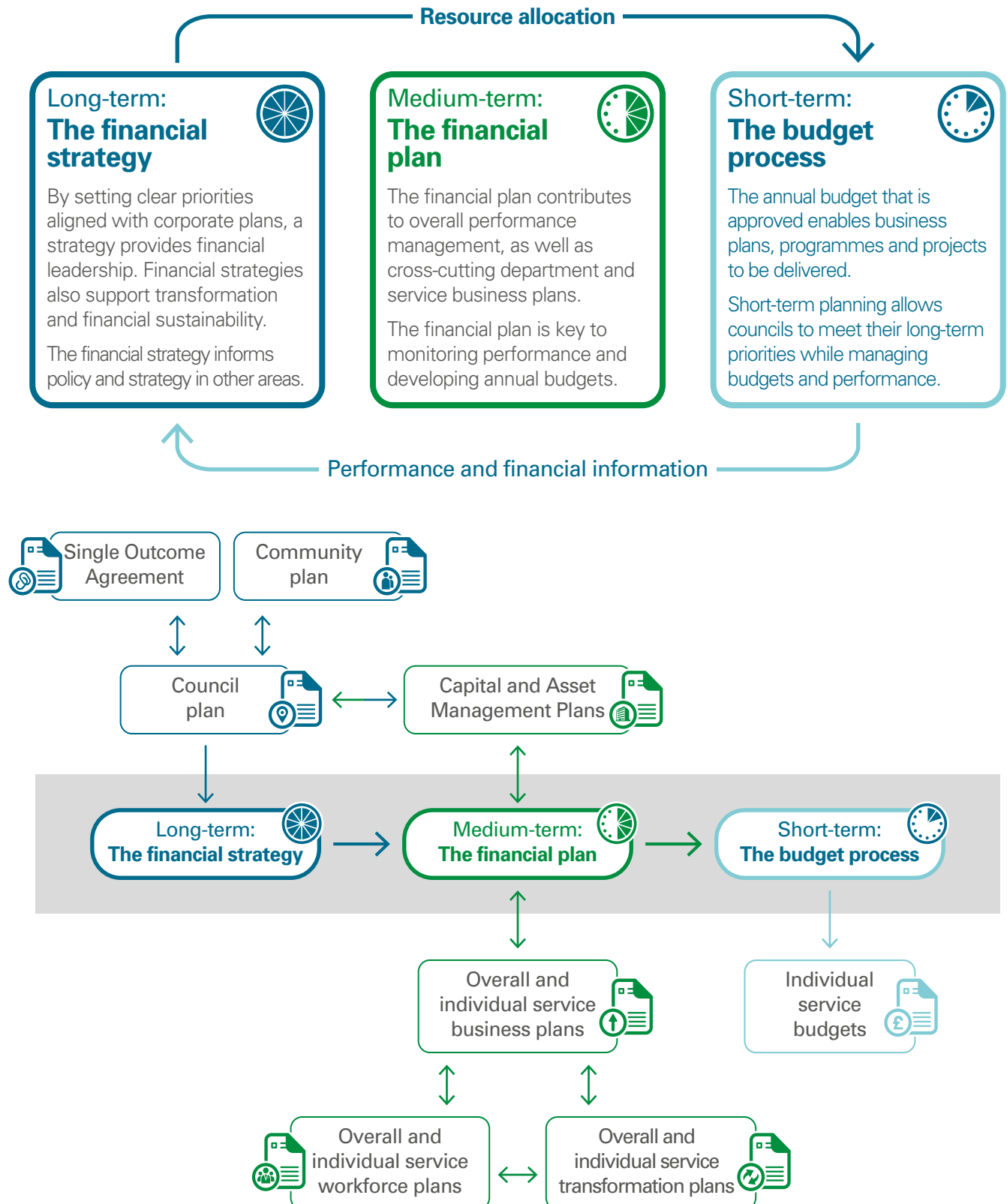
**How can you consider more business in public?**

---

## Exhibit 14

### Key components of council strategic planning and operational management

Financial planning should be linked to operational delivery plans.



Source: Audit Scotland














**62.** When councils and councillors are identifying and approving savings in any service area, it is important that they consider, assess and monitor the impact of their decisions. Councils should:

- identify expected savings
- consider the potential impact on people using services, communities and staff
- monitor how they are achieving savings
- review the impact of reforms on the outcomes that services are delivering.

**63.** We have seen examples of councils engaging well with their communities on important local issues. The Community Empowerment (Scotland) Act 2015 provides, among other things, a statutory basis for local people to be more involved in decision-making and to take ownership of councils' assets. Councils need to understand local expectations of services and to work closely with their communities and the people who use services to redesign how services are delivered. New guidance issued in December 2016 places a statutory duty on CPPs to improve local outcomes. An increased emphasis on joint working is expected to improve community involvement and address inequalities.<sup>21</sup>

# Endnotes



- ◀ 1 This is gross income. Councils' total income in 2015/16 was £18.9 billion, with £10.9 billion being provided by the Scottish Government.
- ◀ 2 [Local government in Scotland: Financial overview 2015/16](#) , Audit Scotland, November 2016.
- ◀ 3 The Scottish Government guarantees the combined general revenue grant and non-domestic rate income figure approved by the Parliament for each council. This means that any reduction in one component of funding is compensated for by an increase in the other.
- ◀ 4 *Scotland's Budget – 2016*, Fraser of Allander Institute, 2016.
- ◀ 5 This assumes that council tax collection rates (and the households this was collected from) would have remained the same and that total funding, and therefore income, would have been adjusted to exclude £70 million of revenue funding provided annually by the Scottish Government to councils to support the council tax freeze.
- ◀ 6 *Scotland's Budget – 2016*, Fraser of Allander Institute, 2016.
- ◀ 7 [School education](#) , Audit Scotland, June 2014. This report shows that performance improved between 2002/03 and 2012/13 against the ten attainment measures examined.
- ◀ 8 Aberdeenshire, Clackmannanshire, East Lothian, Highland, Midlothian, Orkney Islands, Shetland Islands and West Lothian councils.
- ◀ 9 *Public Sector Employment in Scotland*, Scottish Government, June 2016. These figures will include staff who have transferred to or from ALEOs over the period.
- ◀ 10 We reported in our November 2013 audit, [Scotland's public sector workforce](#) , that councils transferred 9,100 FTE posts to ALEOs between 2009/10 and 2012/13.
- ◀ 11 Information collected by auditors as a follow up to [Scotland's public sector workforce](#) , Audit Scotland, November 2013.
- ◀ 12 [Maintaining Scotland's roads: a follow-up report](#) , Audit Scotland, August 2016.
- ◀ 13 [Local government in Scotland: Financial overview 2015/16](#) , Audit Scotland, November 2016.
- ◀ 14 Auditors provided this information in July 2016. We report more information on funding gaps in [Local government in Scotland: Financial overview 2015/16](#) , Audit Scotland, November 2016.
- ◀ 15 [Falkirk Council: Best Value audit report](#) , Audit Scotland, December 2016.
- ◀ 16 [South Ayrshire Council: Best Value audit report](#) , Audit Scotland, June 2016.
- ◀ 17 The full range of indicators includes unit costs and public satisfaction. These are available on the Improvement Service website – [www.improvementservice.org.uk/benchmarking/](http://www.improvementservice.org.uk/benchmarking/) .
- ◀ 18 *Scotland's People Annual Report: Results from the 2015 Scottish Household Survey*, 2016. There are limitations when using this data as survey questions do not fully distinguish the views of the whole adult population on services from the views of those who are direct users of the services. Sample size may also be an issue in some councils.
- ◀ 19 [Social work in Scotland](#) , Audit Scotland, September 2016.
- ◀ 20 *A Plan For Scotland, the Scottish Government's Programme For Scotland 2016-17*, Scottish Government, September 2016.
- ◀ 21 *Community Empowerment (Scotland) Act – Part 2: Community Planning Guidance*, Scottish Government, December 2016.

# Local government in Scotland

## Performance and challenges 2017

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## **NORTH AYRSHIRE COUNCIL**

### **Agenda Item 12**

**30 May 2017**

#### **Audit and Scrutiny Committee**

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**Title:** **Audit Scotland: A review of housing benefit fraud investigation liaison arrangements in Scotland**

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**Purpose:** To inform the Committee of the findings of Audit Scotland's review of housing benefit fraud liaison arrangements in Scotland and highlight North Ayrshire Council performance compared to identified good practice.

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**Recommendation:** That the Committee notes (a) the findings of Audit Scotland's review of housing benefit fraud liaison arrangements in Scotland, as set out at Appendix 1; and (b) their examples of good practice and recommendations for improvement alongside the Council's position as set out at Appendix 2.

---

#### **1. Executive Summary**

- 1.1 The Council administers Housing Benefit and Department for Work and Pensions (DWP) Fraud and Error Service (FES) (formerly Single Fraud Investigation Service) is responsible for the investigation of alleged benefit and tax fraud. Audit Scotland has reviewed the efficiency of the working relationship between Councils and FES and their findings are set out at Appendix 1; their examples of good practice and recommendations for improvement alongside the Council's position are set out at Appendix 2.

#### **2. Background**

- 2.1 The DWP Single Fraud Investigation Service now the Fraud and Error Service (FES) was established to reduce fraud and error across all benefits and tax credits previously administered by DWP, HM Revenues and Customs and Local Authorities. Investigation of Housing Benefit fraud transferred from Local Authorities to FES. The Council transferred its HB counter fraud work on the 1 February 2015; no Council investigation staff transferred to FES and two investigation staff were retained as part of the Council's Corporate Fraud Team.

- 2.2 As Local Authorities continue to administer Housing Benefit and recover fraud overpayments identified by FES there is a requirement for close working arrangements. A National Service Provision Framework is in place and sets out the arrangements for the exchange of data between FES and Local Authorities and this is supported by a UK local agreement with set timescales for the provision of information and escalation routes to resolve issues. Within the Council, benefits staff use a DWP designed referral form to pass cases to FES for investigation and provide claim forms and other documentation as supporting evidence. When fraud is established FES supply Councils with details of the HB overpayment for Councils to recover, request suspension of a claim and impose an administrative penalty. Council staff are required to attend court to provide evidence. Audit Scotland reported there is generally good liaison between Local Authorities and FES and this is the case with the Council with regular liaison meetings taking place.
- 2.3 Section 44 to 63 of Audit Scotland's report sets out the ten local performance indicators contained in a UK local agreement used to ensure the end to end investigation process between Councils and FES is working effectively; Councils are responsible for six of the performance indicators; including referring a case within 5 working days and responding to requests for information or notifying FES of changes to a Housing Benefit claim or overpayment amount within 10 working days. FES is responsible for four indicators including informing Councils of an investigation or suspension of a claim within 2 working days and the outcome of an investigation within 5 working days. The exchange of data between Councils and FES is essential for the prevention, detection and investigation of Housing Benefit fraud. Audit Scotland found that neither FES or Councils were monitoring performance to the level required. The Council does actively respond to information requests from FES but performance indicators are not currently measured as staff have focused on other work priorities including the payment of Housing Benefit to low income households. Monitoring procedures are now in place for 2017/18.
- 2.4 Audit Scotland reported that there is a lack of management information to record outcomes and measure performance against targets. Part of Audit Scotland's management information review found that the number of referrals from Local Authorities that result in a case being passed to the Procurator Fiscal has declined since FES was established but the report makes no reference to improved data matching and real time information checks with HM Revenues and Customs which may prevent fraud from occurring in the first place.

- 2.5 During Audit Scotland's review the DWP acknowledged that the liaison arrangements could be improved. A Housing Benefit Fraud Issues Progression Group has been established and a seminar held with all Scottish Councils, including North Ayrshire Council, in July 2016 to agree improved liaison and joint working arrangements. The Council's Benefits Service hold quarterly liaison meetings with FES to discuss issues and share good practice.
- 2.6 The referral system used by Councils to pass an alleged Housing Benefit fraud case to FES for investigation needs to be improved; it has to capture sufficient information to allow FES to make an informed decision. The quality of the Council's referrals is not an issue with FES.
- 2.7 Audit Scotland highlighted that there is a risk that the current process between FES and Local Authorities does not provide assurances that public funds are being protected as fraudulent claims are not always dealt with appropriately; fraudulent claimants are not always subject to sanction or prosecution; and overpayments are not consistently created and recovered. This is not an issue for the Council; liaison with FES is good and meetings are used to highlight any operational issues.
- 2.8 The DWP provides Local Authorities with Extra Burdens Funding to cover the administration costs associated with the transfer of counter fraud work to FES, this is allocated based on Housing Benefit caseload. Audit Scotland found that Councils who refer a higher number of cases receive a lower amount of subsidy per case which could act as a disincentive to refer cases; Audit Scotland has called for the referral funding methodology to take account of a predefined quality standard. The Council received DWP Extra Burdens Funding of £16,837 for financial years 2014/15 to 2016/17; FES has no issue with the quality of the Council's referrals but the importance of on-going training for benefits staff is recognised and planned. Referrals are made online and no record of the number submitted by the Council is kept, FES cannot provide a breakdown of the number of referrals received at a local level. The number of referrals made by the Council in 2017/18 will be recorded.
- 2.9 Appendix 2 to this report notes North Ayrshire's position relative to the good practice identified by Audit Scotland, North Ayrshire's approach largely aligns with this. Appendix 2 also notes North Ayrshire's planned action in respect of areas for improvement; the majority of these will be discussed at the next liaison meeting with FES.

### 3. Proposals

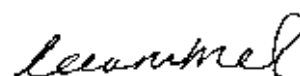
- 3.1 That the Committee notes (a) the findings of Audit Scotland's review of housing benefit fraud liaison arrangements in Scotland, as set out at Appendix 1; and (b) their examples of good practice and recommendations for improvement alongside the Council's position as set out at Appendix 2.

### 4. Implications

<b>Financial:</b>	Any delay in the investigation of Housing Benefit fraud by FES increases the risk of an overpayment of Housing Benefit which attracts only 40% DWP subsidy. The Council is responsible for the recovery of Housing Benefit overpayments and early identification and investigation of a fraudulent overpayment by FES is vital to minimise overpayments and maximise the Council's subsidy levels.
<b>Human Resources:</b>	None
<b>Legal:</b>	None
<b>Equality:</b>	None
<b>Environmental &amp; Sustainability:</b>	None
<b>Key Priorities:</b>	None
<b>Community Benefits:</b>	None

### 5. Consultation

- 5.1 The Council's Corporate Fraud Team was consulted on Audit Scotland's findings.



LAURA FRIEL  
Executive Director (Finance and Corporate Support)

Reference : SH

For further information please contact Stephen Humphries Senior Manager Revenues and Benefits on 01294 310106

#### Background Papers

**Audit Scotland: A review of housing benefit fraud investigation liaison arrangements in Scotland**



# A review of housing benefit fraud investigation liaison arrangements in Scotland



ACCOUNTS COMMISSION 

Prepared by Audit Scotland  
December 2016

**Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.**

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# Contents

<b>Executive summary .....</b>	<b>4</b>
<b>Background.....</b>	<b>5</b>
Development and pilots .....	5
FES objectives .....	6
Current arrangements .....	6
Funding .....	7
Our work .....	8
<b>Findings.....</b>	<b>9</b>
Good practices .....	9
Key issues and areas for improvement.....	10
The referral process .....	11
Local agreement .....	13
FES performance indicators .....	14
Investigation outcomes.....	17
<b>Endnotes .....</b>	<b>18</b>
<b>Appendix 1: Timetable of FES rollout in Scotland.....</b>	<b>19</b>

# Executive summary

1. The Department for Work and Pensions (DWP) recently estimated that overpayments of housing benefit (HB) due to fraud and error increased between 2014/15 and 2015/16 from 5.3% to 6% of HB expenditure. This amounts to a rise in monetary terms from £1.28 billion to £1.46 billion, the highest rate recorded.
2. The prevention, detection and investigation of fraudulent HB claims are important aspects of a secure and effective benefit service. Counter-fraud activities help to protect public funds by ensuring that fraudulent claims are identified and sanctions are applied where appropriate.
3. Since November 2007, Scottish local authority HB counter-fraud arrangements have been reviewed as part of Audit Scotland's HB risk assessment process. This report provides the findings from a review of the efficacy of the arrangements between local authorities and DWP since the responsibility for HB counter-fraud work transferred from local authorities to DWP's Fraud and Error Service (FES).
4. This process commenced in July 2014 and concluded in March 2016, and our report is intended to highlight areas of good practice, while identifying issues affecting performance, and recommending where improvements could be made. The key messages from our review are as follows:
  - There is generally good liaison between local authorities and FES, particularly where the local authority previously employed the investigator.
  - There is a risk that the current process does not provide sufficient assurance that public funds administered by local authorities are being protected as:
    - potentially fraudulent claims are not always being dealt with appropriately
    - fraudulent claimants are not always being subject to sanction or prosecution action
    - fraudulent overpayments are not consistently being created and recovered, where appropriate.
  - Performance against the performance indicators contained within the UK 'Local agreement' is not being routinely recorded, monitored, and reported by FES or local authorities.
  - There is no standard approach for local authorities, using internal IT systems, or via DWP's Fraud Referral and Incident Management System (FRAIMS), to record and monitor the progress of fraud referrals sent to FES, and consequently there is a lack of management information nationally and locally that could be used to:
    - measure the outcomes from local authority fraud referrals
    - determine the effectiveness of the fraud referral process against UK performance indicators

- help identify and resolve recurring issues
- highlight good practice.
- As part of the review of management information, the effectiveness of the new arrangements in respect of the number of local authority referrals that result in a referral to the Procurator Fiscal should be undertaken. Analysis of the questionnaire data suggests that numbers have declined significantly since responsibility transferred to DWP.
- The UK fraud referral form should be reviewed and updated to ensure that it captures a minimum level of information to allow DWP's Central Referral Services (CRS) staff to make a fully informed decision on appropriate further action.
- Local authority decision makers need to provide clear guidance to FES on what information is required to allow an HB overpayment decision and calculation to be made.
- In order to encourage high quality referrals, and ensure that local authorities are being suitably funded, DWP should consider reviewing the funding methodology to take account of the number of referrals made that meet a pre-defined and agreed quality standard, that are subsequently accepted for compliance or investigation action.
- DWP and local authorities in Scotland are committed to delivering process improvements and changes to procedures, and to implementing a structured and regular approach to local liaison. These activities included the establishment of the HB Fraud Issues Progression Group (HBFIPG) as a forum to discuss, prioritise and resolve issues.
- In addition, a FES seminar was held for Scottish local authorities in July 2016 with a view to understanding and addressing the issues that were affecting performance, and developing a strategy for improved liaison and joint working.

## Background

5. The Local Government in Scotland Act 2003 introduced statutory duties relating to Best Value and Community Planning. The key objective of this review is to determine the extent to which benefit services are meeting their obligations to achieve continuous improvement in respect of HB counter fraud activities. Information for this review was gathered from officers in Scottish councils and the DWP.

### Development and pilots

6. In 2010, the joint DWP/HM Revenues and Customs (HMRC) fraud and error strategy proposed a Single Fraud Investigation Service (SFIS) to address fraud across all benefits and tax credits, whether administered by DWP, HMRC, or local authorities. The main objective of

the policy was to ensure that all types of social security benefit and tax credit fraud are investigated according to a single set of guidance and priorities.

7. In preparation for this change, in early 2013 a number of local authority pilots in the UK, which included Glasgow City Council, tested a variety of partnership approaches and a single set of policies and procedures in order to identify the best delivery model. The pilots also tested the different attributes of the service, including how SFIS worked in a Universal Credit environment, and how it worked as part of counter-fraud processes to help combat crime.
8. As a result of the success of these pilots, in the 2013 Autumn Statement, the Chancellor of the Exchequer formally announced the formation of SFIS (now FES), under the auspices of the DWP, with responsibility for investigating HB fraud and tax credit fraud. Previously, local authorities and HMRC were responsible for these investigations. The Crown Prosecution Service in England and Wales and the Procurator Fiscal in Scotland conduct prosecutions arising from fraud investigations.

## FES objectives

9. The main objectives of FES are to:
  - operate under a single policy and set of operational procedures for investigating all welfare benefit fraud
  - conduct single investigations covering all welfare benefit fraud
  - rationalise existing investigation and prosecution policies in order to create a more coherent investigation service that is joined up, efficient, and operates in a more consistent and fair manner, taking into account all offences that are committed
  - enhance closer working between DWP, HMRC and local authorities, and bringing together the combined expertise of all three services drawing on the best practices of each
  - support the fraud and error integrated strategy of preventing fraud and error getting into the benefit system by detecting and correcting fraud and punishing and deterring those who have committed fraud.
10. The transfer of counter-fraud work from local authorities commenced nationally in July 2014 and concluded in March 2016 (see *Appendix 1*). In total, over 70 local authority fraud investigation staff also transferred to DWP during this period, and since March 2016, FES has conducted single welfare benefit fraud investigations to one set of policies and procedures for all local authorities.

## Current arrangements

11. While local authorities have not been conducting HB fraud investigations since March 2016, there remains an ongoing need for close working with FES in respect of the exchange of data.

Local authorities can refer cases to FES for investigation and, when a case is accepted, will be required to provide FES with evidence, such as copies of claim forms and other supporting documentation.

12. When a fraud or error has been established, local authorities may also be asked to provide FES with details of the amount of overpayment that has arisen as a result, attend court if required, and take appropriate action to recover the HB overpayment.
13. In addition, FES are required to provide the local authority with information to allow them to monitor the progress of an investigation, and to take appropriate action as required, for example, to suspend a claim.
14. The requirements of the exchange of data are set out in the UK local agreement, which was agreed and signed by FES and local authorities as part of the transfer of responsibility for HB fraud investigations to DWP. The local agreement contains ten key performance indicators, the name of a single point of contact (SPOC) for each organisation, and details of the escalation route to address any issues.

## Funding

15. Local authorities receive subsidy payments from DWP at the end of each financial year in order to reclaim most of the HB paid to claimants. For overpayments of HB due to fraud or claimant error, local authorities receive 40% of the value paid. For overpayments due to local authority error, subsidy is paid at a rate between 0% and 100%.
16. In line with DWP's new burdens doctrine, local authorities receive an agreed payment to help mitigate the financial impact of the administration involved with the transfer of counter-fraud work to FES. In 2014/15, all Scottish local authorities where counter-fraud work transferred to FES between 1 July 2014 and 31 March 2015 were paid an amount dependant on the proportionate average size of the local authority HB caseload (based on the previous 12 months), and the number of months between the 'go live' date and the end of the financial year.
17. As 2014/15 was the first year of transfer, all local authorities that did not transfer during the year received a one off payment of £562 towards costs relating to human resource or other miscellaneous activity arising from the transfer project.
18. In 2015/16, payments to local authorities were based on the same methodology as the previous year, but also took into account DWP's expectation that 77,000 referrals would be made to FES from across the UK during the year.
19. In 2016/17, payments to local authorities were based on the same methodology as the previous year but also took account of FES management information for 2015/16 when 40,538 referrals were received by FES, from across the UK.

20. However, following discussions with local authority representatives, it was agreed that the number of referrals was lower than expected as local authorities adopted and became familiar with new processes. Consequently, the number of referrals used to calculate the new burdens payment for 2016/17 was increased to 45,000.
21. When we analysed the funding data in respect of the 27 local authorities that recorded referral data, for the period 1 July 2014 to 31 May 2016, we found a disproportionate amount of funding was provided to local authorities per case referred as detailed in Exhibit 1 below.

Exhibit 1: New burdens payments 1 July 2014 to 31 May 2016			
	Number of cases referred	Amount of subsidy received	Subsidy per referral
All local authorities	4,427	£297,324	£67
Local authority A	479	£9,772	£20
Local authority B	24	£2,417	£101
Local authority C	2	£2,525	£1,263

Source: DWP subsidy circulars S9/2014, S8/2015 (revised), and S5/2016

22. As the current funding methodology does not take account of the number of cases referred, or the quality of referrals received by FES, we consider that this approach is financially detrimental to authorities that are referring more cases, and could act as a disincentive, as the amount of resource required to manage the referral process would be significantly greater than in local authorities that refer fewer cases.
23. In order to encourage high quality referrals, and ensure that local authorities are being appropriately funded, DWP should consider reviewing the funding methodology to take account of the actual number of referrals made per local authority that meet a pre-defined and agreed quality standard, that are subsequently accepted for compliance or investigation action.

## Our work

24. In June 2016, Audit Scotland issued a questionnaire to each of the 32 Scottish local authorities in order to determine the effectiveness of the liaison arrangements. The questionnaire requested performance information, details of local good practice, local issues, and suggestions for improvement. To ensure a holistic approach, we also met with the FES Group Manager for Scotland and a FES Fraud team leader, and had discussions with senior officers from DWPs Housing Delivery Division.



25. Since we commenced our study, it is acknowledged that DWP had recognised that the current arrangements were not effective overall, had identified, and was working on a number of activities to address the issues in order to improve performance and procedures.
26. These activities included the establishment of the HB Fraud Issues Progression Group (HBFIPG) as a forum to discuss, prioritise and resolve issues, including changes and recommendations arising from previous reviews of the HB counter-fraud process, and commissioning its Performance Development Team (PDT) to produce reports on:
  - the issues associated with the rollout of FES
  - a review of the end-to-end fraud referral process.
27. In addition, a FES seminar was held for Scottish local authorities in July 2016 with a view to understanding and addressing the issues that were affecting performance, and developing a strategy for improved liaison and joint working.
28. As outcomes, the reports produced by the PDT provided a number of recommendations, which DWP are taking forward through the HBFIPG, and FES (Scotland) has established a programme of liaison meetings as the platform for raising issues and the sharing of good practice. As a minimum, a DWP and a local authority representative from each District (North, East, West and Central) will attend these meetings.
29. This report is therefore intended to complement and support the work of DWP and our findings and recommendations are set out below.

# Findings

## Good practices

30. A number of working practices, which have helped improve efficiency and effectiveness, have been introduced in some local authorities. These include:
  - Dundee City Council monitors and tracks the electronic local authority information exchange form (LAIEF) between the local authority and FES on their benefits workflow system. The council has also been working closely with FES officers, and has provided training to local FES staff in order to help improve FES and local authority processes.
  - A separate team in Glasgow City Council deal with all adjudications. This allows learning from previous adjudications that may be similar. This team also attend court, as required, and there is a dedicated administrator who works with the local authority's decision makers.
  - A senior HB officer at Inverclyde Council vets all referrals before submission to FES to ensure they would have reached the standard for investigation by the local authority.

- Aberdeen City Council fraud officers input the date the case was opened by FES on the LAIEF in order to monitor progress of an investigation.
- The Scottish Borders Council is considering providing access to the local authority benefits IT system for its ex-fraud officers that transferred to FES. This would allow these officers to gather evidence for investigations independently. The local authority is also setting up sessions for FES officers to provide local authority staff with fraud and compliance awareness training.

## Key issues and areas for improvement

31. A number of recurring issues and suggested improvements to the fraud referral process and the measurement of outcomes were identified during this review.
32. As previously mentioned, the FES (Scotland) seminar in July 2016, which was well attended by Scottish local authorities, was held in recognition of the need to improve the relationship between DWP and local authorities, and to identify areas for improvement in order to deliver a more cohesive investigation process across Scotland.
33. The types of issues raised in response to our questionnaire included:
  - cases being closed or transferred to DWP's compliance team for non-criminal action without local authorities being informed, and investigation outcomes not being provided resulting in local authorities not knowing if customers had been sanctioned or prosecuted
  - the lack of sufficient information provided to local authorities to allow adjudication officers to make robust overpayment decisions
  - issues when sending supporting documentation by e-mail as size restrictions mean that documentation cannot always be sent in one e-mail. This provides additional work for FES who need to ensure that separate emails in respect of the same referral are identified and collated
  - local authorities being asked to provide FES with all 'relevant' information when it is not clear what FES considers to be relevant
  - a lack of regular liaison meetings between local authorities and FES to discuss policy and operational matters
  - the LAIEF document does not include the space or functionality to allow local authorities to update relevant sections
  - referrals being lost by FES resulting in additional workloads and cost for local authorities to re-refer the case, and the potential increase in any resultant overpayment.
34. The following section looks in detail at the fraud referral process and the local agreement, which contains the key performance measures that set the parameters for joint working.

## The referral process

35. In order to ensure a consistent approach, FES and each local authority nominate a SPOC to manage the fraud referral and investigation process. In local authorities the SPOC is responsible for ensuring that a fraud referral and supporting evidence is submitted to FES in the prescribed manner, responding to FES enquiries, and ensuring that appropriate action is taken at the conclusion of investigation or compliance activity. In FES, the SPOC is the person that the local authority would contact if there was a query, or an issue to be resolved.
36. Generally, where there is an allegation that an HB claim is potentially fraudulent and the local authority has sufficient information to support an investigation, a standard fraud referral form is completed and e-mailed to a dedicated FES email account. When received by FES, the local authority receives an automated response from the FRAIMS system acknowledging receipt.
37. Once received, DWPs Central Referral Services (CRS) carries out checks on DWP systems to provide as much background information as possible to enhance the referral. These checks include:
  - establishing if the customer is in receipt of benefit
  - the value of any potential overpayment
  - whether there has been a previous fraud
  - details of the household composition.
38. As part of this process, CRS complete a 'routing minute', which contains the details of the allegation from the fraud referral form and background information from the referral enhancement checks of DWP systems. This process allows CRS officers to make a routing decision based on the potential value of the overpayment as follows:
  - Generally, where the potential overpayment is less than £2,000, the case is routed to the FES Compliance (non-criminal) team.
  - Where the potential overpayment is £2,000 or above, or less than £2,000 and where there is fraudulent intent and/or it is a repeat offence, the case is routed to FES Local Service Investigation (LSI) to conduct a criminal investigation.
  - Where there is insufficient information to support either criminal or non-criminal action, the case is closed on the FRAIMS system and removed after 14 weeks as part of a data cleansing routine.
39. Once the routing process is complete, the electronic LAIEF is used by FES to keep the local authority informed on the progress of a referral, to request further information, as appropriate, and to advise the local authority on the outcome at the conclusion of investigation or compliance activity. The LAIEF is also used by the local authority to provide FES with HB information throughout the course of an investigation.

## FES Local Service Compliance

40. FES Local Service Compliance teams carry out face-to-face interviews with customers where the level of potential fraud is less than £2,000, or there is insufficient evidence or extenuating circumstances that would not support a prosecution or administrative penalty.
41. The compliance interview is not a criminal investigation and therefore not carried out under caution. The purpose of the interview is to:
  - ensure that the customer is receiving the correct benefit entitlement
  - obtain the necessary information to enable a potential overpayment/underpayment to be calculated
  - establish the causes of the potential overpayment/underpayment
  - advise the customer how to stop any future overpayment/underpayment from recurring
  - explain the possible consequences of not complying in future, where appropriate.
42. Where it has been established following a compliance interview that there has been a failure to report a change of circumstances, where there is an HB implication, the information is referred to local authority decision makers, to create an overpayment and initiate recovery action, as appropriate.

## FES Local Service Investigations

43. Where the potential fraud is £2,000 or more, and/or where there is fraudulent intent, and/or it is a repeat offence, a fraud referral will be dealt with by FES local service investigation officers. These staff are highly trained in fraud investigation techniques and carry out interviews under caution. Where fraud is established a customer could be sanctioned or prosecuted.

### Recommendations for improvement

- |   |  |
|---|--|
| 1 | The fraud referral form should be reviewed and updated to ensure it captures all relevant information at the point of completion. This should include the name of the local authority sending the referral, the amount of the potential fraud, and the full contact details of the SPOC.   |
| 2 | Local authorities and FES should work together to define and agree a minimum quality standard for local authority fraud referrals, and to ensure that the SPOC is fully trained to deliver this standard. In addition, local authorities and FES should develop a programme of management checks to ensure that only high quality referrals are sent to FES. |
| 3 | Local authorities and FES should establish a more robust method for recording and monitoring referrals, the outcomes, and the exchange of information between both   |

### Recommendations for improvement

- |   |  |
|---|--|
| 4 | <p>organisations that provides for a complete audit trail of actions taken that is open to scrutiny.</p> <p>In HB only cases, where an overpayment is estimated to be less than £2,000, and the local authority has the required level of evidence to support this, in consultation with FES, consideration should be given as to whether the action to create and recover the overpayment is best placed with the local authority, therefore reducing the number of cases referred for compliance action.</p> |
|---|--|

## Local agreement

44. The local agreement has six key performance indicators for local authority activity that FES should be monitoring, and four key performance indicators for FES activity that local authorities should be monitoring.
45. The aim of these performance indicators, which cover the end-to-end investigation process, is to provide for an efficient and effective relationship between each organisation to ensure that investigation and compliance activity is conducted in a professional and timeous manner. Exhibit 2 sets out the performance indicators in detail.

### Exhibit 2: Local agreement performance indicators

Local authority performance indicators	Timescale
<b>Local authority</b> - CRS referral routing	Within five working days
<b>Local authority</b> - during case build, respond to requests for claim forms etc. prior to Interview Under Caution (IUC)	Within 10 working days
<b>Local authority</b> - during an investigation, where identified, inform FES of changes to entitlement to HB or council tax reduction	Within two working days
<b>Local authority</b> - following IUC, respond to requests for further information, for cases appropriate for prosecution action	Within 10 working days
<b>Local authority</b> - during an investigation, inform FES of the amount of any overpayment which will include any underlying entitlement	Within 10 working days
<b>Local authority</b> - consider offering an Administrative Penalty as an alternative to prosecution and advise FES of the decision	Within 10 working days
<b>FES performance indicators</b>	
<b>DWP</b> - FES investigator to inform local authority of decision to investigate	Within two working days

**Exhibit 2: Local agreement performance indicators**

<b>DWP</b> - FES to contact local authority for consideration of claim suspension	Within two working days of establishing factual evidence
<b>DWP</b> - FES to advise the local authority of the outcome of an Administrative Penalty offer	Within five working days
<b>DWP</b> - FES to notify the local authority of the outcome at the conclusion of the investigation	Within five working days

46. In order to monitor these performance indicators, local authorities and FES should have procedures and systems in place to ensure that the recording of referrals to FES is consistent and robust, and that regular monitoring is carried out to ensure compliance. However, from our analysis of the returned questionnaires from the 32 Scottish local authorities, and our discussions with FES (Scotland) senior management, it is clear that neither organisation is routinely recording or monitoring performance.
47. We were told by FES that the FRAIMS system is limited in respect of the management information that is available, and that it is not possible to determine FES or local authority performance against any of the performance indicators. In addition, although 27 of the 32 Scottish local authorities recorded the number of cases referred to FES, none had sufficient management information to determine local authority or FES performance against all of the indicators.
48. Consequently, our analysis is limited to the information provided by local authorities on our questionnaire in respect of the four performance indicators in the local agreement that FES should be meeting to keep them informed on the progress of a referral from receipt to outcome.

**Recommendation for improvement**

5	The UK local agreement should be reviewed and updated to ensure that performance indicators are relevant and achievable, and are recorded and routinely monitored to allow FES and local authorities to report on performance in a consistent and robust manner.
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**FES performance indicators**

49. It is acknowledged that our analysis provides an indication of performance from a local authority perspective and is not based on a complete dataset, as some local authorities did not capture the necessary performance information. However, as FES are currently unable to

provide any national MIS to challenge these figures, or provide performance from a FES perspective, we consider that our analysis is representative of the issues being experienced.

50. It also provides an opportunity for both organisations to learn and improve current processes and procedures to ensure that future performance management is robust, consistent and open to scrutiny. The recent recognition and significant work already carried out by DWP into the current arrangements supports these findings.

### FES investigator to inform the local authority of decision to investigate

51. The purpose of this performance indicator is to notify the local authority that an investigation has commenced which could lead to a sanction and/or overpayment. In notifying the local authority, it enables them to deal with any subsequent enquiries from the customer, and helps to ensure that a FES investigation is not compromised. In such cases, FES should send a LAIEF to the local authority within two working days of receiving the case.
52. In respect of the 32 local authorities that completed our questionnaire, a total of 4,427 referrals to FES were made between 1 July 2014 and 31 May 2016. Of these, we found that 16 local authorities were not fully capturing information in respect of this performance indicator and were unable to report on how many cases FES had advised of a decision to investigate within the required timeframe.
53. Details of performance against this indicator in respect of the 16 local authorities that recorded this information is provided at Exhibit 3 below.

**Exhibit 3: FES investigator to inform local authority of decision to investigate (within two working days from receipt of referral)**

	Number of cases	Number advised	Number advised within timescale
<b>2014/15</b>	1,599	191 (12%)	32 (17%)
<b>2015/16 (31 May 16)</b>	688	145 (21%)	17 (12%)
<b>Totals</b>	<b>2,287</b>	<b>336 (15%)</b>	<b>49 (15%)</b>

Source: Scottish local authorities

### FES to contact local authority for consideration of claim suspension

54. The purpose of this performance indicator is to request the local authority to suspend a claim under investigation within two working days of establishing factual evidence, to ensure that the local authority does not continue to pay HB where there is no entitlement. It is also important that FES provide the local authority with sufficient information in order to support a suspension request.



55. Details of performance against this indicator in respect of the five local authorities that recorded this information is provided at Exhibit 4 below.

**Exhibit 4: FES to contact local authority for consideration of claim suspension (within two working days of establishing factual evidence)**

	Number of cases	Number advised	Number advised within timescale
<b>2014/15</b>	Data not available	6	4 (67%)
<b>2015/16 (31 May 2016)</b>	Data not available	8	1 (13%)
<b>Totals</b>		<b>14</b>	<b>5 (36%)</b>

Source: Scottish local authorities

56. In the period 1 July 2014 to 31 May 2016, analysis of the questionnaire returns from the 32 Scottish local authorities showed that 4,427 cases had been referred to FES. It is therefore unlikely that in only 14 cases (0.3%) FES had contacted the local authority to suspend a claim.
57. However, as there is no record of the date that FES had established factual evidence on the LAIEF, and FES and local authorities are not routinely recording this information, this performance indicator cannot be accurately measured.

**FES to advise local authority of the outcome of an administrative penalty offer**

58. The purpose of this performance indicator is to provide the local authority with sufficient information to determine the impact on a customer's HB claim in the event that fraud has been established by FES. This is particularly important as the local authority is required to pursue any subsequent HB overpayment, and early intervention would help the local authority to initiate recovery action in respect of the fraudulent overpayment and the administrative penalty in a timely manner.
59. Full details of performance against this indicator in respect of the eight local authorities that recorded this information is provided at Exhibit 5 below.

**Exhibit 5: FES to advise the local authority of the outcome of an administrative penalty offer (within five working days)**

	Number of cases	Number advised	Number advised within timescale
<b>2014/15</b>	Data not available	98	41 (42%)
<b>2015/16 (31 May 2016)</b>	Data not available	8	4 (50%)



**Exhibit 5: FES to advise the local authority of the outcome of an administrative penalty offer (within five working days)**

<b>Totals</b>		<b>106</b>	<b>45 (42%)</b>
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Source: Scottish local authorities

**FES to notify the local authority of the outcome at the conclusion of the case**

60. This performance indicator provides the local authority with details of the outcome of an investigation in order for appropriate action to be taken. For example, to calculate and initiate the recovery of a fraudulent overpayment.
61. Full details of performance against this indicator in respect of the eight local authorities that recorded this information is provided at Exhibit 6 below.

**Exhibit 6: FES to notify local authority of the outcome at the conclusion of the investigation (within five working days)**

	<b>Number of cases</b>	<b>Number advised</b>	<b>Number advised within timescale</b>
<b>2014/15</b>	Data not available	203	199 (98%)
<b>2015/16 (31 May 2016)</b>	Data not available	74	26 (35%)
<b>Totals</b>		<b>277</b>	<b>225 (81%)</b>

Source: Scottish local authorities

**Investigation outcomes**

62. In order to compare the effect of the transfer of responsibility for HB counter-fraud work to FES in respect of fraud investigation outcomes, we asked each local authority to provide information on the number of cases referred to the Procurator Fiscal, and the number of administrative penalties offered in the last full financial year before responsibility transferred to FES. We also sought similar information from FES.
63. However, although the majority of local authorities provided this information, we were unable to establish the same details from FES and therefore a comparison was not possible. However, analysis of the questionnaire data suggests that numbers have declined significantly since responsibility transferred to FES.

**Recommendation for improvement**

<b>6</b>	FES should seek to develop management information to determine the effectiveness of fraud investigations that it conducts on behalf of local authorities and consider
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**Recommendation for improvement**

- reporting performance on a regular basis. Such information could include:
- the number and percentage of local authority referrals dealt with by Compliance that resulted in an overpayment
  - the number and percentage of local authority referrals dealt with by Compliance that resulted in no further action
  - the number and percentage of local authority referrals dealt with by Local Service Investigation that resulted in an administrative penalty
  - the number and percentage of local authority referrals dealt with by Local Service Investigation that resulted in a prosecution.

# Endnotes

[Housing Benefit Good Practice Guide: Initiatives which deliver best value](#), Audit Scotland April 2016

[Benefit performance audit: Annual update 2015/16](#), Audit Scotland June 2016

[Review of housing benefit subsidy certification issues 2014/15](#), Audit Scotland January 2016

[Review of activity to reduce fraud and error in housing benefit](#), Audit Scotland September 2015

[Benefits performance audit: Annual Update 2014/15](#), Audit Scotland June 2015

[Review of auditors' housing benefit subsidy claim reported errors 2013/14](#), Audit Scotland, February 2015

# Appendix 1: Timetable of FES rollout in Scotland

64. The table below details the order that HB counter-fraud work was transferred from local authorities to FES.

Local authority	Date transferred
East Ayrshire	July 2014
Dumfries and Galloway	October 2014
South Ayrshire	October 2014
East Dunbartonshire	October 2014
North Lanarkshire	October 2014
Falkirk	October 2014
Glasgow	November 2014
South Lanarkshire	November 2014
Edinburgh	November 2014
East Lothian	November 2014
Fife	December 2014
North Ayrshire	February 2015
West Lothian	February 2015
Stirling	February 2015
Scottish Borders	March 2015
West Dunbartonshire	March 2015
Aberdeen City	April 2015
Aberdeenshire	May 2015
Angus	May 2015
Dundee	June 2015
Perth and Kinross	July 2015
Western Isles	July 2015

Local authority	Date transferred
Highland	August 2015
Moray	August 2015
Orkney	August 2015
Shetland	September 2015
Midlothian	October 2015
Argyll and Bute	October 2015
Clackmannanshire	October 2015
East Renfrewshire	December 2015
Inverclyde	February 2016
Renfrewshire	March 2016

## Appendix 2

Good Practice identified by Audit Scotland	NAC Position
Dundee City Council monitors and tracks the electronic local authority information exchange form (LAIEF) between the local authority and Fraud and Error Service (FES) on their benefits workflow system. The council has also been working closely with FES officers, and has provided training to local FES staff in order to help improve FES and local authority processes.	<p>The LAIEF's started to be recorded from August 2016 after FES conference. They are also recorded on the Benefit Service workflow system; work messages are created and allocated to Team Leaders for action.</p> <p>The Council has close working relationship with FES which includes quarterly meetings. If there are any issues in between times staff from FES or Benefits contact each other to resolve matters. There have been no cases escalated since the introduction of FES.</p>
A separate team in Glasgow City Council deal with all adjudications. This allows learning from previous adjudications that may be similar. This team also attend court, as required, and there is a dedicated administrator who works with the local authority's decision makers.	All FES requests for re-assessment and associated administrative tasks are dealt with by Team Leaders. Team Leaders also attend court to give evidence as necessary.
A senior HB officer at Inverclyde Council vets all referrals before submission to FES to ensure they would have reached the standard for investigation by the local authority.	Referrals are completed online so are not currently vetted before submission. Staff are reminded regularly of the need for quality referrals. This is discussed at the local liaison meetings; the quality of referrals is not currently an issue with FES.
Aberdeen City Council fraud officers input the date the case was opened by FES on the LAIEF in order to monitor progress of an investigation.	At present the LAIEF spreadsheet records the date the first request for information was received from FES and is monitored from this date onwards.
The Scottish Borders Council is considering providing access to the local authority benefits IT system for its ex-fraud officers that transferred to FES. This would allow these officers to gather evidence for investigations independently. The local authority is also setting up sessions for FES officers to provide local authority staff with fraud and compliance awareness training.	There is no data sharing agreement in place that provides external access to the Council's benefit system to FES investigation staff. North Ayrshire does not consider it appropriate to provide access to its ICT System. Fraud awareness training has been discussed locally and is arranged for 2017/18.

Audit Scotland recommendations for improvement	NAC Position
The fraud referral form should be reviewed and updated to ensure it captures all relevant information at the point of completion. This should include the name of the local authority sending the referral, the amount of the potential fraud, and the full contact details of the SPOC.	The referral form is used nationally and there would be some benefit in a joint exercise between the DWP and local authorities to review the form. This will be raised at the next available local liaison meeting with FES.
Local authorities and FES should work together to define and agree a minimum quality standard for local authority fraud referrals, and to ensure that the SPOC is fully trained to deliver this standard. In addition, local authorities and FES should develop a programme of management checks to ensure that only high quality referrals are sent to FES.	Quality standards is a national issue and should be considered at the same time as the review of the referral form to ensure the right questions and quality of information is being provided. This will be raised at the liaison meetings.
Local authorities and FES should establish a more robust method for recording and monitoring referrals, the outcomes, and the exchange of information between both organisations that provides for a complete audit trail of actions taken that is open to scrutiny.	The referral process and the exchange of information can be improved by the recording and monitoring of all referrals and the outcomes achieved; this will be discussed at the next available FES liaison meeting.
In HB only cases, where an overpayment is estimated to be less than £2,000, and the local authority has the required level of evidence to support this, in consultation with FES, consideration should be given as to whether the action to create and recover the overpayment is best placed with the local authority, therefore reducing the number of cases referred for compliance action.	At present FES decide if a case should be passed to their compliance team and the Council recover the overpayment. This issue will be raised at the next liaison meeting.
The UK local agreement should be reviewed and updated to ensure that performance indicators are relevant and achievable, and are recorded and routinely monitored to allow FES and local authorities to report on performance in a consistent and robust manner.	The UK local agreement signed at the inception of FES is out of date and needs reviewed. This will require input from the DWP and local authorities. This will be raised at the next available FES liaison meeting to progress this matter nationally.



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## NORTH AYRSHIRE COUNCIL

### Agenda Item 13

30 May 2017

#### Audit and Scrutiny Committee

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**Title:** Corporate Fraud Annual Report 2016/17

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**Purpose:** To provide the Audit and Scrutiny Committee with an annual overview of the work of the Corporate Fraud team during 2016/17.

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**Recommendation:** That the Committee notes the work carried out by the Corporate Fraud team during 2016/17.

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#### 1. Executive Summary

- 1.1 The Corporate Fraud team provides the Council with the capacity to investigate fraud both within and against the organisation.
- 1.2 Committee receives bi-annual updates on the work of the team. A mid-year update for 2016/17 was provided to the Audit and Scrutiny Committee in November 2016 and this report provides an overview of the key achievements during the full year.

#### 2. Background

##### Internal Investigations

- 2.1 The team received 15 separate referrals involving Council employees during 2016-17. These can be summarised as follows:
  - 5 were closed without issue
  - 7 were concluded with a report and action plan for the appropriate service and reported to the Audit and Scrutiny Committee (2 of these are elsewhere on the agenda for this meeting). One of these cases was also referred to the Procurator Fiscal.
  - 1 investigation was carried out jointly with Internal Audit; Fraud findings were incorporated within the Audit report
  - 1 was determined as not being an issue for Corporate Fraud and was referred back to the Service for investigation
  - 1 investigation remains ongoing and will be reported to the Audit and Scrutiny Committee on conclusion.

## External Investigations

- 2.2 Referrals for investigation have been made to the team from a number of different sources, including Revenues and Benefits and Housing, members of the public and other agencies and local authorities. The publicity used by the team, including posters and leaflets in public areas, advertising on Council vans and contact information on the Council website, has been successful in generating a stream of referrals.
- 2.3 Investigations have been carried out across a range of areas including Council Tax Reduction, Council Tax Single Person Discount, Discretionary Housing Payments, Scottish Welfare Fund, Non-Domestic Rates, Blue Badges, Right to Buy applications, Homelessness applications and Housing tenancy issues. Although responsibility for investigating Housing Benefit fraud now lies with DWP, issues may be identified by the Corporate Fraud team which can result in changes being made to benefits in payment.
- 2.4 The team received 539 referrals for investigation during 2016-17. 79 of these were referred onto DWP for investigation as they related to Housing Benefit issues and a further 74 are recent referrals awaiting investigation at the end of March.
- 2.5 Many referrals prove to be unfounded once they have been investigated; however, a number can result in backdated recoveries as well as an ongoing cost reduction for the Council. During 2016-17, cases investigated by the Corporate Fraud team led to around £35,000 of recoveries for North Ayrshire Council as well as an ongoing annual cost reduction of a further £21,000.
- 2.6 The 'Right to Buy' for Council tenants ended in July 2016, but prior to this all applications were reviewed by the Corporate Fraud team. One application was refused and another withdrawn as a result of the Fraud work, and there were a further 3 applications where Single Person Discount anomalies were identified and financial recoveries made.
- 2.7 The team investigates all tenancy abandonments which are referred by Housing. While Housing focuses on recovering the tenancy, the team can add value by locating the missing tenant, which can often lead to changes to benefits or discounts in payment elsewhere, as well as enabling Housing to recover costs associated with house clearances or repairs.



- 2.8 As a result of further joint working between the fraud team and Housing, three fraudulent applications for Council housing were withdrawn.
- 2.9 Between January and March 2017, the team undertook a pilot exercise in conjunction with the Homelessness team, carrying out additional checks on 526 homeless applications. This highlighted 24 issues which were then treated as referrals to the team for further investigation.
- 2.10 The Disabled Persons' Parking Badges (Scotland) Act 2014 gives local authorities the power to confiscate blue badges where there is suspicion of fraud or misuse of a badge. During 2016/17, the team has worked with the Health and Social Care Partnership with regard to allegations that Blue Badges have been misused. 26 such allegations have been received and resulted in 2 badges being recovered. The team has also worked in partnership with other local authorities where misuse of a North Ayrshire badge has been identified in other areas.

#### East Ayrshire Council

- 2.11 Agreement was reached with East Ayrshire Council to extend the reach of the Corporate Fraud team to cover the East Ayrshire area. The expanded team continues to be based in Cunninghame House. An additional 2 fraud investigators have been recruited to deliver this service with the team also having access to relevant East Ayrshire systems.
- 2.12 The team began taking referrals for East Ayrshire in January 2017.

#### Other Updates

- 2.13 The team was successful in winning the award for 'Team of the Year' at the Finance and Corporate Support Awards.
- 2.14 The team continues to take the lead in co-ordinating the Council's participation in the National Fraud Initiative (NFI) exercise. The latest round of data matches was released in February 2017 and these matches are currently being investigated by the appropriate Council Services. The outcome from this work will be reported to the Audit and Scrutiny Committee once it is concluded.
- 2.15 A series of events was carried out during International Fraud Awareness Week in November 2016, in order to publicise the work of the team, including 3 public sessions in the Council's main contact centres at Bridgegate House, Saltcoats Town Hall and Brooksby in Largs.

### Planned Future Work

2.16 A range of plans are in place to further develop the work of the Corporate Fraud team during 2017/18. These include:

- the use of data matching software, taking data sets from different Council systems to identify potential frauds for further investigation;
- developing fraud awareness sessions for key staff in relevant Council Services;
- raising further awareness of the Corporate Fraud team.

### **3. Proposals**

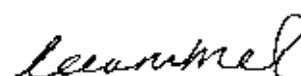
3.1 It is proposed that the Committee notes the work carried out by the Corporate Fraud team.

### **4. Implications**

<b>Financial:</b>	None.
<b>Human Resources:</b>	None.
<b>Legal:</b>	None.
<b>Equality:</b>	None.
<b>Environmental &amp; Sustainability:</b>	None.
<b>Key Priorities:</b>	The work of the Corporate Fraud team helps to support the efficient delivery of the strategic priorities within the Council Plan 2015-2020.
<b>Community Benefits:</b>	None.

### **5. Consultation**

5.1 No consultation has been required in the preparation of this report.



LAURA FRIEL  
Executive Director (Finance and Corporate Support)

#### Reference :

For further information please contact Paul Doak, Senior Manager (Internal Audit, Risk and Fraud) on 01294-324561.

#### **Background Papers**

None.

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## **NORTH AYRSHIRE COUNCIL**

### **Agenda Item 14**

**30 May 2017**

#### **Audit and Scrutiny Committee**

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**Title:** **Strategic Risk Register 2017/18 and Risk Management Framework**

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**Purpose:** To inform Committee of the Strategic Risk Register for 2017/18 and the updated Risk Management Framework.

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**Recommendation:** That Committee notes the Strategic Risk Register and the Risk Management Framework.

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#### **1. Executive Summary**

- 1.1 The Strategic Risk Register has been reviewed and updated for 2017/18 and approved by Cabinet on 14th March 2017.
- 1.2 The existing 6 strategic risks remain on the register and 3 new strategic risks have been included: Health and Safety, Information and Brexit.
- 1.3 The Council's Risk Management Framework has also been revised. In particular, the updated framework enhances the role of the Corporate Risk Management Group in co-ordinating risk management activity and implementing a risk management action plan, including enhancing reporting and training across the Council.

#### **2. Background**

##### Strategic Risk Register

- 2.1 North Ayrshire Council is committed to ensuring that it is proactive in identifying, responding to and managing the risks impacting on the authority. The Council recognises that a certain amount of risk is inevitable if the organisation is to achieve its objectives.
- 2.2 The aim of risk management is to reduce the likelihood and/or impact of risk by identifying and controlling risks to the Council. If risk is to be managed appropriately, and Services are aware of these risks, risk management can contribute positively towards decision making processes, making the Council more innovative and effective in its approach to service delivery.

- 2.3 The most significant risks are identified through the Council's Strategic Risk Register (SRR), recognising the challenges facing the Council and demonstrating the arrangements in place to manage these risks. The register forms part of a larger governance process with additional risks and issues identified through Directorate Plans, Audit Reports and Project Plans.
- 2.4 The Strategic Risk Register has been reviewed for 2017/18 and is attached at Appendix 1. For each of the risks detailed within the register a number of components are identified:
- current status (very high/high) and the risk score;
  - senior officer(s) with lead responsibility for the risk;
  - potential effect on the Council's priorities; and
  - internal controls currently in place.
- 2.5 To assist in the assessment of each risk, a risk matrix was used to ensure consistency across the Council. Only those risks rated as high or very high (10 or above) will feature on the SRR. A copy of the matrix is included within the appendices.
- 2.6 The following was approved in relation to each of the existing Strategic Risks:
- **Financial Environment** - this risk reflects the ongoing financial challenge faced by the Council and this remains as a very high risk at 20.
  - **Inequalities** - this highlights the economic and health inequalities faced in North Ayrshire and it remains as a very high risk at 20.
  - **Health and Social Care Partnership** - this risk reflects the need for effective partnership working to ensure financial control and sustainability. Given the current financial challenges faced by the Partnership the risk rating has been increased from 12 to 20.
  - **People and Transformation** - this risk reflects the wider risks associated with delivering the Transformation programme (T2) as well as any potential impact on the workforce arising from the programme. This has also been scored as a high risk at 12.
  - **Community Capacity Building and Empowerment** - this highlights the challenges associated with community empowerment and this remains on the SRR at the current risk level of 12.
  - **Climate Change** - this reflects the growing challenge presented to infrastructure and service delivery by the impacts of climate change and this continues to be scored as a high risk at 12.

2.7 Three new strategic risks have been included within the Strategic Risk Register for 2017/18. These relate to:

- **Health and Safety** - this reflects the increasing incidence of health and safety incidents faced by the Council and it is proposed this is included on the strategic risk register with a score of 12.
- **Information** - this risk reflects the challenges associated with the loss of personal or sensitive data and the failure to appropriately manage and use the Council's information assets; it has been scored as 12.
- **Brexit** - this risk reflects the current uncertainty around Brexit and the potential impact it may have on North Ayrshire. This risk has also been scored as 12.

2.8 Services have identified actions within their directorate plans to help the Council mitigate against its strategic risks. Once the directorate plans have been approved by Cabinet, these actions will be linked to the strategic risks to assist with performance monitoring and reporting.

2.9 The Council's Internal Audit Plan 2017/18, which was approved by the Audit and Scrutiny Committee on 13th February 2017, is risk-based and clear links are in place between the audit plan and the key risks the Council faces.

#### Risk Management Framework

2.10 The Council's Risk Management Policy and Strategy has been in place since 2013/14 and was established to provide a consistent approach to support Services in managing their risks, helping to ensure that they are 'risk aware' rather than 'risk averse', and enabling them to identify opportunities that can enhance Service provision.

2.11 The Policy and Strategy has been fully revised and refreshed. It is shorter and more concise than before and is supported by 2 further documents as part of an overall risk management framework: a Risk Management Matrix and Guide, and a Leadership and Accountability Guide, which outlines key responsibilities for risk management activity across the organisation. These documents are attached as Appendix 2 to this report.

2.12 In particular, the updated framework enhances the role of the Corporate Risk Management Group in co-ordinating risk management activity and implementing a risk management action plan, including enhancing reporting and training across the Council.

### 3. Proposals

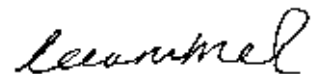
- 3.1 It is proposed that Committee notes the Strategic Risk Register and the Risk Management Framework.

### 4. Implications

<b>Financial:</b>	None.
<b>Human Resources:</b>	None.
<b>Legal:</b>	None.
<b>Equality:</b>	None.
<b>Environmental &amp; Sustainability:</b>	None.
<b>Key Priorities:</b>	A successful risk management framework helps to underpin the delivery of the Council's strategic priorities in the Council Plan 2015-2020.
<b>Community Benefits:</b>	None.

### 5. Consultation

- 5.1 The Strategic Risk Register and Risk Management Framework have been updated in consultation with the Executive Leadership Team and the Corporate Risk Management Group.



LAURA FRIEL  
Executive Director (Finance and Corporate Support)

#### Reference :

For further information please contact Paul Doak, Senior Manager (Internal Audit, Risk and Fraud) on 01294-324561.

#### Background Papers

None.

Title	SRR01 - Financial Environment					Current Risk Matrix	
Risk	The risk is that due to the anticipated continuation of austerity the Council will be required to take increasingly difficult and challenging decisions, potentially operating with increasing levels of risk and having insufficient resources to invest in core assets.					L5 14	
Background	Government funding has been reducing since 2010/11. This, together with the demographic pressures, in particular that of an ageing population, impacts on the ability of services to meet need with resources.  The 2017/18 local government settlement represents a further reduction in funding. Planning for future years reflects further anticipated reductions in 2018/19 and 2019/20.  The major external influence for 2017/18 will be the UK's progress in negotiating a smooth exit from the European Union. Negotiations are expected to start once the UK formally triggers exit in early 2017 and last for at least two years. Uncertainty over future economic prospects will therefore remain throughout 2017/18.						
Risk Status	Very High			Current Risk Score	20		Assigned To
Potential Effect	Less funding means that there will be a reduction in delivery of some service areas potentially resulting in higher risks for service users.						Laura Friel
Internal Controls	The Council continues to be proactive in responding to the financial challenge and seeks to ensure that budget decisions are taken in line with key priorities.  Robust monitoring of the Council's revenue and capital budgets is in place as well as regular reporting of financial performance within the HSCP to Cabinet.  The Council has a long-term capital investment programme to 2025/26. The current long-term financial strategy to 2022/23 will be extended to 2025/26 during 2017/18.  The Council will agree a balanced budget for 2017/18 and work has already begun to identify the remaining savings for 2018/19 and 2019/20. This forward looking process supports greater financial security and stability and provides an opportunity for longer term service redesign plans to be implemented.				Risk Next Review Date	30/09/17	

Title		SRR02 - Inequalities				Current Risk Matrix	
Risk	The risk to the Council is that North Ayrshire residents will experience increasing levels of poverty and its effects. In addition, the area would experience widening gaps between the less well-off and better-off and increasing levels of inequality.					L5 I4	
Background	North Ayrshire residents have persistently poorer health compared to Scotland as a whole and the gap is increasing. Inequality in the local area may continue to increase unless the Council takes action, however this must be managed effectively due to the increase in demand for Council Services which may occur.						
	Ongoing welfare reforms will exacerbate local needs placing greater demands upon Council Services at a time when budgets are under significant pressure. A focus on economic regeneration and effective targeting of resources is essential to maximise opportunity and minimise the impact of the current economic climate on our communities.						
	There are also significant differences in the health of people living in the wealthier parts of North Ayrshire compared to its more deprived areas. Life expectancy in the most deprived areas is 15 years less than the more affluent communities. Health inequality is closely linked to poverty, employment and people's earliest experiences as children. Drug and alcohol misuse is also a major factor.						
Risk Status	Very High			Current Risk Score	20	Assigned To	
Potential Effect	Failure to address the current challenges will result in increased levels of deprivation, reduced health and wellbeing of our communities and higher demand for Council Services. Inequalities at an early age will impact adversely on children's social and emotional development, affecting their overall life chances. Children living in poverty and with poor health are more likely to require crisis interventions and have lower levels of educational attainment and achievement. Adults affected by drug and alcohol misuse and by chronic health problems are less likely to sustain employment and it is more likely that they will require support to ensure their own and their children's safety and wellbeing. Older people affected by long term health conditions are more likely to require service provision earlier, have a greater incidence of hospital admission and require long term care at a younger age.					Karen Yeomans; John Butcher; Iona Colvin	
Internal Controls	The Council will be launching a new Economic Strategy in April 2017 and this will include a focus on inclusive growth. The Council will lead partners in building community resilience, providing support to remove barriers to opportunity for unemployed people (e.g. childcare, transport and health), upskilling of people in disadvantaged communities including providing 250 MA opportunities within the Council and providing employability services through our network of hubs.					Risk Next Review Date	30/09/17



The Council has been successful in securing Lottery and ESF funds to deliver a new Financial Inclusion programme. This will be a £3m programme of activity that is delivered in partnership with the Third Sector. This strategy will focus on a number of new areas of support such as provision of low cost credit, access to white goods/furniture, food and fuel as well as supporting improved linkages between existing services.

Tackling inequalities is a strategic priority of the Community Planning Partnership (CPP) and the Council. A new Fair For All strategy is in place and this will inform the work of the partners to reduce inequality. With a clear focus on reducing the effect and causes of child poverty the CPP is being guided by a peer group of national experts in tackling inequalities. The new Fair For All Board has met once and although at an early stage in its form there is an impressive commitment from those round the table to make sure that NAC and CPP is being supported in its work to reduce inequalities.

The HSCP has contributed to the development of the Community Planning Partnership's 'Social Enterprise Strategy'. Successful Social Enterprises can help fill many gaps in an economy, including, improving job density and growing the number of local businesses.

Work is ongoing between the HSCP, Council and other public bodies in Ayrshire to produce a set of Joint Equality Outcomes to cover the period from 2017 to 2021. Sharing equality outcomes across public sector organisations will bring additional benefit to those facing social and economic barriers due to their specific characteristics. Presently the four proposed Outcomes are as follows:

- Outcome 1 - In Ayrshire people experience safe and inclusive communities
- Outcome 2 - In Ayrshire people have equal opportunities to access and shape our public services
- Outcome 3 - In Ayrshire people have opportunities to fulfil their potential throughout life.
- Outcome 4 - In Ayrshire public bodies will be inclusive and diverse employers

The Council's Attainment Challenge sets out to reduce the impact of deprivation on the educational outcomes of our children and young people. A multifaceted approach has been developed to address inequality in terms of health and well-being and progress in learning. This includes:

- a professional learning academy for teachers to focus on improving progress in learning for our most deprived young people
- the development of approaches for nurture and mental health designed to improve aspects of child development, engagement and promote positive relationships
- working on family learning to improve the support and engagement of continued learning in the home environment
- a focus on data analysis to target improvements and measure impacts.



Title	SRR04 - People and Transformation					Current Risk Matrix
Risk	There is an overarching corporate risk that transformation and change management activities which are core to the Council's future delivery models and long-term financial sustainability, fail to deliver and potentially disengage employees.					L3 I4
Background	The workforce context of significant organisational change, pay restraint and budget efficiencies may impact on employee engagement and the stability of employee relations which further impacts on the Council's capacity to meet service requirements and deliver key objectives.					
Risk Status	High Risk			Current Risk Score	12	Assigned To
Potential Effect	<p>Any gaps in workforce planning and organisational development arrangements may lead to difficulties in having a workforce with the appropriate knowledge, engagement levels and skills to meet service demand and achieve desired outcomes. It will further impact on the Council's ability to continue to deliver change, meet Strategic Priorities and achieve the required efficiencies.</p> <p>Failure to deliver transformational change will impact on the Council's financial sustainability and its effectiveness of service delivery.</p>					Laura Friel; Fiona Walker
Internal Controls	<p>Continuing focus on implementing Organisational Development interventions through the People Strategy which supports the Council's transformation, improves effectiveness and capability as well as develops an organisational culture which fosters involvement, engagement and high performance.</p> <p>Employee Engagement Surveys monitor employee engagement levels and identify any issues or areas for improvement required. Following the 2015 survey, Directorates identified improvement actions. The next survey is due to take place in 2017 and this and future surveys will continue to monitor progress.</p> <p>The LiveWell group work to encourage staff to consider their own health and wellbeing through providing opportunities to engage in wellbeing activities. A range of programmes, events and activities are promoted to staff. Participation in wellbeing activities can have positive impacts on personal resilience, stress reduction, presenteeism and absenteeism.</p> <p>Development of a corporate, co-ordinated approach to transformational change through an agreed Transformation 2 (T2) approach.</p> <p>Mechanisms for consultation and engagement with Trades Unions enable open dialogue with unions and elected members on key strategic workforce issues.</p> <p>Key strategic organisational change issues are developed through regular leadership team conferences.</p>				Risk Next Review Date	30/09/17

	<p>Inclusion of workforce planning information within Directorate Plans.</p> <p>Ensuring that the Redeployment and VER programmes support service redesign and help manage workforce change.</p> <p>Clearly defined workstreams with People and Transformation and Customer and Digital Services to drive forward corporate transformation.</p>		
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Title	SRR05 - Community Capacity Building and Empowerment					Current Risk Matrix
Risk	The risk facing the authority is that community capacity and community resilience in North Ayrshire will not develop sufficiently quickly to meet the economic and social challenges which are emerging in the current economic climate.					L3 14
Background	The additional demands placed on the public sector by the Community Empowerment Act (Scotland) 2015 is an emerging risk, with timescales for implementation of and reaction to certain strands of legislation, e.g. community asset transfer and participation requests, now being set by the Scottish Government.  The development of community capacity and appropriate support mechanisms to allow local communities to determine their own objectives and have their voices heard in the planning and delivery of services is a key priority of North Ayrshire Council. The ability of communities and organisations to do this varies and the Council is committed to providing the appropriate support, according to local need, to ensure that communities are able to achieve their potential in this challenging economic climate. Involvement in this ranges from volunteering in local and civic events through to delivering services for communities.					
Risk Status	High Risk			Current Risk Score	12	
Potential Effect	Where the risk is not managed effectively the potential benefits of community capacity building and empowerment may be lost.  There remains a potential disconnect between those communities where levels of capacity and engagement with the empowerment agenda are high and those with less social capital where interest remains low. This could widen the inequality gap between communities with the ability to influence the planning and delivery of more responsive services and those communities who do not.  The potential also exists for a disconnect between what the Council wishes to see in terms of communities embracing the opportunities for increasing ownership of assets and what communities themselves feel able and prepared to commit to. In terms of the asset transfer agenda the potential remains for community assets to revert back to Council ownership due to ineffective community engagement/participation and a lack of effective business planning for sustainable use of community assets.					Karen Yeomans; Audrey Sutton

Title	SRR06 - Climate Change					Current Risk Matrix
Risk	Severe weather is already affecting public services across Scotland, with operational, reputational, financial and legal consequences. The risk is that the Council is increasingly affected as this trend continues into the future, with potentially more serious consequences that compound some of the other long-term challenges faced, such as resource scarcity and social and economic inequalities.					L3 I4
Background	Climate change is expected to continue and worsen in the future, with changes to mean temperatures, the increasing frequency and severity of storms and higher rainfall levels potentially causing rising water levels and resulting in more flooding and coastal erosion. There is also an ongoing impact of severe winter weather including snowfall and freezing temperatures which impact service delivery and the integrity of our roads open space and buildings infrastructure.					
	The Council is required to comply with the 'Public Bodies Climate Change Duties', required under the Climate Change (Scotland) Act 2009.					
	These duties require the Council to assess the risks, threats and opportunities associated with climate change and identify actions to increase resilience to climate change.					
Risk Status	High Risk			Current Risk Score	12	Assigned To
Potential Effect	An increased frequency of severe weather conditions may lead to more instances of damage to Council infrastructure and property, interruptions to service delivery and increased demands on services, often with little notice.					Craig Hatton
	This could also cause risk to life, transport disruption and pollution to the local environment, as well as impact adversely on the local economy if businesses are unable to operate.					
Internal Controls	A strategic approach to climate change adaptation will help manage this risk. The Council has been proactive and has a number of strategies and plans in place to help reduce vulnerability. These include: <ul style="list-style-type: none"><li>• Environmental Sustainability and Climate Change Strategy</li><li>• Flood Risk Management Strategy</li><li>• Local Development Plan</li><li>• Core Paths Plan</li><li>• Outdoor Access Strategy</li><li>• Weather and Winter Emergencies Plan</li></ul> Asset management plans are in place which are regularly reviewed for our Roads, Fleet, Housing, Property and Open Spaces which take cognisance of the impact of severe weather and climate change and allow the prioritisation of investment as appropriate.				Risk Next Review Date	30/09/17
	The Council has business continuity arrangements in place and, through the Ayrshire Civil Contingencies Team, there are also emergency planning arrangements in place.					
	Mutual aid arrangements are in place with other Councils.					

<b>Title</b>	<b>SRR07 - Health and Safety Environment</b>					<b>Current Risk Matrix</b>
<b>Risk</b>	Statistics show that the number of incidents within Council operations are increasing. This is also reflected in the number of Statutory reportable incidents under the Reporting of Incidents Diseases and Dangerous Occurrences Regulations (RIDDOR).					L3
<b>Background</b>	The Council is committed to the provision of a safe work environment for its employees and service users. As an employer the Council has a moral obligation to show a duty of care to employees and 'as far as reasonably practicable' reduce the risk to employees and others.					L4
<b>Risk Status</b>	<b>High Risk</b>			<b>Current Risk Score</b>	<b>12</b>	<b>Assigned To</b>
<b>Potential Effect</b>	<p>The related effects may include:</p> <ul style="list-style-type: none"> <li>• Personal injury/loss of capacity;</li> <li>• Legal and regulatory censure;</li> <li>• Criminal proceedings against senior management</li> <li>• Financial fines and fees for intervention from the Health and Safety Executive (new fine guidelines of up to £10m for organisations with turnover over £50m);</li> <li>• Sustained media attention and reputational damage;</li> <li>• Increased corporate risk profile including insurance costs;</li> <li>• Loss of confidence by workforce re-the operating environment</li> <li>• Loss of public confidence.</li> </ul>					Chief Executive; Executive Directors
<b>Internal Controls</b>	<p>The Council has a number of existing controls in place to help reduce the likelihood of a serious Health and Safety incident. These include:</p> <ul style="list-style-type: none"> <li>• Health and Safety Strategy, Policies and Procedures;</li> <li>• A risk assessment framework;</li> <li>• Corporate Health and Safety Team;</li> <li>• Corporate programme of 'Safety in Mind';</li> <li>• IOSH Managing Safely Course;</li> <li>• Internal briefing sessions;</li> <li>• Corporate Health and Safety group;</li> <li>• Six monthly premises specific Health and Safety inspection programme;</li> <li>• Annual health and safety audit programme;</li> <li>• Heads of Service chairing directorate planning group meetings;</li> <li>• Ongoing stakeholder engagement and support from Corporate Health and Safety.</li> </ul>				<b>Risk Next Review Date</b>	<b>30/09/17</b>



Title	SRR08 - Information					Current Risk Matrix
<b>Risk</b>          <b>Background</b>	<p>The key risk to the authority relates to the reduction of public confidence associated with the loss of personal or sensitive data. Significant financial penalties may also be experienced by the authority through fines and remedial work to resolve issues, negatively impacting service delivery.</p> <p>The Council recognises the need to both maximise the benefit of our information to deliver effective and efficient services, and the need to appropriately protect our information and comply with information legislation information security requirements and standards. Furthermore the Council requires to meet its obligations in relation to the implementation of the EU General Data Protection Regulations (GDPR) by May 2018.</p>					L3  L4
<b>Risk Status</b>	High Risk			<b>Current Risk Score</b>	12	<b>Assigned To</b>
<b>Potential Effect</b>	<p>Failure by Services to adopt and comply with strategies, policies and procedures may result in a failure to adequately maintain and protect information the Council is responsible for.</p> <p>There may be a significant impact on the authority through the release of personal and/or sensitive information resulting in a loss of public confidence and significant financial loss incurred through fines and Service disruption.</p> <p>Failure by Services to appropriately manage and use the information they hold may result in lost opportunities to transform services to the community.</p>					Andrew Fraser
<b>Internal Controls</b>	<p>An Information Governance Team was established 2014-16 and provides advice and support to all Directorates and Services. Senior Information Risk Owners (SIRO) are in place for each Directorate. A Data Protection Advisory Group (DPAG) and networks of Freedom of Information (FOI) and Data Protection (DP) co-ordinators have been established. The Information Management Governance Group (IMGG) will be re-constituted in 2017.</p> <p>Appropriate policies, processes and training are available to staff. These will be revised in line with GDPR requirements during 2017/18.</p> <p>Access to information systems is controlled and secure, laptops have data encryption installed along with anti-virus software. The Council adheres to government security standards and guidelines to access and share information securely with central and local government and other partners, all of which are subjected to internal and external audit and compliance processes. The Council also mitigates the risk of information loss from information residing on servers through Disaster Recovery contracts and annual business continuity testing as well as standard back-up and off-site storage facilities.</p>				<b>Risk Next Review Date</b>	30/09/17



Risk Code & Title	SRR09 - Brexit					Current Risk Matrix
Description	Following the 2016 referendum to leave the EU, the UK government has indicated its intent to trigger Article 50 during March 2017. This will be followed by two years of negotiation to agree the financial settlement between the UK and EU. Whatever the scope and outcome of the Article 50 negotiations, we are at the start of a period of long-term uncertainty economically and politically. There is also the potential for another referendum on Scottish independence.					L3 14
Risk Status	High			Current Risk Score	12	Assigned To
Potential Effect	<p>North Ayrshire already has a fragile economy, high deprivation, and high levels of child poverty. In addition we have an ageing population, with declining numbers of young people. Any slow-down in the national economy is likely to be magnified locally. Furthermore, reduced tax receipts nationally will impact on the Council's financial settlement. This may lead to further reductions in the funding available impacting on service provision at a time of increasing demand. There is also uncertainty around future grant funding streams which are currently received from the EU.</p> <p>Businesses are experiencing uncertainty and some may reassess whether North Ayrshire / Scotland / UK remains a sustainable business location post-Brexit.</p> <p>The EU foreign nationals employed by the Council and NHS are facing an uncertain future. Changes to UK Government immigration policy as a result of Brexit may result in less EU nationals living locally with consequential impacts on service demand, local business and population levels.</p> <p>As powers are repatriated from EU, new arrangements at UK, Scotland and local level will have an effect and potentially result in new powers being devolved. Over 5,000 EU regulations are estimated to exist. A programme of review and adoption by governments is likely to result in changes to these standards according to the new trading agreements reached.</p>					Karen Yeomans
Internal Controls	<p>The big issue caused by Brexit is the uncertainty surrounding it, and hence the inability to accurately predict future outcomes accurately. There are a number of areas where the Council needs to prepare however there are some current controls in place:</p> <ul style="list-style-type: none"> <li>• Measures to support and strengthen the local economy – including new businesses, micro- businesses, SMEs and social enterprises, buying more locally, business retention.</li> <li>• Long-term capital investment programme and financial strategy.</li> <li>• A new Economic Strategy for North Ayrshire, led by the Council, which has been prepared for launch in April 2017.</li> <li>• The new 'Fair for All' strategy which is directed at reducing inequalities and increasing equity.</li> <li>• Three year rolling medium term financial plan</li> <li>• Environmental strategies</li> <li>• Inputting to a review of the current EU funding programme to maximise spend ahead of Brexit.</li> <li>• Developing an Ayrshire Growth Deal that will support the development and investment in our infrastructure to support inclusive growth.</li> <li>• Participation in a national BREXIT Strategic Stakeholder Group at COSLA to develop an understanding of the issues and how the public sector and our communities can best prepare.</li> </ul>				Risk Next Review Date	30/09/17



## ‘Risk Focus’

# North Ayrshire Council Risk Management Policy and Strategy

‘The key to successful risk management is leadership from the top. With the increasing complexity of risks facing public service organisations, senior leaders need to recognise and actively support the continuing importance of risk management...’

Association of Local Authority Risk Managers.

<b>Version:</b>	Final
<b>Date:</b>	March 2017
<b>Review Date:</b>	March 2019
<b>Author:</b>	Alex Fitzharris
<b>Classification:</b>	Public

## Contents

Risk Management Policy .....	a
Risk Management Strategy .....	1
1.0 Introduction .....	1
2.0 Risk Management Process .....	1
3.0 Application of Good Risk Management Across all Council Activities .....	3
4.0 Governance, Risk leadership, Accountability:.....	4
5.0 Resourcing Risk Management.....	4
6.0 Training, learning and development.....	4
7.0 Monitoring Risk Management Activity And Performance .....	4
8.0 Communicating, Consulting on and Reviewing the Risk Management Framework .....	5

## Accompanying Guides:

Risk Management Matrix and Guide  
Risk Management Leadership and Accountability Guide

# Risk Management Policy

1.1 North Ayrshire Council is committed to a culture where employees are encouraged to develop new initiatives, improve performance and achieve goals safely, effectively and efficiently. This is supported by the appropriate application of good risk management practice.

1.2 The Council aims to support service users, residents and customers, achieve high standards of performance, maximise opportunity, and provide a safe environment for those it employs, contracts or partners with in providing a wide range of services.

1.3 The Council will promote an environment that is risk 'aware' rather than risk 'averse' and will strive to place risk management information at the heart of key policy decisions.

1.4 The Council is committed to testing its capacity and tolerance for risk (referred to as 'risk appetite') in order to ensure that it is clear in its understanding of the total level of risk it is able or willing to accept. It is generally understood by all services that in normal circumstances:

- any **low risk is acceptable** without any further action to prevent or mitigate the risk;
- any **moderate risk is tolerable** providing that control measures implemented/introduced are cost effective;
- any **high risk may be tolerable** providing the Council is assured regarding the adequacy and effectiveness of the control measures in place. Any further control measures implemented or introduced must be cost effective in relation to the high risk;
- any **very high risk is deemed to be unacceptable**. Measures should generally be taken to terminate, transfer or treat a very high risk to a more tolerable position, although it recognised that some very high risks may be outwith the control of the Council.

1.5 The Council also actively pursues and engages in risk management activities with community planning partners.

1.6 The Council has established its Risk Management Framework to support effective risk management activity.

## Key benefits of effective risk management

- appropriate, defensible, timeous and best value decisions are made;
- risk 'aware' not risk 'averse' decisions are based on a balanced appraisal of upside and downside risk and enable acceptance of certain risks in order to achieve a particular goal or reward;
- high achievement of objectives and targets;
- higher levels of morale and productivity;
- better use and prioritisation of Council resources;
- high levels of user experience/ satisfaction with a consequent reduction in adverse incidents, claims and/ or litigation; and
- further enhancement of the Council's good reputation both as an employer and as a public

# Risk Management Strategy

## 1.0 Introduction

1.1 The primary objectives of this strategy will be to:

- establish standards and principles for the efficient management of risk, including regular monitoring, reporting and review;
- establish communication and sharing of risk information through all areas of the Council;
- initiate measures to reduce the Council's exposure to risk and potential loss.

1.2 This strategy takes a positive and holistic approach to risk management. The scope applies to all risks whether relating to customers, employee safety and wellbeing, business risk, opportunities or threats.

1.3 **Strategic/Corporate risks** represent opportunities or threats in relation to the Council's desired outcomes and objectives as set out within its Strategic Plans. Typically these risks require strategic leadership in the application of controls to manage the risk.

1.4 **Operational risks** represent the potential for impact (opportunity or threat) within the activities of an individual service area or team. Heads of Service have a leadership role for managing operational risks. These will be more 'front-line' in nature and the development of activities and controls to respond to these risks can be led by local managers and team leaders. Where an operational risk impacts across multiple service areas or, because of interdependencies, requires more strategic leadership, then these can be proposed for escalation to 'strategic/corporate risk' status for the Council.

1.5 **Project risks** represent events or circumstances which may impact on a specific project - usually as a threat to the schedule and/or cost of a project or the benefits the project will deliver. Project risks will be managed by the project team and any residual risks remaining at the end of a project are handed over to the relevant service to manage as business as usual.

1.6 All risks will be analysed consistently with an evaluation of risk as being **very high/high/moderate/low and red/amber/yellow/green**

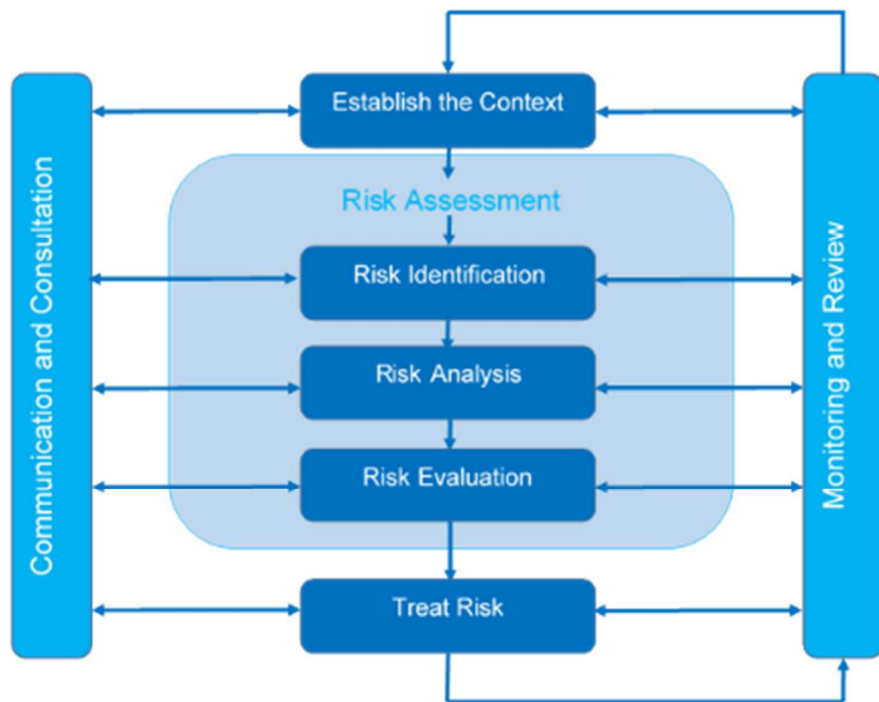
## 2.0 Risk Management Process

2.1 Risk Management is about the culture, processes and structures that are directed towards realising potential opportunities whilst managing adverse effects<sup>1</sup>. The Risk Management process is pro-active in understanding risk and uncertainty; it learns and builds upon existing good practice and is continually evolving. It also has an important role to play in ensuring that defensible and beneficial 'risk-aware' not 'risk-averse' decisions are made, that the Council provides high quality services and employees are assured that every effort has been made to maximise their opportunities to succeed.

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<sup>1</sup> Australia/ New Zealand Risk Management Standard, AS/NZS 4360: 2004

2.2 North Ayrshire Council embeds risk management throughout the Council by consistent application of the risk management process shown in Figure 2.1<sup>2</sup> across all services and core business activities.



**Figure 2.1: Risk Process**

<sup>2</sup> AS/NZS 4360: 2004 and ISO 31000 (2009)

### **3.0 Application of Good Risk Management Across all Council Activities**

- 3.1 The following standard procedures will be implemented across all areas of Council activity in order to achieve consistent and effective implementation of the Risk Management Strategy.
- 3.2 Implementation of the risk management process: this means that risk management information should (wherever possible) be used to guide major decisions in the same way that cost and benefit analysis is used.
- 3.3 Identification of risk using standard methodologies: involving subject experts who have knowledge and experience of the activity or process under consideration.
- 3.4 Categorisation of risk under the headings below:
- Strategic / Corporate Risks: such as risks that may arise from Political, Economic, Social, Technological, Legislative and Environmental factors that impact on the delivery of the Strategic Plan outcomes.
  - Operational Risks: such as risks that may arise from or impact on Customer Service, Employee Health, Safety and Well-being, Business Continuity/Supply Chain, Information Security and Asset Management
- 3.5 Appropriate ownership of risk: specific risks will be owned by and assigned to whoever is best placed to manage the risk and oversee the development of any new risk controls required.
- 3.6 Consistent application of the agreed risk matrix: necessary to analyse risk in terms of consequences and likelihood of occurrence, taking into account the effectiveness of risk control measures in place.
- 3.7 Consistent response to risk that is proportionate to the level of risk: this means that risk may be terminated; transferred elsewhere (ie to another partner or third party); tolerated as it is; or, treated with measures to bring it to a level where it is tolerable for the Council in keeping with its appetite/tolerance for risk. In the case of opportunities, the Council may 'take' an informed risk in terms of tolerating it if the opportunity is judged to be (1) worthwhile pursuing and (2) the Council is confident in its ability to achieve the benefits and manage/contain the associated risk. Further information can be found in the Risk Management Framework.
- 3.8 Implementation and maintenance of risk registers: used as a means of collating risk information in a consistent format allowing comparison of risk evaluations, informed decision-making in relation to prioritising resources and ease of access to information for risk reporting.
- 3.9 Reporting of strategic/corporate risks and key operational risks to the Cabinet on an annual basis: operation of a procedure for movement of risks between strategic and operational risk registers that will be facilitated by the Corporate Risk Management Group.
- 3.10 Routine reporting of risk information: required within and across teams and a commitment to a 'lessons learned' culture that seeks to learn from both good and poor experience in order to replicate good practice and reduce adverse events and associated complaints and claims.



#### **4.0 Governance, Risk leadership, Accountability**

- 4.1 People, not processes manage risk: Creating a culture where people have the capability and confidence to manage risk well is fundamental to good risk management. Therefore it is essential for the Council's leadership teams and individuals to know what their responsibilities are.
- 4.2 Roles and Responsibilities for Formal groups: The Corporate Risk Management Group exists to proactively promote risk management within the Council. Further information can be found within the Risk Management: Leadership And Accountability Guide.
- 4.3 Roles and Responsibilities for Individuals: It is critical that risk management responsibilities are clearly set out and further information can be found within the Risk Management: Leadership and Accountability Guide.

#### **5.0 Resourcing Risk Management**

- 5.1 The work on developing and leading the ongoing implementation of the Risk Management Framework will be resourced through the Risk and Insurance Team Manager and the Corporate Risk Management Group. This will involve strategy and high level training requirements.
- 5.2 Whilst every employee has a responsibility for risk management, senior managers have a responsibility to ensure that their area of responsibility is considered. The success of the risk management programme relies on the proactive cooperation of management teams.

#### **6.0 Training, learning and development**

- 6.1 To implement this strategy effectively, it is essential for staff to have the competence and capacity for managing risk and handling risk judgements with confidence and to focus on learning from events and past experience in relation to what has worked well or could have been managed better.
- 6.2 Training is important and is essential in embedding a positive risk management culture across all activities under the direction of the Council and in developing risk management maturity. The Corporate Risk Management Group will regularly review risk management training and development needs and source the relevant training and development opportunities required.

#### **7.0 Monitoring Risk Management Activity And Performance**

- 7.1 A suitable system is required to ensure risk management activity and performance is monitored. Monitoring will include review of the Council's risk profile by Executive Leadership Team through the Corporate Risk Management Group.
- 7.2 The Executive Director (Finance and Corporate Support) is responsible for providing assurance to the Cabinet and the Audit and Scrutiny Committee that the risk management framework is being applied across the Council.
- 7.3 Performance Indicators (PIs) will be linked, where appropriate, to the overall status of risk management or to specific risks to provide assurance on the performance of certain control measures. For example, the percentage of managers who have undergone risk management training can provide assurance that risk management is considered appropriately across the organisation. Budget monitoring reports can provide assurance that key financial risks are under control.
- 7.4 Performance management information may also inform the identification of new risks or highlight where existing risks require more attention.

7.5 Reviewing the Council's risk management arrangements on a regular basis will also constitute a 'Plan / Do / Study / Act' review cycle that will shape future risk management priorities and activities of the Council, inform subsequent revisions of the risk management framework and drive continuous improvement in risk management across the Council.

## **8.0 Communicating, Consulting on and Reviewing the Risk Management Framework**

- 8.1 Effective communication of key risk management information across the Council is essential to develop a consistent and effective approach to risk management.
- 8.2 The risk management framework will be circulated as appropriate and will form the basis of any risk management training arranged.
- 8.3 The framework will be reviewed every two years or earlier if required, to ensure that it fully reflects current standards and best practice in risk management and the Council's business environment.

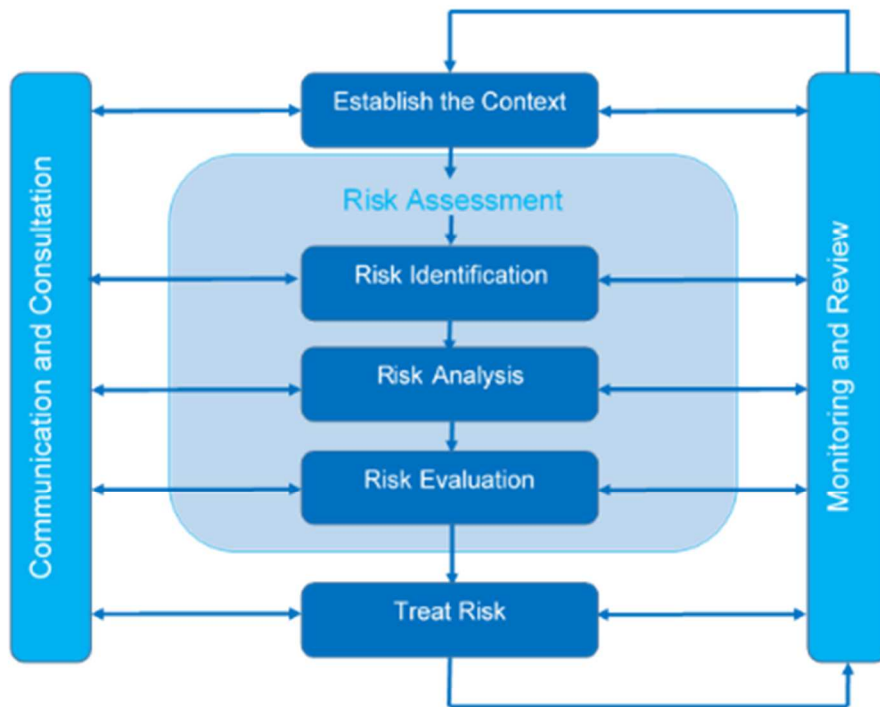
# Risk Management Matrix and Guide

Guide Purpose: The purpose of this document is to outline the risk management process and provide a guide for scoring and capture of risks. It consists of two parts:

- Overview of risk management process
- Risk Matrix and Consequence Impact Guide

## 1.0 Overview of the Risk Management Process in Practice

The purpose of the risk management process is to provide a systematic and effective method by which risks can be consistently addressed throughout the council, irrespective of the service being provided or the environment.



It is a cyclical process which should be undertaken by each Directorate and involves communicating and consulting with internal and external stakeholders at each stage of the process, establishing the context in which the process takes place and the key elements of risk assessment: risk identification, analysis and evaluation.

### 1.1 Establish Context

The first step in the process is around achieving clarity on the context of risk and we can consider, for example:

- What is the nature of the context, i.e. service change, potential opportunity, new partnership?
- Who or what could be exposed?
- Who has responsibility for the situation?
- Will the risk relate to any objectives or performance indicators?
- Could the risk be a corporate or a strategic one and if so is it likely to be a short or longer term issue?
- Who needs to be aware of the risk and how will we report on it?

# Risk Management Matrix and Guide

## 1.2 Identify Risk

There are two main approaches to identifying risk, and to help us in either approach a range of tools and techniques can be used<sup>1</sup>.

### (1) Proactive approach:

This approach includes for example: analysis of objectives (Strategic or Directorate) and Directorate priorities, and identifying opportunities that may enhance, or issues that may threaten achievement; actively looking at internal systems and processes to identify the potential for error and make improvements to these processes; conducting routine physical inspections/ hazard spotting; undertaking regular audits; and implementing routine maintenance programmes for equipment, etc.

### (2) Reactive/ Responsive approach:

This approach emphasises the importance of learning from experience (good and bad) and putting what we learn into practice. For example, where an adverse situation has occurred, as individuals and as an organisation, we must learn lessons and make sure that we take the steps necessary to reduce the likelihood of such an adverse event occurring again. Complaints, claims, audit and customer survey data all provides rich sources of learning that help to identify areas for improvement. Learning should not be limited to events only occurring within the council but also other local government organisations' experiences as well as other industries.

In identifying risk it is essential to form a clearly defined risk 'statement' describing the situation/ circumstance (challenge, opportunity, hazard etc) and the potential consequences that may flow from it. This facilitates a more effective analysis of the risk during the next step of the process.

## 1.3 Analyse Risk

Once a risk is clearly defined, it can be analysed in terms of its likelihood of occurrence and the plausible impact that its potential consequences might have, taking into account the effectiveness of any measures in place to control the risk<sup>2</sup>. The 'Risk Matrix' is the tool to use for this purpose (See point 4 & page 5).

If re-assessing a risk with information available in relation to measures already in place to control the risk, it is important to ask:

- Are these controls still relevant and cost effective?
- Are they still operating effectively? (Some procedures may 'fall by the wayside' after their initial introduction and care must be taken not to make assumptions about their ongoing effectiveness);
- Have any new measures been developed since the previous assessment that can now be included as control measures?

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<sup>1</sup> For example, Scenario Planning, PESTLE/ SWOT analysis, Failure Modes Effects Analysis, Root Cause Analysis, Fault Tree Analysis, Incident Decision Tree. The Risk & Insurance Team Manager (x4515) can support you in applying these tools.

<sup>2</sup> If this is a 'gross' or initial risk assessment, there may be no risk control measures in place at this stage.

## Risk Management Matrix and Guide

On reviewing the effectiveness of the risk control measures and when coming to a decision regarding the likelihood of the risk arising and its potential impact, it is essential to record a rationale for these decisions. Decisions, wherever possible, should be based on historical data, experience, subject knowledge, expert judgment and future projections. Care should be taken to ensure, as far as practicable, that risk analysis is not subject to bias. Having more than one person undertaking the analysis (with the second person perhaps undertaking a 'challenging' role) can be helpful in reducing subjectivity and bias in risk analysis.

### 1.4 Evaluate Risk

The outcome of the risk analysis (multiplying potential likelihood by potential impact) will produce a score that translates into an evaluation of the risk as being low, moderate, high or very high. The risk evaluation then needs to be compared with the council's overall capacity and tolerance for risk.

- any **low risk is acceptable** without any further action to prevent or mitigate the risk
- any **moderate risk is tolerable** - any control measures implemented or introduced must be cost effective;
- any **high risk may be tolerable** - providing the council is assured regarding the adequacy and effectiveness of the control measures in place. Any further control measures implemented or introduced must be cost effective in relation to the high risk;
- any **very high risk is deemed to be unacceptable**. Measures should generally be taken to terminate, transfer or treat a very high risk to a more tolerable position, although it recognised that some very high risks may be outwith the control of the Council.

It is always important to consider how proportionate your response to risk is, ensuring that the risk is continually evaluated to the lowest level that is reasonably practical whilst considering the net benefits, (i.e. to a level where it is believed the cost of action will give the desired benefit without becoming risk averse). If the risk is evaluated as 'high' and therefore significant, diligent checking, audit and monitoring of the effectiveness of control measures is essential.

It is also very important to keep in context the potential rewards and benefits to the council of specific projects or initiatives and not become risk averse in relation to realising these benefits. The council's risk matrix provides a framework for decision-making and provides managers with guidance on the normal acceptability of risk and subsequently a clearer understanding of risks that would be considered exceptional and require a closer level of scrutiny.

# Risk Management Matrix and Guide

## 1.5 Treat/ Respond to Risk

Risk evaluation guides you towards an appropriate level of response. The main ways to respond are:

**Take:** an informed risk may be taken if an opportunity is judged to be (1) worthwhile pursuing and (2) the council is confident in its ability to achieve the benefits and justify the risk exposure.

**Terminate:** choose an alternative solution or not to be involved in, or to withdraw from, an activity or opportunity because of the risk involved

**Transfer:** move the responsibility for risk or a specific component of risk to another party. This might be achieved through legislation, contract, insurance or other means.

**Treat:** implement cost effective measures to reduce or further control a risk. Treatment might focus on addressing the likelihood of occurrence, the consequences which might result, or both.

**Tolerate:** agree that any further action to treat a risk is not cost effective or proportionate in relation to the current risk and decide to tolerate it as it is.

When developing new solutions to specific problems some important factors should be borne in mind:

- Some control measures by their very nature are more effective than others;
- Extreme care must be taken to ensure that in developing one solution to address a specific risk, you do not inadvertently create others, perhaps even more significant than the original one.

# Risk Management Matrix and Guide

## Risk Matrix and Consequence Impact Guide

### Introduction

Risk should be analysed consistently across the council in terms of the significance of its impact and the likelihood of occurrence. The Risk Matrix is therefore the tool that is to be used for this purpose. The impact element of the same matrix may be used for the grading of adverse events, complaints or claims.

### Impact

When considering the consequences of a potential risk, all scenarios must be considered with scoring based on the most likely outcome. It may be appropriate to consider the worst case scenario, however, those undertaking the risk analysis must be able to provide a robust rationale and have evidence to support their selection. For example, if 'death' could be the ultimate potential impact in relation to a specific problem, the risk assessors must have knowledge that this outcome has occurred in the past either internal or external to North Ayrshire Council. (A full list of descriptions to assist in analysing consequence is contained on the following two pages of this document);

### Likelihood

Similarly when considering the likelihood of occurrence, the risk assessor's judgement must be based on the prevalence of the event/ circumstance and outcome, backed up by experience and data such as relevant incidents/ events, complaints and/ or claims.

### Evaluation

As shown in the matrix below, Impact x Likelihood produces an evaluation of the significance of risk, described as 'Low', 'Moderate', 'High' or 'Very High'.

How a risk is evaluated will determine how the risk is then treated:

Likelihood	Consequence Impact				
	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Extreme
5 Almost Certain	5	10	15	20	25
4 Likely	4	8	12	16	20
3 Possible	3	6	9	12	15
2 Unlikely	2	4	6	8	10
1 Remote	1	2	3	4	5

Low (1-3), Moderate (4-9), High (10-16), or Very High (17-25)

# Risk Management Matrix and Guide

## Consequence Impact Guide

<b>“Domains”</b>	<b>1 Insignificant</b>	<b>2 Minor</b>	<b>3 Moderate</b>	<b>4 Major</b>	<b>5 Extreme</b>
Objectives and Projects	<ul style="list-style-type: none"> <li>Barely noticeable reduction in scope / quality / schedule</li> </ul>	<ul style="list-style-type: none"> <li>Minor reduction in scope / quality / schedule</li> </ul>	<ul style="list-style-type: none"> <li>Reduction in scope or quality, project objectives or schedule.</li> </ul>	<ul style="list-style-type: none"> <li>Significant reduction in ability to meet project objectives or schedule.</li> </ul>	<ul style="list-style-type: none"> <li>Inability to meet project objectives, reputation of the organisation seriously damaged and failure to appropriately manage finances.</li> </ul>
Injury (physical and psychological ) to clients/staff.	<ul style="list-style-type: none"> <li>Adverse event leading to minor injury not requiring first aid.</li> </ul>	<ul style="list-style-type: none"> <li>Minor injury or illness, first-aid treatment needed. No staff absence required.</li> </ul>	<ul style="list-style-type: none"> <li>Significant injury requiring medical treatment and/or counselling.</li> </ul>	<ul style="list-style-type: none"> <li>Major injuries or long term incapacity/ disability (loss of limb), requiring medical treatment and/or counselling.</li> </ul>	<ul style="list-style-type: none"> <li>Incident leading to death or major permanent incapacity.</li> </ul>
Client experience / outcome	<ul style="list-style-type: none"> <li>Reduced quality of client experience / outcome not directly related to service delivery.</li> </ul>	<ul style="list-style-type: none"> <li>Unsatisfactory client experience / outcome directly related to service provision – readily resolvable</li> </ul>	<ul style="list-style-type: none"> <li>Unsatisfactory client experience / outcome, short term effects – expect recovery &lt; 1Wk</li> </ul>	<ul style="list-style-type: none"> <li>Unsatisfactory client experience / outcome, long term effects - expect recovery &gt; 1Wk</li> </ul>	<ul style="list-style-type: none"> <li>Unsatisfactory client experience / outcome, continued ongoing long term effects.</li> </ul>
Complaints / claims	<ul style="list-style-type: none"> <li>Locally resolved complaint</li> </ul>	<ul style="list-style-type: none"> <li>Justified complaint peripheral to direct service provision</li> </ul>	<ul style="list-style-type: none"> <li>Below excess claim.</li> <li>Justified complaint involving inappropriate service.</li> </ul>	<ul style="list-style-type: none"> <li>Claim above excess level.</li> <li>Multiple justified complaints.</li> </ul>	<ul style="list-style-type: none"> <li>Multiple claims or single major claim.</li> </ul>
Staffing and competence	<ul style="list-style-type: none"> <li>Short term low staffing level (&lt; 1 day), where there is no disruption to service.</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing low staffing level results in minor reduction in quality of client care</li> <li>Minor error due to ineffective training / implementation of training.</li> </ul>	<ul style="list-style-type: none"> <li>Late delivery of key objective / service due to lack of staff.</li> <li>Moderate error due to ineffective training / implementation of training.</li> <li>Ongoing problems with staffing levels</li> </ul>	<ul style="list-style-type: none"> <li>Uncertain delivery of key objective / service due to lack of staff.</li> <li>Major error due to ineffective training / implementation of training.</li> </ul>	<ul style="list-style-type: none"> <li>Non delivery of key objective/ service due to lack of staff.</li> <li>Loss of key staff.</li> <li>Critical error due to insufficient training/ implementation of training.</li> </ul>



## Risk Management Matrix and Guide

"Domains"	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Extreme
Service business interruption /	<ul style="list-style-type: none"> <li>Interruption in a service which does not impact on the delivery of client care or the ability to continue to provide service</li> </ul>	<ul style="list-style-type: none"> <li>Short term disruption to service with minor impact on client care.</li> </ul>	<ul style="list-style-type: none"> <li>Some disruption in service with unacceptable impact on client care.</li> <li>Temporary loss of ability to provide service.</li> </ul>	<ul style="list-style-type: none"> <li>Sustained loss of service which has serious impact on delivery of client care resulting in major contingency plans being invoked.</li> </ul>	<ul style="list-style-type: none"> <li>Permanent loss of core service or facility.</li> <li>Disruption to facility leading to significant "knock on" effect.</li> </ul>
Financial	<ul style="list-style-type: none"> <li>Negligible organisational financial loss (£&lt; 1k).</li> </ul>	<ul style="list-style-type: none"> <li>Minor organisational financial loss (£1-10k).</li> </ul>	<ul style="list-style-type: none"> <li>Significant organisational financial loss (£10-100k).</li> </ul>	<ul style="list-style-type: none"> <li>Major organisational financial loss (£100k-1m).</li> </ul>	<ul style="list-style-type: none"> <li>Severe organisational financial loss (£&gt;1m).</li> </ul>
Inspection / assessment / audit	<ul style="list-style-type: none"> <li>Small number of recommendations which focus on minor quality improvement issues.</li> </ul>	<ul style="list-style-type: none"> <li>Minor recommendations made which can be addressed by low level of management action.</li> </ul>	<ul style="list-style-type: none"> <li>Challenging recommendations but can be addressed with appropriate action plan.</li> </ul>	<ul style="list-style-type: none"> <li>Enforcement Action.</li> <li>Low rating.</li> <li>Critical report.</li> </ul>	<ul style="list-style-type: none"> <li>Prosecution.</li> <li>Zero Rating.</li> <li>Severely critical report.</li> </ul>
Adverse publicity reputation /	<ul style="list-style-type: none"> <li>No media coverage, little effect on staff morale.</li> </ul>	<ul style="list-style-type: none"> <li>Local Media – short term.</li> <li>Minor effect on staff morale / public attitudes.</li> </ul>	<ul style="list-style-type: none"> <li>Local Media – long term.</li> <li>Impact on staff morale and public perception of the organisation.</li> </ul>	<ul style="list-style-type: none"> <li>National Media (&lt; 3 days).</li> <li>Public confidence in the organisation undermined.</li> <li>Usage of services affected.</li> </ul>	<ul style="list-style-type: none"> <li>National Media (&gt; 3 days).</li> <li>MP / MSP Concern (Questions in Parliament).</li> </ul>
Council / Personal Security, and Equipment	<ul style="list-style-type: none"> <li>Damage, loss, theft (£&lt; 1k).</li> </ul>	<ul style="list-style-type: none"> <li>Damage, loss, theft (£1-10k).</li> </ul>	<ul style="list-style-type: none"> <li>Damage, loss, theft (£10-100k).</li> </ul>	<ul style="list-style-type: none"> <li>Damage, loss, theft (£100k-1m).</li> </ul>	<ul style="list-style-type: none"> <li>Damage, loss, theft (£&gt;1m).</li> </ul>

## Likelihood

	1 Remote	2 Unlikely	3 Possible	4 Likely	5 Almost Certain
Probability	<ul style="list-style-type: none"> <li>Will only occur in exceptional circumstances</li> </ul>	<ul style="list-style-type: none"> <li>Unlikely to occur but definite potential exists</li> </ul>	<ul style="list-style-type: none"> <li>Reasonable chance of occurring – has happened before on occasions</li> </ul>	<ul style="list-style-type: none"> <li>Likely to occur – strong possibility</li> </ul>	<ul style="list-style-type: none"> <li>The event will occur in most circumstances</li> </ul>



# Risk Management: Leadership and Accountability Guide

Guide Purpose: The purpose of this document is to outline Risk Management roles and responsibilities for groups and individuals across North Ayrshire Council.

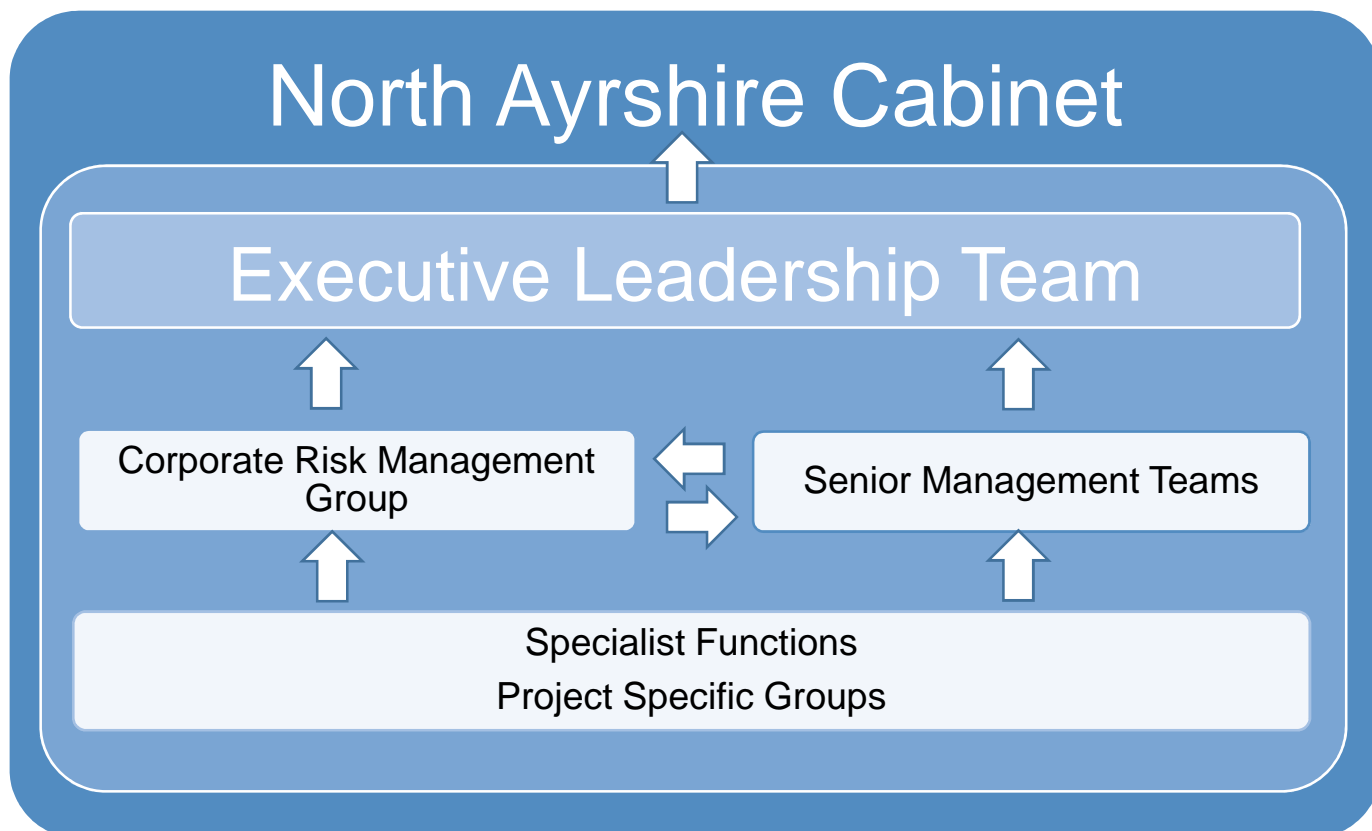


Figure1: Reporting hierarchy for groups involved in risk management

## 1.0 Governance, Roles and Responsibilities – Formal groups

### 1.1 Cabinet

In line with good governance, Cabinet is responsible for ensuring that the Council has a suitable Risk Management Framework in place to ensure that significant risks are adequately identified and controlled.

The Cabinet approves the risk management framework and the Strategic/Corporate risk register and considers the effectiveness of the risk management arrangements.

### 1.2 Executive Leadership Team

**In respect of the Risk Management Framework**, the Executive Leadership Team (ELT):

- provides a high profile commitment to enhancing risk management performance and embedding a risk aware culture, proactively promoting, supporting and encouraging good risk management practice across all services and activities;
- ensures appropriate risk information is utilised to guide major decisions in areas such as policy/strategy development, service planning, performance monitoring, budget planning, investment programmes, change programmes, projects and partnerships;
- ensures that a member of the Executive Leadership Team (the Executive Director (Finance and Corporate Support)) is responsible on behalf of the Chief Executive for overseeing the

risk management framework and that the remit of the risk management function/ risk manager been determined;

- ensures appropriate reporting arrangements for risk management are implemented across all levels of the Council, including that risk management matters are actively reported to the Corporate Risk Management Group;
- ensures there are mechanisms in place to check that risk management is being implemented in a manner consistent with the Council's risk management framework; and
- ensures the risk management framework is reviewed at a minimum of every two years so it remains fit for purpose and reflects best practice.

**In respect of managing risk**, the Executive Leadership Team:

- annually reviews the proposed Strategic/Corporate risk register and agrees the corporate risks for the Council in achieving its key corporate objectives, prior to submission to Cabinet for approval;
- ensures on an ongoing basis that significant risks that could impact on key objectives or service delivery responsibilities are identified, analysed, evaluated and responded to appropriately across the Council;
- ensures appropriate senior managers are clearly assigned responsibilities for assessing, reporting and managing identified key risks;
- monitors the effective management of the Strategic/Corporate risks by reviewing action taken and progress reports provided by the Corporate Risk Management Group;
- maintains a clear understanding of the Council's risk profile and its relation to the Council's capacity and tolerance for risk;
- actively 'horizon scans' to enable timely identification of potential risks (opportunities or threats) emerging from the Council's external environment; and
- encourages innovation through appropriate and informed risk management.

### 1.3 Corporate Risk Management Group (CRMG)

**In respect of the Risk Management Framework**, the Corporate Risk Management Group:

- oversees the ongoing revision, implementation and monitoring of activities which support implementation of the Council's risk management framework;
- oversees the ongoing revision, implementation and monitoring of key risk management related performance;
- provides assurance to ELT on the efficacy of the Council's risk management framework;
- ensures that group members take forward agreed risk management initiatives within their respective services, thereby achieving a consistent approach to risk management across all services. CRMG members will feedback risk management information to their local risk audience;
- facilitates the sharing of learning across the Council, from good practice or any events or near misses that identify trends of potential risk.

**In respect of managing risk**, the Corporate Risk Management Group:

- Oversees the annual revision of the corporate risk register in consultation with Executive Directors and Heads of Service. The CRMG will present the Strategic/Corporate risk register to ELT for agreement and submission to the Cabinet for approval;
- monitors (on a 6 monthly basis) the progress of action plans designed to manage corporate risks;
- develops and implements an annual risk action management plan;
- ensures that processes are in place for escalating risks at various levels as appropriate;
- provides routine and exception reports to the ELT.

#### 1.4 Local Risk Groups (services/ specialised sections/ project-specific groups)

For local risk groups within services, these will either be specific to risk management or pre-existing groups/ meetings which regularly include risk management as an agenda item.

Local risk groups:

- Organise specialist training and raise awareness in their area of responsibility to ensure practical measures are put in place to respond to risk;
- contribute to the service risk management plan and regularly review its content to ensure it continually reflects the key risks of the service and highlights the service's top risks;
- report progress to their Senior Management Team on a regular basis.

#### 1.5 Risk Management Specialist Functions

These will comprise of a number of employees (from audit, risk management and insurance, health and safety, civil contingencies and information security and ICT), who work in risk-related roles and will add further value in their roles by working closely together as subject experts.

The remit will include:

- Providing a central resource of expertise to the wider Council; and,
- Developing and jointly working on corporate risk management initiatives, either directly or through other Council services.

The Council will further access, where relevant, external sources of expertise such as the Police or the Council's Insurers.

## **2 Governance, roles and responsibilities – Individuals**

2.1 The following sets out the roles and responsibilities for specific individuals or groups of individuals.

### **2.2 Elected Members**

A significant aspect of an Elected Member's role is in making decisions for the Council and the people of North Ayrshire. The CIPFA / SOLACE 'Good Governance Guide for Scottish Local Authorities' – and in particular Principle 4, makes explicit the Elected Member's decision-making role and the need to ensure that risk management information contributes to the decision-making process. In considering any recommendations from Council officers in relation to new policies/ proposals, Members will ensure they are aware of the risks and benefits involved prior to making their decisions. A (risk) 'implications' section on Cabinet papers will enable risk information to be provided.

### **2.3 Chief Executive**

The Chief Executive has overall accountability for the Council's risk management framework, ensuring that there are suitable and effective arrangements in place to manage the Council's risks. The Chief Executive is supported in this role by the Executive Director (Finance and Corporate Support).

### **2.4 Executive Director (Finance and Corporate Support)**

The Executive Director is directly accountable to the Chief Executive and is the ELT member responsible for overseeing the risk management framework and remit of the Council's risk management function.

The Executive Director is responsible for overall leadership and co-ordination of the risk management agenda and for bringing to the Executive Leadership Team any risk issues requiring to be addressed. The Executive Director is supported in this role by a dedicated risk management resource in the Senior Manager (Internal Audit, Risk and Fraud) and the Risk and Insurance Team Manager.

### **2.5 Senior Information Risk Owners**

Senior Information Risk Owners (SIRO) are the Senior Managers familiar with the information risk and the Council response, would provide advice to the accounting officer for internal control.

These are Executive Directors or Heads of Service.

### **2.6 Senior Manager (Internal Audit, Risk and Fraud)**

The Senior Manager (Internal Audit, Risk and Fraud) is responsible for the corporate provision of risk management guidance, training and risk software for recording of risks/ risk management actions. Specifically, in relation to Internal Audit, the Senior Manager:

- ensures that the development of the strategic audit plan considers the Council's Strategic/Corporate risks and the services' significant risks, as well as key areas of organisational change for which risk is inherent; and,
- ensures that the results of Internal Audit work will inform the Strategic register and risk management actions.

## 2.7 Risk and Insurance Team Manager

The Risk and Insurance Team Manager:

- provides advice and support to service risk management representatives and service managers and other groups in the management of Strategic/Corporate, service and/ or project risks;
- provides a range of training and education opportunities in risk management for Members and employees, in line with Elected Member training and development programmes, management development programmes, key organisational projects and bespoke training needs;
- oversees the use and development and maintenance of the risk module within Covalent, ensuring timeous risk management reports are available for stakeholders;
- supports the process of reviewing the Strategic/Corporate risk register;
- develops an annual risk action management plan with the CRMG;
- manages the Council's risk financing / insurance arrangements.

## 2.8 Executive Directors and Director of Health and Social Care

It is the responsibility of each Executive Director and their senior management teams to implement local arrangements which accord with the risk management framework, and the related procedures.

All Executive Directors are accountable to the Chief Executive, the Executive Leadership Team and Cabinet for the management of risk within their areas of responsibility.

While Executive Directors have overall accountability for the management of a risk within their services, they may not 'own' the risk control measures being implemented to manage the risks (e.g. implementation of policies developed by other services). In this case, the role of the Executive Director is to oversee that the controls are fit for purpose and operating effectively within their area of responsibility and liaise with Executive Directors who 'own' the controls should they have any concerns.

Executive Directors and their Senior Management Teams will be supported in their risk management responsibilities by their nominated service risk management representative who will also represent the service on the Corporate Risk Management Group.

## 2.9 Chief Social Work Officer

The requirement for every local authority to appoint a professionally qualified Chief Social Work Officer (CSWO) is contained within Section 3 of the Social Work (Scotland) Act 1968. The CSWO is the 'proper officer' in relation to the social work function: an officer given particular responsibility on behalf of a local authority, where the law requires the function to be discharged by a specified post holder. The Head of Service for Children, Families and Criminal Justice, is the Council's specified CSWO.

The Chief Social Work Officer ensures the provision of effective and professional advice relating to the provision of social work services and assists understanding of the complexities of social work service delivery, particularly in relation to issues such as corporate parenting, child protection, adult protection and the management of high risk offenders. The CSWO has a role to play in overall performance improvement and significantly in the identification and management of corporate risk insofar as they relate to social work services.

## 2.10 Heads of Service

It is the responsibility of all Heads of Service to ensure their employees are familiar with the risk management framework and relevant controls. Heads of Service are accountable to their Executive Director for the management of risk within their areas of responsibility

Specifically, Heads of Service:

- ensure employees are informed of the risk context in which they undertake specific duties;
- ensure employees are encouraged to promptly report any matters of concern;
- ensure that employees' risk management skills and training needs are assessed and addressed.

## 2.11 Service Risk Management Representatives

All service risk management representatives have a responsibility (1) corporately, to support corporate risk management development activities, representing their service on the Corporate Risk Management Group and (2) locally, to support their Executive Directors, senior management teams and local risk fora/ groups in implementing appropriate risk management arrangements.

Specifically, service risk management representatives:

- attend all Corporate Risk Management Group meetings (or arrange a deputy if unable to attend), and raise any significant service risks that require to be considered for escalation to corporate level;
- actively promote corporate risk management initiatives and training opportunities throughout their service;
- support the development of their service risk management, and
- support managers in the identification of risks, actions and mitigating controls.

## 2.12 All employees

Risk management should be integrated into the daily activities of every employee. By ensuring that decisions on risk management are taken locally rather than centrally, the Council will encourage local ownership of the process. All employees are therefore encouraged to be involved in identifying current and potential risks where they work.

Employees should make every effort to be aware of situations which place themselves or others at risk, report identified hazards and implement measures to reduce risk as developed by their service.

This approach will require employees to:

- understand the risks that relate to their roles and their activities;
- understand how the management of risk relates to their own and their client's/ the public's safety;
- understand their accountability for particular risks and how they can manage them;
- understand how they can contribute to continuous improvement of risk management;
- understand that risk management is a key part of North Ayrshire Council's culture; and,
- report systematically and promptly to senior management any perceived new risks or failures of existing control measures.