Audit and Scrutiny Committee

A Meeting of the **Audit and Scrutiny Committee** of North Ayrshire Council will be held in the **Council Chambers**, **Ground Floor, Cunninghame House, Irvine, KA12 8EE** on **Tuesday, 14 November 2023** at **10:00** to consider the undernoted business.

Meeting Arrangements - Hybrid Meetings
This meeting will be held on a predominantly physical basis but with provision, by prior notification, for remote attendance by Elected Members in accordance with the provisions of the Local Government (Scotland) Act 2003. Where possible, the meeting will be live-streamed and available to view at https://north-ayrshire.public-i.tv/core/portal/home .

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   Minutes
The accuracy of the Minutes of (i) the Ordinary Meeting of the Audit and Scrutiny Committee held on 5 September 2023; and (ii) the Special Meeting held on 12 September 2023 will be confirmed and the Minutes signed in accordance with Paragraph 7 (1) of Schedule 7 of the Local Government (Scotland) Act 1973 (copy enclosed).

3   Elected Member Development
Submit report by the Head of Service (Democratic) providing information and seeking views on the development sessions provided to Elected Members over the 13 months from May 2022 to 30 June 2023, and on future planned developments (copy enclosed).

4   2022/23 Elected Member Requests Report
Submit report by the Head of Service (Democratic) informing of the Council's performance and the volumes and trends of Elected Member

requests handled in Financial Year 2022/23 (copy enclosed).

5   **2022/23 Complaint Report**
Submit report by the Head of Service (Democratic) informing of the
Council's complaint performance and the volumes and trends of
complaints received in Financial Year 2022/23 (copy enclosed).

6   **Audit and Scrutiny Committee Self-Evaluation 2023**
Submit report by the Head of Service (Democratic) on the outcome of the
annual self-evaluation of the Audit and Scrutiny Committee (copy
enclosed).

7   **External Audit Reports on the 2022/23 Audit and Best Value Thematic
Work**
Submit report by the Head of Service (Finance) inviting Committee to
note the annual audit report and the Best Value Thematic Work reports
for 2022/23 and to consider verbal reports by the external auditor (copy
enclosed).

8   **External Audit Report on Best Value Thematic Work 2022-23**
Submit report by Audit Scotland on the above (copy enclosed).

9   **Internal Audit Annual Update Report - North Ayrshire Integration
Joint Board (IJB)**
Submit report by the Head of Service (Finance) informing of the IJB's
annual report for 2022/23 and the approved internal audit plan for
2023/24 (copy enclosed).

10   **Internal Audit Plan 2023/24: Mid-year Update**
Submit report by the Head of Service (Finance) providing an update on
progress made in delivering the 2023/24 Internal Audit Plan (copy
enclosed).

11   **Corporate Fraud Team update report**
Submit report by the Head of Service (Finance) providing an update
report on the work of the Corporate Fraud Team between April and
September 2023 (copy enclosed).

12   **Internal Audit Reports Issued**
Submit report by the Head of Service (Finance) on the findings of Internal
Audit work completed between August and October 2023 (copy
enclosed).

13   **Internal Audit and Corporate Fraud Action Plans: Quarter 2 update**
Submit report by the Head of Service (Finance) on the progress made by
Council Services in implementing the agreed actions from Internal Audit
and Corporate Fraud reports as at 30 September 2023 (copy enclosed).

14   Strategic Risk Register 2023/24: Mid-year Update
Submit report by the Head of Service (Finance) providing an update on progress with actions related to the Strategic Risk Register (copy enclosed).

15   Urgent Items
Any other items which the Chair considers to be urgent.

16   Exclusion of the Public - Para 14
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 14 of Part 1 of Schedule 7A of the Act.
Non Disclosure of Information
In terms of Standing Order 21 (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.

17   Briefing on Cyber Security
There will be a
Briefing on the above by the Senior Manager (ICT).

Webcasting
Please note: this meeting may be filmed/recorded/live-streamed to the Council's internet site and available to view at https://north-ayrshire.public-i.tv/core/portal/home, where it will be capable of repeated viewing. At the start of the meeting, the Provost/Chair will confirm if all or part of the meeting is being filmed/recorded/live-streamed.

You should be aware that the Council is a Data Controller under the Data Protection Act 2018. Data collected during the webcast will be retained in accordance with the Council's published policy, including, but not limited to, for the purpose of keeping historical records and making those records available via the Council's internet site.

Generally, the press and public seating areas will not be filmed. However, by entering the Council Chambers, using the press or public seating area or (by invitation) participating remotely in this meeting, you are consenting to being filmed and consenting to the use and storage of those images and sound recordings and any information pertaining to you contained in them for webcasting or training purposes and for the purpose of keeping historical records and making those records available to the public. If you do not wish to participate in a recording, you should leave the meeting. This will constitute your revocation of consent.

If you have any queries regarding this and, in particular, if you believe that use and/or storage of any particular information would cause, or be likely to cause, substantial damage or distress to any individual, please contact dataprotectionofficer@north-ayrshire.gov.uk.

Audit and Scrutiny Committee Sederunt

John Bell (Chair) Donald Reid (Vice Chair) Eleanor Collier Cameron Inglis Tom Marshall Matthew McLean Davina McTiernan Donald L. Reid John Sweeney	Chair: Apologies: Attending:

North Ayrshire Council, Cunninghame House, Irvine KA12 8EE

Audit and Scrutiny Committee
5 September 2023

At a Meeting of the Audit and Scrutiny Committee of North Ayrshire Council at 10.00 a.m. involving participation by remote electronic means.

Present
John Bell, Donald Reid, Eleanor Collier, Cameron Inglis, Tom Marshall, Davina McTiernan and John Sweeney.

In Attendance
C. Cameron, Director, P. Doak, Head of Service (Finance and Transformation) and E. Stewart, Senior Manager (Children, Families and Justice) (Health and Social Care Partnership); A. Sutton, Executive Director and C. Hope, Senior Manager (Facilities Management) (Communities & Education); M. Boyd, Head of Service, L. Miller, Senior Manager, K. Gray, Team Manager, M. McCall, R. Hodge, D. Perrit and G. Mcmaster, Fraud Investigators (Audit, Fraud, Safety and Risk) (Finance); D. Hammond, Head of Service (Sustainability, Transport & Corporate Property), Y. Baulk, Head of Service (Housing & Public Protection) and F. Ellis, Senior Manager (Housing Strategy & Development) (Place); and A. Craig, Head of Service (Democratic), C. Stewart and H. Clancy, Committee Services Officers (Chief Executive's Service).

Chair
Councillor Bell in the Chair.

Apologies
Matthew McLean and Ian Murdoch.

1. **Declarations of Interest**

There were no declarations of interest by Members in terms of Standing Order 11 and Section 5 of the Code of Conduct for Councillors

2. **Minutes**

The Minutes of (i) the Ordinary Meeting of the Audit and Scrutiny Committee held on 30 May 2023; and (ii) the Special Meeting held on 27 June 2023 were confirmed and the Minutes signed in accordance with Paragraph 7 (1) of Schedule 7 of the Local Government (Scotland) Act 1973.

3. **Annual Assurance Statement to the Scottish Housing Regulator 2022/23**

Submitted report by the Executive Director (Place) on the Council's Annual Return of the Charter 2022/23 submission and requesting endorsement of the Annual Assurance Statement to be submitted to the Scottish Housing Regulator. The Annual Assurance Statement was attached at Appendix 1 to the report.

Members asked questions and were provided with further information in relation to the following:-

- agreed and documented timeframe for repairs, following inspection for condensation dampness and mould;
- the current position with regard to the review of the Housing Allocations Policy;
- the length of time taken for adaptations to be carried out and the reasons behind any delays;
- compulsory testing of gas and electrical safety testing (including smoke detection installations) including the position regarding access and forced entry procedures; and
- the position regarding the percentage of provision of hostel accommodation.

The Committee agreed (a) that the Committee Chair sign the Annual Assurance Statement detailed at Appendix 1 to the report; and (b) to note (i) the Annual Return on the Charter submission 2022/23; (ii) the supporting evidence provided to demonstrate compliance with the regulatory framework; (iii) the Council's non-compliance with its gas, electrical and fire safety legal responsibilities, albeit all outstanding gas safety checks for 2022/23 had now been carried out.

4. North Ayrshire HSCP - Internal Control Review

Submitted report by the Director, North Ayrshire HSCP on the recent work which had been undertaken to strengthen the internal control environment of the Health and Social Care Partnership.

Members asked questions and noted that further information in relation to the extent of spend would be provided on the most used Procurement Card, by volume of spend, including the possibility of obtaining itemised information on items of spend of £100 or more.

Noted.

5. Accounts Commission's Report: Local Government in Scotland: Overview 2023

Submitted a report by the Head of Service (Finance) on the findings of the Local Government in Scotland Overview 2022 report by the Accounts Commission highlighting key messages and recommendations.

A link to the full report was provided within the Executive Summary which examined how the Covid-19 pandemic had affected councils and their performance; considered the current and future challenges facing local government; and assessed how well-placed Councils are to deal with the current and future challenges.

Members asked questions and were provided with further information in relation to the anticipated timescales, including change of timelines, and the challenges of financial planning on initiatives and projects.

The Committee agreed to note (i) the findings of the Accounts Commission report; (ii) the key messages and recommendations contained in the report; and (iii) North Ayrshire Council's current approach in relation to each recommendation.

6.   Internal Audit Reports Issued

Submitted report by the Head of Service (Finance) on the findings of Internal Audit work completed between May and August 2023. The findings from five audit assignments were detailed at Appendix 1 to the report, together with the respective executive summaries and actions plans.

Members asked questions and were provided with further information in relation to:-

Glow

- access permission rights to Glow accounts and its level of use;
- the position regarding mandatory training provided to Glow users which incorporated the types of data suitable to store and send via this system (action point b, due date: August 2023), and the assurance given that this had been actioned; and
- the position regarding a high number of users with administrator rights access, meaning that staff had full access to the system with an access level higher than their job role (action point d, due date: August 2023), and the assurance given that this had been actioned at both a national and local level.

Payroll Transaction Testing

- the position regarding (action point a, due date: 31 July 2023) in which hours worked on one of the Building Service standby timesheets was higher than the times recorded on the job details form, and the assurance given that this action was now complete.

The Committee agreed to note the outcomes from the Internal Audit work completed as set out in the report and detailed in Appendix 1 to the report.

7.   Internal Audit and Corporate Fraud Action Plans: Quarter 1 Update

Submitted report by the Head of Service (Finance) on the progress made by Council Services in implementing the agreed actions from Internal Audit and Corporate Fraud reports as at 30 June 2023. Appendix 1 to the report provided full details of the action which was not completed within the agreed timescales.

The Committee agreed to note (i) the current position with the implementation of Internal Audit and Corporate Fraud actions and (ii) the circumstances surrounding the one outstanding action not completed within the previously agreed timescale.

8.   Exclusion of the Public – Para 1

The Committee resolved 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 items of business on the grounds indicated in terms of Paragraph 1 of Part 1 of Schedule 7A of the Act.

9.   Investigation Reports Issued

Submitted report by the Head of Service (Finance) on investigation reports finalised since the last meeting.

Following questions and discussion, the Committee agreed to note the outcomes from the investigations carried out.

The meeting ended at 11.45 a.m.

Audit and Scrutiny Committee
12 September 2023

At a Special Meeting of the Audit and Scrutiny Committee of North Ayrshire Council at 11.00 a.m. involving participation by remote electronic means.

Present
John Bell, Eleanor Collier, Cameron Inglis, Tom Marshall, Davina McTiernan and John Sweeney.

Also Present
Timothy Billings, Tony Gurney, Amanda Kerr, Christina Larsen, Nairn McDonald, Louise McPhater and Ronnie Stalker.

In Attendance
M. Boyd, Head of Service (Finance); L. Kirk, Interim Head of Service (Economic Development and Regeneration) and N. McIlvanney, Interim Head of Service (Growth, Investment and Employability) (Place); A. Craig, Head of Service (Democratic), C. Stewart, H. Clancy and S. Wilson, Committee Services Officers (Chief Executive's Service).

Chair
Councillor Bell in the Chair.

Apologies
Donald Reid and Matthew McLean.

1.   Declarations of Interest

There were no declarations of interest by Members in terms of Standing Order 11 and Section 5 of the Code of Conduct for Councillors.

2.   Call In: B714 Upgrade

Submitted report by the Chief Executive on a call-in request in respect of a decision taken by Cabinet on 29 August 2023 to (a) agree to the submission of the updated Outline Business Case to the UK Government for approval, informed by feedback on the draft submission; and (b) approve the reallocation of Council funding, detailed at Appendix 1 to the report, to support the delivery of the project, subject to the approval of the Final Business Case. The original Cabinet report was attached at Appendix 1 to the report. Appendix 2 to the report contained a briefing note provided by the Interim Head of Service (Economic Development and Regeneration) in response to the matters raised in the call-in request.

The Cabinet on 29 August 2023 agreed (a) to the submission of the updated Outline Business Case to the UK Government for approval, informed by feedback on the draft submission; and (b) to approve the reallocation of Council funding, detailed at Appendix 1, to support the delivery of the project, subject to the approval of the Final Business Case.

Subsequently, a call-in request was received from Councillors McPhater, Kerr and McDonald in the following terms:

Reason for Call-In

"Funding should not be cut from important investment in Community Wealth Building, town centre regeneration and economic development to deliver what is a reduced upgrade of the B714. Alternative funding sources should be identified.

Additionally, the B714 project is of major importance to North Ayrshire and our region's future economic prospects. However, the Cabinet's proposal removes the active travel elements from the initial project delivery, with no timeframe for future phases nor any guarantees that funding will be available for them. A Council that has declared a climate emergency, that has set an ambitious net zero target and has an administration that supposedly prioritises tackling climate change, shouldn't be repeating the mistakes of the past and undertaking major road projects without investing in active travel infrastructure as part of that project."

Desired Outcome

"The Council should utilise the money available from the PPP service concession as an alternative funding source.

A further report to brought back to Cabinet outlining a concrete timetable and funding proposal for the delivery of the active travel elements in the project."

The Head of Democratic Services summarised the procedure for considering the call-in request in terms of Standing Orders and referred to the Cabinet decision.

Thereafter, the Members who had requested the call-in were invited to speak and Councillor McDonald addressed the Committee in support of the call-in request.

The Chair then invited Councillor Gurney, as the Cabinet Member for Green Environment and Economy, to address the meeting. Councillor Gurney explained the reasoning for the Cabinet decision and referred to a briefing note from the Interim Head of Service (Economic Development and Regeneration) provided at Appendix 2 to the report.

The Interim Head of Service (Economic Development and Regeneration) and the Head of Service (Finance) were also heard in relation to the report presented to Cabinet and on issues raised by the call-in, reference being made to the briefing note at Appendix 2 to the report.

Members asked questions of the Interim Head of Service (Economic Development and Regeneration) and were provided with further information in relation to:-

- The timescale of the tender process and assessment of submissions;
- the impact that any budget reduction might have on the intended project specification including project delivery; and
- the deadline for submission of the Business Case to the UK Government.

Councillor Sweeney, seconded by Councillor Bell, moved that the Committee agree to accept the terms of the call-in request and refer the matter to the Cabinet for further consideration.

As an amendment Councillor Collier, seconded by Councillor McTiernan, moved that the Committee agree not to support the call-in request and that the previous decision of Cabinet should stand.

Thereafter, on a division and a roll call vote, there voted for the amendment, Councillors Collier, Inglis, Marshall and McTiernan (4) and for the motion, Councillors Bell and Sweeney (2). The amendment was declared carried.

Accordingly, the Committee agreed (a) not to support the call-in request; and (b) that the previous decision of Cabinet should stand.

## 2.	Call In: Council Tax Multipliers – Scottish Government Consultation

Submitted report by the Chief Executive on two call-in request in respect of a decision taken by Cabinet on 29 August 2023 in which, having noted the importance of recognising that this was a consultation response, and that decisions on Council Tax setting were made at full Council as part of the annual budget setting process and that no changes were being made to the Council Tax levels currently set, the Cabinet agreed to approve the Consultation response from North Ayrshire Council included in Appendix 1 to the report, for submission to the Scottish Government by 20 September 2023. The two call-in requests were presented (in the order received) at Appendices 1A and 1B to the report. The original Cabinet report and consultation response were attached at Appendix 2 to the report. Appendix 3 to the report contained briefing notes provided by the Head of Service (Finance) in response to the matters raised in the call-in request form.

The Cabinet on 29 August 2023 agreed to approve the proposed consultation response at Appendix 1 to the report, for submission to the Scottish Government by the consultation response deadline.

Subsequently, two call-in requests were received in the following terms from (A) Councillors McPhater, Kerr and McDonald; and (B) Councillors Billings, T. Ferguson and Stalker.

(A)	Reason for Call-In (Councillors McPhater, Kerr and McDonald)

"In 2007, the SNP were elected on a manifesto to "scrap the unfair Council Tax". 16 years later we still have Council Tax, and it is still based on historic property valuations.

Repeating the tinkering on the Council Tax formula for bands E-H, which was first implemented in 2017, does not repair local governments broken finances. The amount raised from the proposal amounts to less than 5% of our current council tax income.

Nor will tinkering with banding formulas make Council Tax fairer. It is a fundamentally regressive form of tax. The size of a property is not a good indicator of wealth or income, and the proposed changes will undoubtedly hit households who are on low incomes. For example, the changes will hit pensioners on a fixed income particularly hard, as well as young families struggling due to the cost-of-living crisis.

The Council Tax Reduction is inadequate and will not address the full range of needs of those hit by these Council Tax rises.

Furthermore, without a full revaluation, these changes will exacerbate the inequity between new build properties and those recently valued with those older properties that have been improved or extended. This will make the system less fair.

We are living through the worst cost of living crisis in generations with massive rises in households' energy bills, food costs, mortgages and rent. To hit a large number of households with large Council Tax increases at this time is deeply unfair."

<u>Desired Outcome</u>

"The consultation response be amended to reflect these points and to oppose the proposal on these grounds.

As an alternative, the Council's position should be to argue for reform of local taxation. This should include exploration of options such as, but not limited to, a full and thereafter regular revaluation of Council Tax, a replacement property tax, a local service tax, land value tax and a local income tax. North Ayrshire Council should advocate for a system based on a mix of local taxation options which are progressive and deliver real fiscal empowerment for councils to provide the services that our communities need."

(B)   <u>Reason for Call-In (Councillors Billings, Todd Ferguson and Stalker)</u>

"We consider that there should be no changes made to the multipliers used to calculate council tax. The reasons are:

1 – it is well established that Council Tax needs to be changed because it takes no account of people's ability to pay. This was recognised by the SNP Scottish government years ago but there has been no attempt made to bring forward a fairer system of raising local government funds. This change will further exacerbate the fundamental unfairness of the Council tax system which will create financial harm to many people even though they may live in larger homes.

2 – the current wording of the consultation response does not recognise the significant detrimental impact caused to Arran. Arran has nearly double the numbers of E to H properties compared to mainland North Ayrshire. Cost of living on Arran is already significantly higher than on the mainland and this change will further raise the cost of living on Arran which will put it at a disadvantage compared with the mainland. The Island Act legislation requires that there is a full economic and social assessment made when deciding on policy issues, and island must not be disadvantaged when compared with the mainland. This requirement is not stated with the consultation response.

3 – the comparisons between Scotland's and England's council tax rates are too simplistic and don't recognise the reality of property price differentials between the majority of England and Scotland. England has a lower % of properties in the E to H bands than in Scotland, and on average property prices in England are higher than those in Scotland. In areas which have high levels of Council Tax, such as North East England over 50% of properties in band A (compared with just over 30% in North Ayrshire). Therefore, in Scotland there will be many more families on middle and lower incomes living in higher rated properties, who already pay more council tax than a property of a similar value in England. These families will be hit hard by these proposals with no possibility of obtaining any relied. The cost of living is already at crisis point and these proposals will only add to the existing hardship."

<u>Desired Outcome</u>

"The desired outcome is that the North Ayrshire Council response on the proposed changes to Scotland's council tax multipliers is changed to reflect the point made above.

Specifically:

Question 1 – NO
Council tax is a flawed system for raising local taxation as it takes no account of people's ability to pay. This has long been recognised by the Scottish government. These proposed changes will harm many families living in larger properties who are already struggling with the cost of living crisis but fall outwith any support criteria.

Comparisons that try to claim that on average Scotland's rates of council tax are lower than those in England but this is a very simplistic view of council tax comparison. It does not take into account the fact that England has a lower % of properties in bands E to H and where some of the highest rates of council tax are set there are very high levels of properties in band A. The result of this is that more families in Scotland are living in homes with higher bands when compared with a property of a similar value in England. Many Scottish families are already paying more than a family in England in similar valued homes.

When was something in England ever a reason for the SNP Scottish government to do something in Scotland? Scotland already has a higher level of taxation than in England (income tax and Land and Building Transaction tax are two examples). These proposals will further increase the competitive disadvantage of living in Scotland.

Question 2 – NO
There should be no change to the current multiplier rates. Council tax is not based on the ability to pay. Increasing rates of council tax for higher banded properties does nothing to address the basic flaw in the council tax system.

There will be many families living in higher band properties who are on middle to low incomes and will already be struggling with the cost of living crisis. They will be severely affected by these changes further increasing the struggle they have to make ends meet.

Question 3 – no answer as there is no option to say no change.

Question 4 – Other
There should be no change to band multipliers.

Question 5 – YES
The criteria for relief from tax should be the same for all families irrespective of the tax banding of their homes. The levels of relief must take in to account the ability to pay which may result in higher levels of relief for families liable for higher levels of taxation.

Question 6 – use current response.

Question 7 – use current response.

Question 8 – use current response.

Question 9 – use current response with the addition of the following:
Arran has only 25% of properties in bands A and B compared with 57% in North Ayrshire overall. In addition Arran has is a much higher % of properties in bands E to H compared to the mainland (36% vs 19%). Therefore, families on Arran are on average already paying a much higher rate of council tax compared with mainland North Ayrshire. Any changes to E to H bands will have a significantly greater detrimental impact on Arran.

Arran already has higher costs of living when compared with the mainland. These council tax changes will increase the cost disparity and will have a far greater negative impact on Arran residents.

The Island Act legislation required that policy changes don't disadvantage island residents compared to the mainland. These council tax proposals will have a greater impact for island residents, therefore, if a change is made to council tax multipliers there must be some form of compensation or mitigation so that island residents are not unfairly disadvantaged.

Question 10 – YES
Arran island residents, who are on average already in higher tax banded properties, will be more greatly affected by these proposals when compared with the mainland. These disproportional impacts must be considered in accordance with the Island Act legislation."

The Chair outlined the procedure for the Committee when dealing with multiple call-in requests, namely where more than one request had been received relating to one decision of Cabinet.

Thereafter, the Members who had requested call-in (A) were invited to speak and Councillor McDonald addressed the Committee in support of the call-in request.

Thereafter, the Members who had requested call-in (B) were invited to speak and Councillor Billings addressed the Committee in support of the call-in request.

The Chair then invited Councillor Larsen, as the Cabinet Member for Finance, to address the meeting. Councillor Larsen advised that she would respond to the two call-in requests; explained the reasoning for the Cabinet decision; and referred to an explanatory note from the Head of Service (Finance) provided at Appendix 3 to the report.

The Head of Service (Finance) was also heard in relation to the report presented to Cabinet and on issues raised by the call-in, reference being made to the explanatory note at Appendix 3 to the report.

Members asked questions and were provided with further information in relation to:-

- the broader issues involved, specifically on Council Tax reform;
- the expansion of the Council Tax reduction scheme, which already included single person discount, to support as many households as possible affected by the proposal;
- including a reference to the Islands Act in the Scottish Government consultation response, to take account of a full economic and social impact assessment of the proposal;
- the financial challenges and pressures on Council budgets, including funding gaps and the ability to raise revenue;
- the issue of newly constructed properties, and clarification that had subsequently been obtained from the Assessor, relating to the notional market value of new properties as at 1 April 1991; and
- distribution of any additional revenue generated across the country and the role of the Directors of Finance Group in seeking to ensure an appropriate funding allocation across Councils.

Councillor Inglis, seconded by Councillor Sweeney, moved that the Committee agree to accept the terms of the call-ins (the Head of Democratic Services having sought clarification on whether the full terms of call-in (B) were part of the motion and received confirmation that they were) and refer the matter to the Cabinet for further consideration with the recommendation that Cabinet considers (i) in relation to call-in (A) the terms of the call-in and that the response to the consultation questions 1 and 2 should be "No", and (ii) in relation to call-in (B) the terms of the call-in and the proposed response tabled which includes reference to the Islands (Scotland) Act 2018.

As an amendment Councillor Collier, seconded by Councillor McTiernan, moved that the Committee agree not to support the call-ins and that the previous decision of Cabinet should stand, notwithstanding that a reference to the Islands (Scotland) Act 2018 should be included in the consultation response.

Thereafter, on a division and a roll call vote, there voted for the amendment, Councillors Collier and McTiernan (2) and for the motion, Councillors Bell, Inglis, Marshall and Sweeney (4), and the motion was declared carried.

Accordingly, the Committee agreed that the terms of the call-ins be referred to the Cabinet for further consideration, with a recommendation that Cabinet considers (i) in relation to call-in (A) the terms of the call-in and that the response to the consultation questions 1 and 2 should be "No", and (ii) in relation to call-in (B) the terms of the call-in and the proposed response tabled which includes reference to the Islands (Scotland) Act 2018.

3.   Call-In: Visitor Levy Consultation

Submitted report by the Chief Executive on a call-in request in respect of a decision taken by Cabinet on 29 August 2023 in which, having welcomed the principle of having fiscal flexibility at a local level, irrespective of whether it was ultimately exercised, the Cabinet agreed (a) to authorise officers to respond to consultations on the Visitor Levy (Scotland) Bill as detailed in Appendix 1 to the report by expressing support for the introduction of a levy, subject to further exploration of costs and benefits; and (b) to note the formation of an internal Visitor Levy Officer Working Group which would engage with the Tourism Forum, businesses and regional stakeholders to inform any future emerging proposals related to the implementation of a visitor levy. The original Cabinet report and consultation response were attached at Appendix 1 to the report. Appendix 2 to the report contained a briefing note provided by the Interim Head of Service (Growth, Investment and Employability) in response to the matters raised in the call-in request.

The Cabinet on 29 August 2023 agreed to approve the proposed consultation response at Appendix 1 to the report, for submission to the Scottish Government by the consultation deadline of 15 September 2023.

Subsequently, a call-in request was received from Councillors Billings, T. Ferguson and Stalker in the following terms:

"Reason for Call-In

The decision of the Cabinet was to respond to the consultation 'in support of the introduction of a levy'. We do not agree that North Ayrshire Council should be in support of the introduction of a levy at this time. There is insufficient detail in the draft legislation to ensure that any levy would be reasonable, proportionate and not have an overall harm on the visitor industry of North Ayrshire and Arran.

We consider that the responses in the consultation document are incomplete, unworkable and do not reference a number of very important issues that have been raised in discussion with constituents. These are:

The need for a Visitor Levy: The case for a Visitor Levy has not yet been made as there are concerns that a levy will be burdensome, expensive to operate, and removed local control of visitor funds. The cost of operating a business is already high in Scotland with high levels of taxation and VAT at 20% on all visitor services which is significantly more than many countries where visitor levies are applied. In addition, the cost of carrying on business on North Ayrshire's islands is already higher than the mainland.

Existing Visitor Gifting Schemes: There are several voluntary visitor gifting schemes operating on Arran, which cost nothing to run and raise considerable amounts of money that is then used for the benefit of visitors to Arran. The imposition of a centralised compulsory visitor levy will harm the functioning of these schemes and reduce the funds available for use on Arran.

Where the funds are spent: A centrally controlled visitor levy will remove local decision-making about how donations from visitors will be spent. If there is going to be a visitor levy then the local authority must undertake full engagement with its visitor businesses and communities and agree how the funds raised should be spent and in what proportion across the local authority area.

Definition of Chargeable Transaction: The consultation response states that using the total overnight charge would be preferable to what the Bill suggests, which is just the accommodation element of the stay. Using the total overnight charge would be unworkable, unfair and anticompetitive. This is because:

- Accommodation providers regularly offer a bundled offer that could include a combination of accommodation, breakfast, dinner, parking, leisure facilities, spa treatments, and ferry travel. These are often used to promote the business and attract visitors out of season. It would be totally unreasonable for a guest staying at a multiservice accommodation providers (such as a hotel or bed & breakfast) to pay the visitor levy on the total cost of their stay.
- Having a levy on the total cost of stay would be unworkable as it would be impossible to know what was and was not included. For example, if the levy were to be on the total cost of the stay, would that be for guests who purchase the bundle up front or for all guests even if they only book a room up front but then go on to purchase breakfast, dinner and spa treatments? What about hotel guests who only book a room and then pay as they go for additional services?
- If hotel guests have to pay the levy on more than just the room then hotels would have two prices, one for guests charging services to the room and the second for people not staying at the hotel but using its services.
- Hotels would lose custom because guests could go to local restaurants and not have to pay the levy, giving a competitive advantage to service providers who don't offer accommodation, such as restaurants, hairdressers, spa and leisure facilities.
- Local engagement and publicity – it is essential that local authorities engage with providers, stakeholders and communities about the local operation of any visitor levy scheme they plan to introduce. The local authority must develop a publicly available plan on how the money raised will be spent and the distribution of spend across the local authority. Each year local authorities must report on the performance of the levy with details about the money raised, cost of administration, what and where the funds were spent and the benefits provided to visitors.

Others – other various concerns are:
How will the levy be applied to visitors' bills?
When will visitors be told that a levy is payable?
Will the levy be subject to VAT?
What impact will there be on commission-based accommodation sales (such as to Booking.com)?

<u>Desired Outcome</u>

The desired outcome is to change the consultation paper as follows:

Section 1 – North Ayrshire Council considers that a visitor levy should not be imposed on Scotland's visitors. Scotland is already an expensive place to do business with high levels of taxation. The Visitor Levy is an additional tax on doing business that will be burdensome, expensive to operate and damage Scotland's tourist industry.

However, if a visitor levy system were to be approved then each local authority must have full discretion regarding implementation and control over the design, set-up, implementation and spend of any scheme within their area.

Section 2 – in addition to the current wording the following to be added:

Several visitor gifting schemes operate within North Ayrshire, in particular on Arran. They are operated at no cost by community led charities. They raise and distribute large sums of money for the direct benefit of visitors to Arran. The imposition of a visitor levy will harm the operation of these schemes which operate on good will and voluntary contributions.

Accommodation providers will be impacted by this legislation, in particular smaller providers with less resources to cope with the administration requirements. Tourism is already being harmed by the imposition of short-term licensing and the imposition of a visitor levy will create a further deterrent on small businesses.

Section 3 – remove the current wording and replace with:

Using the definition of 'overnight accommodation' is a simple and easily understandable definition.

There is some concern that some providers may attempt to inflate the costs of any additional items (such as breakfast and parking) to reduce the visitor levy. However, businesses already have to separate accommodation, food and other services for other taxation purposes. Also, to have the levy on the full cost of the overnight stay would add significant complexity and create disparity between visitors. There is such complexity to what a stay at a hotel includes and when additional services are paid for that charging the levy on more than just the overnight accommodation would be totally unworkable, burdensome and anticompetitive (as hotels would have higher prices for its resident guests compared with non-residents, and compared with nearby restaurants, leisure facilities etc).

The definition of 'overnight accommodation' must define if that is the rate inclusive or exclusive of VAT. Some smaller providers operate below the VAT threshold and don't charge VAT. A % levy charged after VAT would further disadvantage larger providers and would be a tax on a tax.

There must be a consistent approach about when and how visitors are informed about the compulsory visitor levy. In the UK there is a requirement for pricing to be transparent and include all the costs associated with the purchase. However, if accommodation providers can advertise accommodation without the visitor levy, at what point must providers inform their guests of this compulsory additional charge? If accommodation providers are required to show a price that includes the visitor levy then providers who use 3rd party sales outlets (such as Booking.com) which the vast majority of providers do, will be charged commission on the total price of the stay including the levy. Commission could be as high as 20% which would result in a loss to providers who will still need to pay the full levy.

It is essential that the levy is only payable on a 'chargeable transaction'. If visitors were to stay overnight for free then no levy should be payable. Examples of when this are when visitors are stranded on islands due to ferry cancellations and stranded visitors are accommodated in halls and temporary accommodation that makes no charge.

Section 4 – replace the current wording with:

If the levy is a % then it must be on the accommodation only element of the stay. However, an alternative would be a set £ fee per night. This would be simpler to calculate and would be more transparent. However, depending on the level at which the levy is set it may need to be tiered depending on the cost of accommodation.

Section 5 – add to the current wording:

Local authorities should have the flexibility to limit the levy for a single stay. This could be by a cap on the number of chargeable nights or setting a maximum charge for a single stay. This would lessen the burden on long-stay visitors who are often working in the area.

Local authorities should have the flexibility to change the rates depending on the demand for accommodation at different times of year. This would lessen the impact for visitors in low seasons.

Section 6 – retain current wording

Section 7 – add the following:

It is essential that local authorities undertake a full assessment as to the implications on the introduction of a visitor levy and that the findings on this assessment should be made public.
Then, prior to making any decision about introducing a visitor levy the local authority must undertake a comprehensive consultation with businesses, stakeholders and the public regarding the local implementation of the levy system, that includes details of how and where funds raised are to be used.

The operation of the visitor levy must be made public and contain details of how the funds raised will be spent and the distribution of funds across the local authority area.

Each year the Local Authority should be required to report on the total money raised, the proportion used for administration, what the funds were spent on and to what benefit to visitors. This will ensure that the scheme remains viable, and that visitors and residents retain confidence in the levy scheme.
Section 8 – retain current wording

Section 9 – retain current wording

Section 10 – replace current wording with:
- The requirement for providers to keep detailed records of the chargeable part of their overnight rates will be an additional burden for many, especially small providers. However, using the total overnight charge (including additional non-accommodation items such as food or use of leisure facilities) is not a viable option as it would be complex and create a significant competitive disadvantage for accommodation providers.

- Using a flat rate per night of stay is likely to be less complex and easier to manage. Any flat rate may need to be tiered so as not to disadvantage lower cost accommodation providers, such as campsites.

- Where an accommodation provider operates businesses in more than one local authority, they may have to manage reporting at different levy rates to different local authorities. If they have a central booking system this may become even more complex.

Accounting software used by many small businesses may not provide the flexibility to manage the levy and exemptions which could add to administrative burden and complexity for the providers."

Thereafter, the Members who had requested the call-in were invited to speak and Councillor Billings addressed the Committee in support of the call-in request.

The Chair then invited Councillor Gurney, as the Cabinet Member for Green Environment and Economy, to address the meeting. Councillor Gurney explained the reasoning for the Cabinet decision and referred to a briefing note from the Interim Head of Service (Economic Development and Regeneration) provided at Appendix 2 to the report.

The Interim Head of Service (Growth, Investment and Employability) was also heard in relation to the report presented to Cabinet and on issues raised by the call-in, reference being made to the explanatory note at Appendix 2 to the report.

Members asked questions of the Interim Head of Service (Growth, Investment and Employability) and were provided with further information in relation to:-

- the tight consultation timescales involved and whether consideration on the consultation response could have taken place earlier, in order to allow more time consideration on the response; and
- the potential impacts on the local tourist industry and economy, together with the financial aspects involved (including penalties) concerning the application process.

Councillor Inglis, seconded by Councillor Marshall, moved that the Committee agree to accept the terms of the call-in request and refer the matter to the Cabinet for further consideration.

As an amendment Councillor Collier, seconded by Councillor McTiernan, moved that the Committee agree not to support the call-in request and that the previous decision of Cabinet should stand, with the consultation response being submitted to the Scottish Government by the 15 September 2023 deadline.

Thereafter, on a division and a roll call vote, there voted for the amendment, Councillors Bell, Collier and McTiernan (3) and for the motion, Councillors Inglis, Marshall and Sweeney (3). There being an equality of votes, the Chair exercised his casting vote in terms of Standing Order 19.6, and the amendment was declared carried.

Accordingly, the Committee agreed not to support the call-in request and that the previous decision of Cabinet should stand, with the consultation response being submitted to the Scottish Government by the 15 September 2023 deadline.

The meeting ended at 12.15 p.m.

NORTH AYRSHIRE COUNCIL

14 November 2023

Audit and Scrutiny Committee

Title:	**Elected Member Development**
Purpose:	To provide information and seek views on the development sessions provided to Elected Members over the 13 months from May 2022 to 30 June 2023, and on future planned development sessions.
Recommendation:	The Committee is recommended to note the report and to provide feedback a) on the Elected Member Development sessions held in the period May 2022 to June 2023 b) on means to support Elected Member attendance c) on how future programmes might be improved and d) to suggest additional topics for the next year.

1.   Executive Summary

1.1   This report provides information on development support provided to Elected Members during the period May 2022 - June 2023, on attendance rates, feedback from current activities and on future planned development.

2.   Background

2.1   An annual report is provided to Audit & Scrutiny which details the Council's learning events programme for Elected Members and individual Elected Member attendance figures. This report provides information for the period following local government elections from May 2022 until June 2023.

2.2   The Audit Commission report on "Roles and Working Relationships - Are you still getting it right?" emphasised that Councillors need the skills and tools to carry out their role. This includes training in relation to both Council and ALEO responsibilities, as well as scrutiny, audit and financial decision making. Finally, it noted that training and development should be an ongoing process, not a one-off induction.

2.3   Following a very extensive Elected Member Induction programme in 2022, after the Council election, North Ayrshire Council has continued to offer a full training programme for Members. The number of development sessions provided during that time is as follows:

- 2022 (post-election) - 33 sessions, of which 21 formed part of the Welcome Sessions following the election. Average attendance at the Welcome Sessions was 10 and attendance at the remaining sessions in 2022 was 11.
- 2023 (Jan-June) - 5 sessions, average attendance of 13 Members.

2.4 Appendix 1 contains details of the Induction sessions, including Appeals training which is covered later in this report.

2.5 Appendix 2 contains details of the development taking place after the Induction period between August and December 2022. The best attended sessions during 2022 outside of the Induction programme were Standing Orders (23 attendees) and Housing Allocation Policy and HRA Budget update (19 attendees).

2.6 Appendix 3 contains details of the development that has taken place between January and June 2023 and includes the 5 internal sessions organised plus Cyber Security e-learning and an external Improvement Service webinar. The best attended sessions were Community Budget engagement (18 attendees) and the Planning update (also 18 attendees).

2.7 On average each Member attended 12 development sessions during this 13-month period. Based on an average of 1½ hours per session this equates to approximately 18 hours of CPD per annum, albeit the true figure will be higher as a result of on-line training and individual Members attendance at external events and conferences. Individual Member attendance from May 2022 to June 2023 varied between attendance at 29 sessions to attendance at none.

2.8 Overall there were 346 separate Member attendances at development sessions in 2022 (including Induction sessions) and 69 in the first half of 2023. These figures include those aimed at specific committee members (Appeals Committee and Licencing Committee training).

2.9 The Council has previously offered members an annual PDP discussion to discuss their development needs. Take up for this is historically low and indeed there were none at the last time it was offered. However this is yet to be offered under the current administration but is planned for early next year. In addition the Improvement Service previously offered a 360 degree feedback session but this has been discontinued due to the low take up.

2.10 Council previously agreed that all Members who sit on the Appeals Committee should receive training before they sit on the Committee. An externally facilitated session was held in 2022 for panel members. As a result, all Members of the Appeals Committee are trained and now sit on the Committee.

2.11 Members can provide feedback by electronic means on sessions attended. During 2022 the feedback response rate was 18% and in the first half of 2023 it was 8%. The sessions are rated 1-5 by respondents on content, handouts, presentation, friendliness of tutor, relevance and overall service provided. The feedback is primarily positive with only one rating of 3 and everything else a 4 or 5. Generally training is well received with Members confirming that their skills/knowledge has increased by attending the training. A breakdown of the evaluations received for all sessions for this 13 month period is included in Appendix 4.

2.12 In addition to this there is learning available from the Improvement Service (IS) in the form of Briefing notes, masterclasses, newsletters and more recently webinars. Our own intranet Connects site also hosts information, such as the slides from learning events. There is also e-learning available through iLearn, although again take up is low (at the time of writing this report one Member completing the Cyber Security e-learning shown on the table in Appendix 3).

2.13 Members and Officers are consulted on future training topics and any views from the Committee are also welcome. The Elected Member Learning and Development Event Schedule for the first half of 2024 will be published in due course although the potential topics already submitted include Community Wealth Building, Environmental Sustainability & Climate Change, Local Transport & Active Travel and the Vacant and Derelict Land Strategy.

2.14 In conclusion, the Council continues to offer an extensive development programme for Members. While attendance levels vary from one session to another and between individual councillors, on average Members attend a significant volume of development, particularly when on-line and external events are included. Nevertheless, it is important that the Committee has the opportunity to review the current development arrangements and suggest improvements.

3. Proposals

3.1 The Committee is recommended to note the report and to provide feedback a) on the Member Development sessions held in the period May 2022 to June 2023, b) on means to support Member attendance c) on how future programmes might be improved and d) to suggest additional topics for the next year.

4. Implications/Socio-economic Duty

Financial

4.1 Investment in development produces more informed decisions and better outcomes. As this supports good governance and better decision making, Elected Member development continues to be an area of focus in terms of Best Value activity.

Human Resources

4.2 Effective development is key to keeping North Ayrshire Council as a high performing Council.

Legal

4.3 Effective development is a key component of good governance, leading to better decisions.

Equality/Socio-economic

4.4 Effective equalities training is essential for Members. Training in equalities assists Members to develop policy and inform decision making processes whilst ensuring that appropriate equalities impacts are taken into account.

Climate Change and Carbon

4.5 No Implications.
A session on Environmental Sustainability and Climate Change is planned for next year.

Key Priorities

4.6 Sharing of information and knowledge through briefings and development sessions with Elected Members supports the delivery of all priorities outlined in the Council Plan.

Community Wealth Building

4.7 There are no direct community wealth building impacts although trained and skilled Members will be better placed to support their communities. A session on the Community Wealth Building refresh is planned for next year.

5. Consultation

5.1 The Learning and Organisational development team have been involved in the preparation of this report. All sessions have been evaluated.

Aileen Craig
Head of Democratic Services

For further information please contact Paul Houston, Learning and Organisational Development Adviser, by email on phouston@north-ayrshire.gov.uk

Background Papers
None

Appendix 1 - Elected Members Induction Attendance 2022

Name	Intro to NAC/Meet the ELT	The Role of the Councillor-Keeping you Right	Welcome and IT Equipment Collection	Overview of the First Council Meeting	Communications & Social Media	Equalities/Appropriate Language	Cyber Security & Information Governance	EM Hub/Sharepoint/MS Awareness	Community Democracy	Remuneration/Allowances/Pension	Intro to Chief Executive's Service & Key Contacts	Intro to Place & Key Contracts	Audit, Scrutiny & Performance Role	Intr to Communities & Education	Intro to HSCP & Key Contacts	Growth & Investment	Planning Committee & Local Review Body Training	Appeals Committee Training	Community Wealth Building	Children Services Strategic Planning	Licensing Board Training	
Alan Hill																						0
Amanda Kerr																	Y					1
Angela Stephen																					Y	1
Anthea Dickson	Y	Y		Y	Y	Y	Y	Y	Y	Y	Y	Y		Y	Y	Y	Y		Y	Y		17
Anthony Gurney																Y	Y		Y	Y		4
Cameron Inglis	Y	Y		Y	Y	Y	Y	Y	Y	Y	Y	Y		Y	Y	Y	Y		Y	Y		17
Chloe Robertson	Y	Y		Y	Y	Y	Y	Y						Y			Y			Y		10
Christina Larsen	Y	Y		Y	Y	Y								Y	Y				Y		Y	9
Davina McTiernan	Y	Y		Y	Y	Y	Y	Y	Y		Y	Y	Y	Y	Y							13
Donald L Reid	Y	Y		Y	Y			Y	Y	Y		Y		Y		Y			Y		Y	12
Donald Reid	Y	Y		Y	Y	Y		Y	Y	Y	Y	Y	Y	Y	Y			Y	Y	Y		16
Eleanor Collier													Y	Y	Y	Y					Y	5
Ian Murdoch													Y				Y		Y			3
Jean McClung	Y	Y		Y	Y			Y			Y			Y	Y						Y	9
Jim Montgomerie	Y																Y					2
Joe Cullinane	Y																					1
John Bell	Y	Y		Y	Y	Y		Y	Y			Y						Y	Y		Y	11
John Glover								Y		Y							Y					3
John Sweeney	Y	Y		Y	Y	Y	Y	Y				Y		Y								9
Louise McPhater	Y																					1
Margaret Johnson	Y	Y		Y	Y	Y	Y	Y	Y	Y	Y	Y		Y	Y	Y	Y		Y	Y		17
Marie Burns	Y	Y		Y				Y	Y					Y	Y				Y			8
Matthew McLean																					Y	1
Nairn McDonald	Y	Y		Y				Y						Y							Y	6
Robert Foster	Y																	Y		Y		3
Ronnie Stalker																					Y	1
Scott Davidson	Y	Y		Y	Y	Y	Y			Y	Y	Y		Y	Y		Y		Y	Y		14
Scott Gallacher																						0
Shaun Macaulay				Y			Y		Y									Y				4
Stewart Ferguson	Y	Y		Y	Y	Y	Y	Y	Y								Y					9
Timothy Billings																						0
Todd Ferguson	Y	Y																				2
Tom Marshall	Y							Y										Y				3
	21	16	0	16	13	11	9	15	11	7	7	8	4	14	10	6	11	5	11	8	9	212

Appendix 2 - Learning & Development Session Attendance 2022 (Aug-Dec)												
	Standing Orders	Civil Contingencies	PREVENT	Port Marine Safety Code	MAPPA	Tourism Update	National Care Service	Cyber Security and Information Governance	SPT Delivering for North Ayrshire	Health and Safety Update	Elected Member Online Account	Housing Allocation Policy and HRA Budget	TOTALS
Alan Hill	Y					Y							2
Amanda Kerr													0
Angela Stephen													0
Anthea Dickson	Y		Y	Y					Y	Y	Y	Y	7
Anthony Gurney	Y	Y	Y	Y		Y	Y	Y				Y	8
Cameron Inglis					Y	Y	Y	Y		Y	Y	Y	7
Chloe Robertson	Y	Y	Y			Y	Y					Y	6
Christina Larsen	Y	Y		Y	Y			Y				Y	6
Davina McTiernan	Y	Y	Y		Y	Y		Y	Y				7
Donald L Reid	Y	Y		Y			Y	Y	Y	Y	Y	Y	9
Donald Reid	Y	Y		Y				Y	Y			Y	6
Eleanor Collier	Y			Y				Y					3
Ian Murdoch	Y			Y	Y	Y							4
Jean McClung											Y	Y	2
Jim Montgomerie												Y	1
Joe Cullinane													0
John Bell	Y	Y	Y	Y					Y	Y	Y	Y	8
John Glover									Y			Y	2
John Sweeney	Y		Y		Y		Y	Y				Y	6
Louise McPhater													0
Margaret Johnson	Y		Y	Y			Y	Y	Y	Y		Y	8
Marie Burns	Y											Y	2
Matthew McLean	Y	Y					Y	Y				Y	5
Nairn McDonald	Y			Y								Y	3
Robert Foster	Y	Y			Y							Y	4
Ronnie Stalker	Y							Y					2
Scott Davidson	Y	Y											2
Scott Gallacher													0
Shaun Macaulay						Y							1
Stewart Ferguson	Y	Y	Y	Y		Y	Y					Y	7
Timothy Billings	Y	Y		Y	Y	Y		Y	Y		Y		8
Todd Ferguson	Y	Y		Y									3
Tom Marshall	Y			Y		Y			Y			Y	5
Totals	23	13	8	14	7	10	8	12	9	5	6	19	134

Appendix 3 - Learning & Development Attendance Jan-Jun 2023								
	Community Budget Engagement	Your Next Move	Planning Update: NPF4	Roads Network	Zero Waste Strategy & Site Visit	Cyber Security e-learning	IS Session - Accounts Commission	TOTALS
Alan Hill	Y		Y					2
Amanda Kerr	Y							1
Angela Stephen								0
Anthea Dickson	Y	Y	Y	Y				4
Anthony Gurney	Y	Y	Y					3
Cameron Inglis	Y	Y		Y	Y			4
Chloe Robertson			Y	Y				2
Christina Larsen	Y	Y	Y	Y	Y			5
Davina McTiernan		Y	Y	Y				3
Donald L Reid	Y	Y	Y					3
Donald Reid	Y			Y				2
Eleanor Collier	Y	Y	Y					3
Ian Murdoch	Y		Y					2
Jean McClung				Y				1
Jim Montgomerie	Y							1
Joe Cullinane								0
John Bell	Y	Y	Y					3
John Glover	Y	Y		Y				3
John Sweeney	Y			Y				2
Louise McPhater	Y							1
Margaret Johnson		Y	Y	Y	Y		Y	5
Marie Burns	Y		Y		Y			3
Matthew McLean			Y					1
Nairn McDonald		Y						1
Robert Foster			Y					1
Ronnie Stalker				Y				1
Scott Davidson			Y					1
Scott Gallacher								0
Shaun Macaulay	Y		Y					2
Stewart Ferguson			Y		Y			2
Timothy Billings	Y	Y	Y	Y		Y	Y	6
Todd Ferguson								0
Tom Marshall					Y			1
Totals	18	12	18	12	6	1	2	69

Appendix 3 - Learning & Development Attendance Jan-Jun 2023	Community Budget Engagement	Your Next Move	Planning Update: NPF4	Roads Network	Zero Waste Strategy & Site Visit	Cyber Security e-learning	IS Session - Accounts Commission	TOTALS
Alan Hill	Y		Y					2
Amanda Kerr	Y							1
Angela Stephen								0
Anthea Dickson	Y	Y	Y	Y				4
Anthony Gurney	Y	Y	Y					3
Cameron Inglis	Y	Y		Y	Y			4
Chloe Robertson			Y	Y				2
Christina Larsen	Y	Y	Y	Y	Y			5
Davina McTiernan		Y	Y	Y				3
Donald L Reid	Y	Y	Y					3
Donald Reid	Y			Y				2
Eleanor Collier	Y	Y	Y					3
Ian Murdoch	Y		Y					2
Jean McClung				Y				1
Jim Montgomerie	Y							1
Joe Cullinane								0
John Bell	Y	Y	Y					3
John Glover	Y	Y		Y				3
John Sweeney	Y			Y				2
Louise McPhater	Y							1
Margaret Johnson		Y	Y	Y	Y		Y	5
Marie Burns	Y		Y		Y			3
Matthew McLean			Y					1
Nairn McDonald		Y						1
Robert Foster			Y					1
Ronnie Stalker				Y				1
Scott Davidson			Y					1
Scott Gallacher								0
Shaun Macaulay	Y		Y					2
Stewart Ferguson			Y		Y			2
Timothy Billings	Y	Y	Y	Y		Y	Y	6
Todd Ferguson								0
Tom Marshall					Y			1
Totals	18	12	18	12	6	1	2	69

Appendix 4 - Evaluation Feedback from May 2022 - June 2023

Development Session	Content	Handouts and presentations	Presentation	Tutor	Relevance	Overall	Has the session increased knowledge and/or skills?
22 Aug 2022 - New Standing Orders	1	4		5		4	Yes
22 Aug 2022 - New Standing Orders	5	5	5	5	5	4	Yes
22 Aug 2022 - New Standing Orders	4	5	4	5	4	4	Yes
22 Aug 2022 - New Standing Orders	5	4	5	5	5	5	Yes
30 Aug 2022 - Civil Contingencies Awareness	4	5	5	5	5	4	Yes
30 Aug 2022 - Civil Contingencies Awareness	3	4	4	4	3	3	No
22 Aug 2022 - New Standing Orders	5	5	5	5	5	4	Yes
8 Sep 2022 - PREVENT Awareness	5	5	5	5	5	5	Yes
26 Sep 2022 - Port Marine Safety Code	4		4	4	2	4	No
26 Sep 2022 - Port Marine Safety Code	5	5	5	5	5	5	Yes
20 Oct 2022 - National Care Service	5	5	5	5	5		Yes
9 Nov 2022 - Cyber Security and Information Governance	5	5	5	5	5		Yes
17 Nov 2022 - SPT: Delivering in your area	5	5	5	5	5	5	Yes
17 Nov 2022 - SPT: Delivering in your area	5	4	4	5	4	5	Yes
9 Nov 2022 - Cyber Security and Information Governance	4	4	3	4	4	4	Yes
17 Nov 2022 - SPT: Delivering in your area	3	4	2	4	5	4	Yes
24 Nov 2022 - Health and Safety Update	5		5		5	5	Yes
24 Nov 2022 - Health and Safety Update	5	5	5	5	5	5	Yes
30 Nov 2022 - Elected Member Online Account	5	5	5	5	5	5	Yes
30 Nov 2022 - Elected Member Online Account	2	3	3	5		2	No
30 Nov 2022 - Elected Member Online Account	5	5	5	5	5	5	Yes
5 Dec 2022 - Housing Allocation Policy and HRA Budget	4	4	4	4	4	5	Yes
5 Dec 2022 - Housing Allocation Policy and HRA Budget	5	5	5	5	5	5	Yes
5 Dec 2022 - Housing Allocation Policy and HRA Budget	5	5	4	5	5	4	Yes
5 Dec 2022 - Housing Allocation Policy and HRA Budget	5	5	5	5	5	5	Yes
12 January - Community Budget Engagement	4	3	4	4	4	4	Yes
12 January - Community Budget Engagement	5	5	5	5	5	5	Yes
6 March 2023 - Your Next Move: Working North Ayrshire	5	5	5	5	5	5	Yes
31 Mar 2023 - Roads Network: Direction of Travel	5	4	5	5	5	4	Yes
20 Apr 2023 - Zero Waste Strategy and Shewalton Visit	5	5	5	5	5	5	Yes

Note

The scale runs from 1 (Dissatisfied) to 5 (Satisfied) on all of these ratings, with the exception being Overall which is presented as 1 (Dissatisfied) to 5 (Delighted).

NORTH AYRSHIRE COUNCIL

14 November 2023

Audit and Scrutiny Committee

Title:	**2022/23 Elected Member Requests Report**
Purpose:	To inform the Audit and Scrutiny Committee of the Council's performance and the volumes and trends of Elected Member requests handled in Financial Year 2022/23.
Recommendation:	That the Committee notes the report and the information provided.

1.   Executive Summary

1.1   This report details Elected Member requests information covering the period 1 April 2022 to 31 March 2023 (referred to in the report as 2022/23).

1.2   To allow comparisons to be made the report also contains data relating to financial years 2020/21 and 2021/22.

2.   Background

2.1   This section contains information and commentary on Elected Member requests handled by the Council during 2022/23.

2.2   *Volume of Councillor requests recorded and actioned during 2022/23*

Total volume of requests recorded	2,903
Volume actioned	2,903

2.2.1 Councillor requests can be handled by Services under two stages:-

Stage One – non-complex requests with a timescale to action of 5 working days
Stage Two – complex requests with a timescale to action of 20 working days

2.2.2 The table below details all Councillor requests actioned during the period:-

	2022/23
Stage One requests actioned	2,903
Stage One requests actioned on time	2,588
% Stage One requests actioned on time	**89%**
Stage Two requests actioned	2
Stage Two requests actioned on time	1
% Stage Two requests actioned on time	**50%**
Total % of requests actioned on time	**89%**

2.2.3 Requests not meeting timescale were due to multiple factors, including:

- employee absence/annual leave
- reduced/lack of resources
- further information required in order to progress requests (including from third parties)
- operational pressures, some of which were ongoing issues as a result of the pandemic

2.2.4 The small number of requests handled at Stage Two was expected given most requests are straightforward in nature, however, requests handled at Stage One that required detailed investigation could have been escalated and handled at Stage Two. Whilst this would have reduced the volume of requests handled (and breached) at Stage One, such escalations would have delayed Councillors receiving responses from Services.

2.2.5 *Year on Year comparison*

2.2.6 The table below shows a comparison of the volume of Councillor requests received and actioned over the last three years:

Councillor Requests	**2020/21**	**2021/22**	**2022/23**
Stage One requests actioned	1,248	1,971	2,903
Stage One requests actioned on time	1,144	1,779	2,588
% Stage One requests actioned on time	**92%**	**90%**	**89%**
Stage Two requests actioned	0	0	2
Stage Two requests actioned on time	0	0	1
% Stage Two requests actioned on time	**n/a**	**n/a**	**50%**
Total % of requests actioned on time	**92%**	**90%**	**89%**

2.2.7 A significant increase (47%) in requests received from Councillors when comparing 2022/23 with the previous year.

2.2.8 Whilst there was a significant uplift in requests received in 2022/23, the percentage actioned on time remained high and in line with previous years.

2.3 *Volume of requests per Directorate*

2.3.1 Councillor Stage One requests (5 working day timescale to action)

Directorate	Department	No. of requests actioned	No. actioned on time	% actioned on time	Average no. of days to resolve Stage Ones	Target (days)
Chief Executive's	Customer Services	32	26	81%	3.3	5
	HR	1	1	100%	1	5
	IT	2	1	50%	12	5
	Legal	18	18	100%	2.6	5
Communities	Community Facilities	4	3	75%	3.8	5
	Community Learning & Dev.	10	6	60%	5.4	5
	Libraries	2	2	100%	1.5	5
	Sports & Activity	18	12	67%	8.8	5
	Education	33	19	58%	6.1	5
	Facilities Management	29	25	86%	3.1	5
Place	Building Services	121	105	87%	3.5	5
	Housing	621	586	94%	2.9	5
	Planning	33	28	85%	3.2	5
	Protective Services	46	39	85%	3.6	5
	Roads	805	775	96%	2.6	5
	Streetscene	437	383	88%	3.3	5
	Waste	235	191	81%	4.2	5
	Business Development	1	1	100%	4	5
	Employability	4	4	100%	2.8	5
	Regeneration	25	19	76%	7.3	5
	Energy/Sustainability	17	15	88%	3.6	5
	PMI	168	148	88%	3.6	5
	Transport	2	1	50%	6.5	5
Health & Social Care Partnership	Children, Families & Criminal Justice	28	22	79%	5	5
	Health & Community Care	151	104	69%	5.3	5
	Mental Health	26	21	81%	3.5	5
	HSCP Support Services	2	1	50%	6.5	5
N/A	Emergency Services	32	32	100%	1	n/a
		2,903	**2,588**	**89%**	**3.3**	**5**

2.3.2 There were a number of reasons recorded as to why Stage One requests were not responded to/actioned on time, including information being awaited from third parties, delays in approving responses, relevant officers being unavailable to assist with investigating requests, reduced resources and service/operational pressures.

2.3.3 Emergency Services was introduced as a Department option to allow Councillors to record when they have approached an emergency service with an issue. These cases are for noting purposes only.

2.3.4 Councillor Stage Two requests (20 working day timescale to action)

Directorate	Department	No. of requests actioned	No. actioned on time	% actioned on time	Average no. of days to resolve Stage Ones	Target (days)
Communities	Community Learning & Dev.	1	0	0%	23	20
Place	Building Services	1	1	100%	19	20
		2	1	**50%**	21	20

2.5 *MP/MSP requests*

2.5.1 MP and MSP requests have a set timescale of 10 working days to action and the table below details the requests actioned during the period:-

	2022/23
Requests actioned	562
Requests actioned on time	495
% of requests actioned on time	**88%**

2.5.2 Reasons for requests breaching timescale were similar to the reasons Councillor requests did not meet timescale.

2.6 *Recording Councillor requests*

2.6.1 The table below shows how Councillor requests were logged throughout the year:-

	Volume	%
Volume of Councillor requests recorded	2,905	
Volume logged by Councillors	1,614	55%
Volume logged by Member Services	800	27%
Volume logged via other channels (e.g. the Services directly, Contact Centre etc.)	491	17%

2.6.2 Of the 1,614 requests logged by Councillors during the year, 20 Councillors used their NAC online Member accounts to log requests themselves.

2.7 *Issue identified regarding follow up actions for Councillor requests*

2.7.1 At an Audit and Scrutiny Committee in early 2023, Committee members noted that some requests that require follow up actions are being closed and no updates are being provided to the Members once complete. As this is causing difficulties for Members trying to relay

full closure information to their constituents, a process was developed to address these concerns and was implemented on 30 October 2023. An update on the operational success of the process will be provided to a future Committee once sufficient information for analysis has been acquired.

3.   Proposals

3.1   That the Committee considers and notes the report and recognises the Council's performance in handling Elercted Member requests.

4.   Implications/Socio-economic Duty

Financial

4.1   None.

Human Resources

4.2   None.

Legal

4.3   None.

Equality/Socio-economic

4.4   None.

Climate Change and Carbon

4.5   None.

Key Priorities

4.6   None.

Community Wealth Building

4.7   None.

5.   Consultation

5.1   None.

Aileen Craig
Head of Service for Democratic Services

For further information please contact **Darren Miller, Complaint Manager,** on (**01294) 322988**.

Background Papers
None

NORTH AYRSHIRE COUNCIL

14 November 2023

Audit and Scrutiny Committee

Title:	**2022/23 Complaint Report**
Purpose:	To inform the Audit and Scrutiny Committee of the Council's complaint performance and the volumes and trends of complaints received in Financial Year 2022/23.
Recommendation:	That the Committee notes the report and the information provided.

1. Executive Summary

1.1 This report details complaint information relating to North Ayrshire Council during the financial year 2022/23, covering the period 1 April 2022 to 31 March 2023.

1.2 To allow comparisons to be made the report also details some complaint data relating to 2020 and 2021.

1.3 Performance is measured through a number of Scottish Public Services Ombudsman (SPSO) performance indicators, some of which have national targets.

2. Background

2.1 This section contains statistical information and commentary on some of the key complaint performance indicators. More information relating to the indicators can be found in the Corporate Complaints report 2022/23 attached at appendix one.

2.2 *Volume of complaints received and closed*

2020/21	2021/22	2022/23
2,541	2,827	2,629
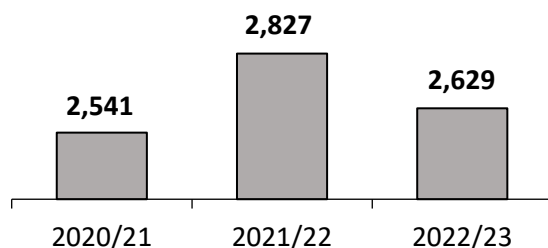
2.2.1 Whilst some Council services continued to be impacted by the pandemic during the early part of 2022, there was a 7% decrease in complaints when compared with the previous year.

2.3 *Complaints closed at each Stage*

	2020/21	2021/22	2022/23
Stage One	2,417	2,671	2,510
Stage Two	124	156	119

2.3.1 Whilst there is no national target for the number of complaints to be closed under each Stage, the Council always seeks to maximise closure at Stage One as complainants receive a quicker resolution compared to Stage Two, reduces the impact on complaint handler time and reduces the possibility of SPSO referrals.

2.4 *Complaint outcomes*

Stage One

Stage Two

- Upheld - Partially Upheld - Not Upheld - Resolved

- Upheld - Partially Upheld - Not Upheld - Resolved (3%)
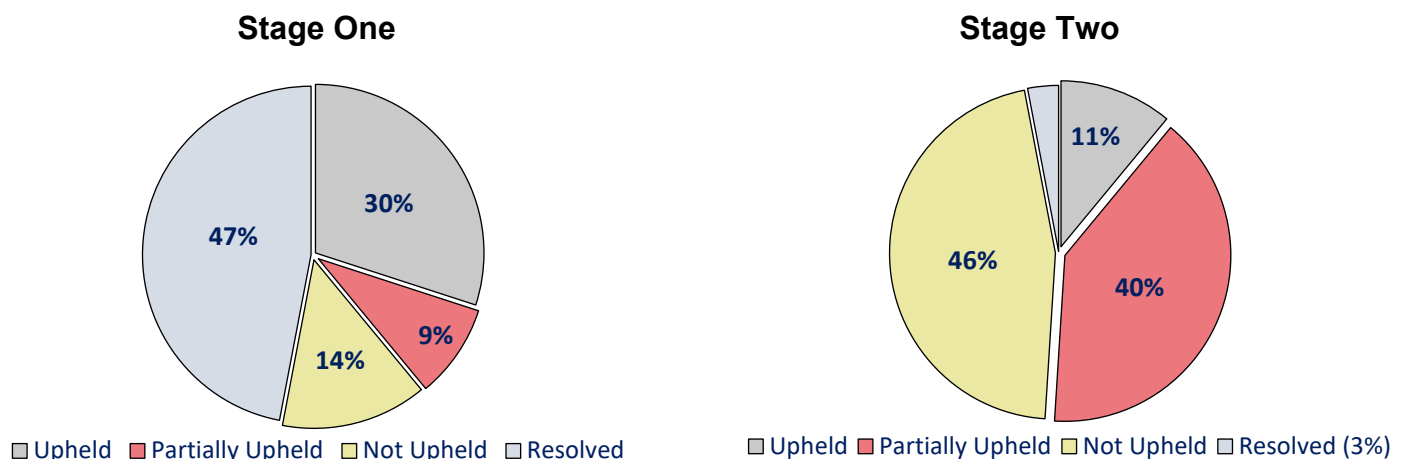
2.4.1 Up to 31 March 2021, a complaint that meets our complaint criteria could be upheld, partially upheld or not upheld. From 1 April 2021 a fourth outcome became available to use called 'Resolved'. Resolved complaints are where the Council has taken action to address a problem or issue without making a decision on whether there were any failings (this would happen where we agree a solution with the complainant at the outset without needing to actually investigate the complaint).

2.4.2 Analysis shows the majority of Resolved complaints related to missed bin collections, where complainants simply wanted their bins collected.

2.4.3 Just over half of all upheld and partially upheld complaints related to Waste Services, however it should be noted over 102,000 household waste bins are collected each week. As this equates to approximately 5 million collections this is a very small complaint rate.

2.4.4 Many complaints not upheld related to policies, regulations or complaints that turned out to be unfounded after investigation.

2.5 *Average time in working days for a full response at each Stage*

Stage One

- Average days to close — National Target (5 days or less)

40

Stage Two

20

14.4   15.4   14.9

0

2020/21   2021/22   2022/23
Average days to close   National Target (20 days or less)
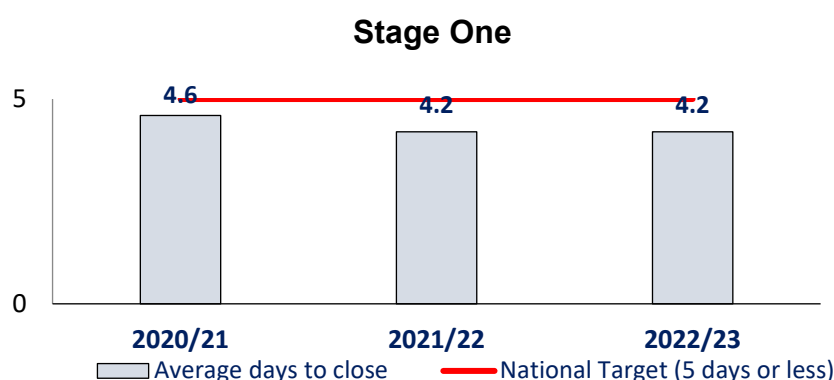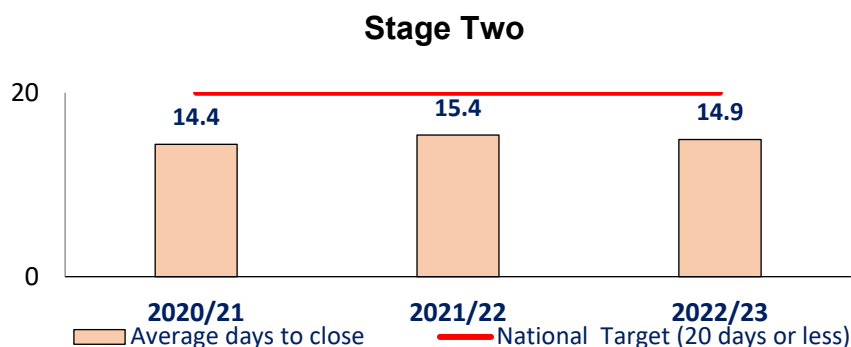
2.5.1 The average time in working days for a response under both Stages has been better than the SPSO target response timescales for the last three years.

2.6 *Complaints closed within timescale for 2022/23*

Stage One

17%

83%

■ Closed on time

■ Not closed on time

Stage Two

8%

92%

■ Closed on time

■ Not closed on time
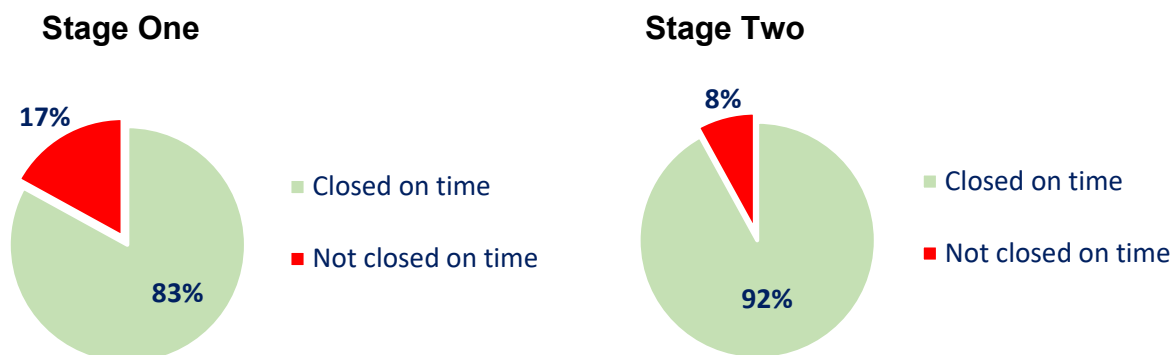
2.6.1 The national target for complaints closed under Stage One is 80% or above. The national target for complaints closed under Stage Two is 85% or above. The Council has performed better that the national target, the response times for dealing with these categories of complaints being 83% and 92% respectively.

2.6.2 Further details of complaints not closed on time are contained in the attached report.

2.7 *Complaint timescale extensions*

2.7.1 Stage One complaints should be responded to within 5 working days but can be extended by an additional 5 working days under certain circumstances. Stage Two complaints should be responded to within 20 working days but again Services can extend the timescale of these to a date in the future if certain circumstances are met.

2.7.2 A total of 77 complaints had their timescales extended during the year (a decrease of 27% compared to the previous year) and three quarters were Stage Ones. Reasons for extending included complainants, 3rd parties and employees being unavailable to assist with investigations, additional information having to be sought to support investigations and issues continuing to affect service delivery in some Services as a result of the pandemic during the early part of the year.

2.8 *Trends identified from upheld/partially upheld complaints*

2.8.1 Key complaint topics for upheld or partially upheld complaints are detailed on pages 9 and 10 of the attached report.

2.9 *Changes or Improvements made as a result of complaints*

2.9.1 Not all Services can implement improvements as a result of complaints due to a number of factors, including the feasibility of making changes and resource/budget considerations. That said, improvements were made in some Services as a result of complaints received during the year and a selection are noted in page 16 of the attached report.

2.10 **Compliments**

2.10.1 The Council received and recorded over 200 compliments during the year. Some praised specific individuals or teams, some related to more than one Service and some were raised by employees complimenting other employees. A selection can be found in page 17 of the attached report.

3. Proposals

3.1 It is proposed the Committee considers and notes the report and recognises the Council's complaint handling performance.

4. Implications/Socio-economic Duty

Financial

4.1 None.

Human Resources

4.2 None.

Legal

4.3 None.

Equality/Socio-economic

4.4 None.

Climate Change and Carbon

4.5 None.

Key Priorities

4.6 The Two Stage Complaint Handling Procedure supports the Council's key priority of delivering more effective and efficient service provision. It demonstrates commitment

through focussing on, and determining, trends for service improvement and delivery for North Ayrshire residents, customers and visitors.

Community Wealth Building

4.7   None.

5.   Consultation

5.1   None.

Aileen Craig
Head of Service for Democratic Services

For further information please contact **Darren Miller, Complaint Manager,** on **(01294) 322988.**

Background Papers
None

Corporate Complaints 2022/23

Contents

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Introduction

North Ayrshire Council always seeks to deliver the best services possible to its customers and residents but it is recognised that dissatisfaction will sometimes occur. When it does we want to know what went wrong, why it went wrong and what we can do to make things right.

The Council recognises valuable lessons can be learnt from complaints which are defined as:

"An expression of dissatisfaction by one or more members of the public about an organisation's action or lack of action, or about the standard of service provided by or on behalf of the Council"

The Council's complaint handling procedure (CHP) has two stages for handling complaints from members of the public:-

1 **Stage One** complaints (also known as *Frontline Resolution* complaints) are straightforward, non-complex complaints the Council can address at the initial point of contact or as close to the point of service delivery as possible. The Council has up to 5 working days to handle these.

2 **Stage Two** complaints (also known as *Investigation* complaints) are complaints the Council is typically unable to address at Stage One and require more time to carry out further investigation. This may be because the complaint is complex, serious or high risk. The Council has up to 20 working days to address these.

This report details the Council's complaint handling performance covering financial year 2022 (1 April 2022 to 31 March 2023). Performance is measured via several Scottish Public Services Ombudsman indicators (some of which have national targets) and complaint data relating to previous years has been included in certain sections to allow comparisons to be made.

Reporting on complaints is a statutory requirement and is monitored by Audit Scotland.

1 Volume of complaints closed

The Council received 2,576 complaints during 2022/23 and closed 2,629. The chart below provides a breakdown of the closed complaints per Directorate:
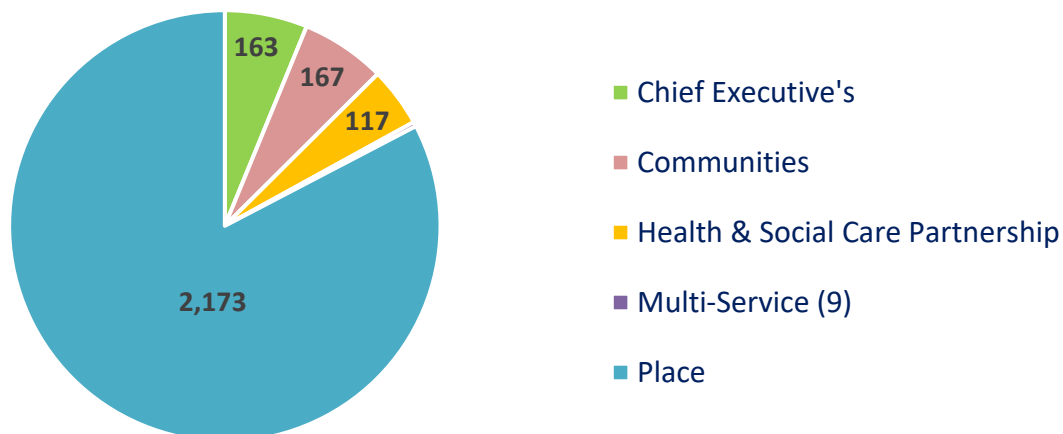
The following tables highlight complaints closed per Directorate under each Stage:

Chief Executive's	Stage One	Stage Two
Customer Services	123	11
Financial Services	5	1
Information Technology	12	-
Legal Services	11	-
Total	**151**	**12**

Communities	Stage One	Stage Two
Community Facilities	4	1
Community Learning & Development	1	1
Education (HQ)	24	10
Education (Schools)	79	22
Facilities Management	22	-
Information & Culture	3	-
Total	**133**	**34**

Health & Social Care Partnership	Stage One	Stage Two
Children, Families & Criminal Justice	27	13
Health & Community Care	46	15
Mental Health	8	2
Support Services	6	-
Total	**87**	**30**

Multi-Service	Stage One	Stage Two
Complaints involving more than one service	7	2
Total	**7**	**2**

Place	Stage One	Stage Two
Building Services	293	6
Housing	142	14
Planning	31	1
Property Management & Investment	104	9
Protective Services	9	1
Regeneration	1	2
Roads	72	1
Streetscene	105	4
Sustainability	2	1
Transport	2	-
Waste Services	1,371	2
Total	**2,132**	**41**

- Although there is no target for the volume of complaints handled under each Stage, the Council seeks to maximise closure at Stage One wherever possible and 95% were handled at this Stage during the period.

- Some Services handled all their complaints at Stage One.

- Some Services that received higher complaint volumes than other Services handled very few complaints at Stage Two, notably Building Services and Waste Services

- Whilst 52% of all complaints received during the year related to Waste Services (the majority being missed bin collections/assisted pullouts), the Service empties over 102,000 household waste bins each week. As this equates to approximately 4.9 million collections over the year, only 0.03% of all bins collected resulted in complaints being received. This is worth highlighting given Waste Services experienced operational challenges during the year (more information on these challenges can be found later in this report).

- Multi-Service complaints have a table of their own as they are not attributable to a specific Service.

Year on Year comparison

The graph below shows a comparison of the volume of complaints received each financial year over the last three years:
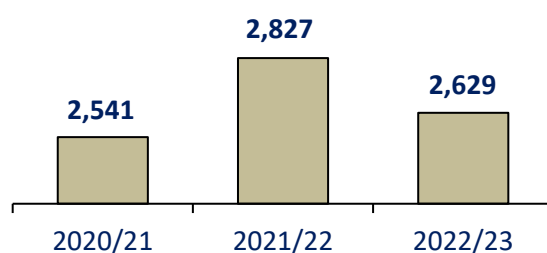
The table below shows the volume breakdown for each Directorate over the last three financial years:

Directorate	2020/21	2021/22	2022/23	Variance (2021 – 2022)
Chief Executive's	176	254	163	-36%
Communities	90	133	167	+25%
HSCP (Social Work complaints)	127	159	117	-26%
Place	2,128	2,259	2,173	-4%
Total	**2,521***	**2,805***	**2,620***	**-7%**

*Multi-service complaints have been excluded to allow for true Directorate comparisons

- There has been a decrease in complaints received within most Directorates when comparing 2022/23 with the previous year.

- Whilst the Council introduced measures and changed policies, processes and practices to combat the Covid-19 pandemic in 2020/21, the pandemic continued to affect service delivery in some areas and resulted in increased complaint volumes for some Services (particularly those that involve manual labour/public-facing roles).

- Communities complaints for 2022/23 would have been in line with the previous year but Facilities Management transferred from the Place Directorate to the Inclusion & Educational Support service to during the year, contributing to the 25% uplift in complaints for Communities for 2022/23.

2 Volume of complaints closed on time at both Stages

Stage One

17%
83%

- Closed on time
- Not closed on time
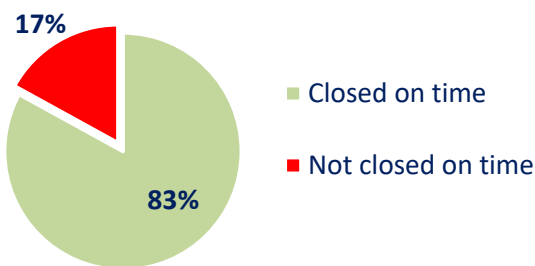
- The national target for closing Stage One complaints on time is 80% and above.

- The volume closed on time includes extended complaints that met their new due dates.

Stage Two

8%
92%

- Closed on time
- Not closed on time
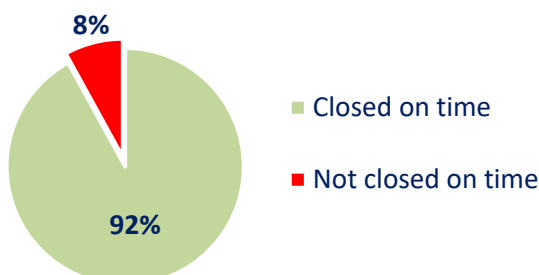
- The national target for closing Stage Two complaints on time is 85% and above.

- The volume closed on time includes extended complaints that met their new due dates.

3 Volume of complaints not closed on time per Directorate

This section provides details of complaints not closed on time under each Stage and includes extended complaints that did not meet their new timescales.

Stage One

Chief Executive's

Directorate	Value
Customer Services	4
Information Technology	6

Communities

Directorate	Value
Community Facilities	1
Education (HQ)	5
Education (schools)	11
Facilities Management	3

HSCP (Social Work complaints)

Directorate	Value
Children & Families	7
Health & Comm Care	5
Mental Health	2

Place

Directorate	Value
Building Services	16
Housing	7
Planning	28
PMI	13
Roads	1
Streetscene	22
Sustainability	1
Transport	1
Waste Services	285

Notes

Reasons provided for complaints breaching timescale included complaint handlers awaiting information from complainants/third parties to progress complaints, resourcing issues and system issues. Extensions could have been considered for the majority of these given they were closed within the extra 5 working day extension allowance.
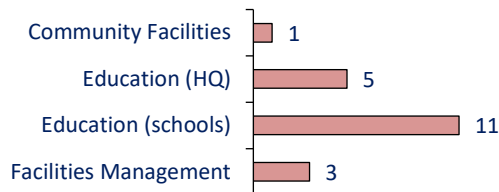
Some Education complaints breached due to employees being unavailable to assist with investigations and complainants not engaging in the complaint process.
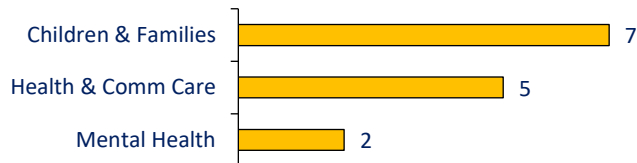
There were various reasons these complaints did not meet timescale, including complaint handlers, employees and/or complainants not being available to progress or assist with investigations. Extensions could have been considered for some of these given they were closed within the extra 5 working day extension allowance.
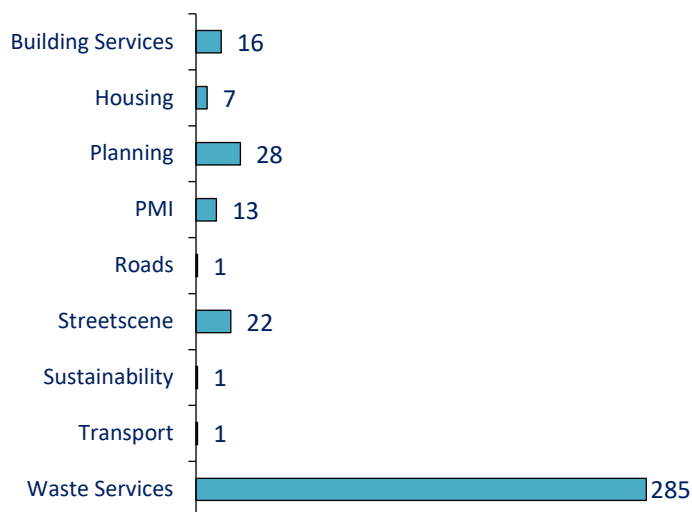
Reasons for complaints not closed on time included complaint handlers being unavailable to progress complaints, complainants/third parties being unavailable to assist with investigations and resourcing issues (including Chief Officer availability).

Of the 374 Place complaints not closed on time, 60% could have been considered for extension given they were closed within the extra 5 working day extension allowance.

Regarding the volume of Waste complaints that did not meet timescale, see additional commentary on next page.

Waste Services (operations) complaints in 2022/23

Waste Operations experienced a particularly challenging year and two main factors (as a knock-on effect from the Covid-19 pandemic) continued to affect service delivery. These factors were vehicle issues and workforce resource.

In terms of vehicle issues, planning processes for vehicle replacements during the year took longer than usual, resulting in older waste vehicles remaining in the fleet longer than planned. This was due to extended manufacturing lead times for delivery of new vehicles which particularly affected the lead time of specialist vehicles. Regarding the workforce, there was evidence of employees waiting longer for medical assessments and treatments which also impacted service provision.

Other factors that resulted in missed waste bin collections included the change in collection day as a result of the Queen's funeral and a supply issue with purple bins (which Waste Operations and Procurement are attempting to resolve with the supplier at the time of producing this report).

On a positive note the Service has been focusing on reducing missed collections post-pandemic and the full year figure for missed bins reduced to 77 per 100,000 collections compared to 94 per 100,000 the previous year (a reduction of 21%). In addition, a particular focus has been placed on assisted collections and as a result of interventions by a supervisory group the missed assisted collection volume for the year was 1,190 compared to 1,516 the previous year (a reduction of 22%). The supervisory group and management team strive to deliver the best service they can and continue to work with colleagues in support services to ensure operational challenges that impact service delivery are mitigated.

Stage Two

Communities

Education (HQ)	� 2
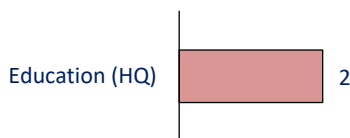
The audit trails for these two complaints note that each was extended, however, the extension information was not recorded and is why these complaints show as breaching timescale.

HSCP (Social Work complaints)

Children & Families	2
Health & Comm Care	3
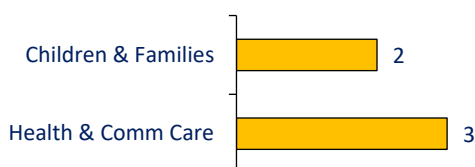
These complaints breached due to the complexity of the complaints, service pressures and additional considerations. Some of these could have had their timescales extended.

Place

Building Services — 1

PMI — 1

Both of these complaints breached the 20-working day timescale by a small number of days due to a delay in concluding one complaint and the authorising of a Stage Two response letter for the other. Both complaints could have had their timescales extended to prevent them breaching.

4 Key complaint topics

Key topics for upheld and partially upheld complaints for Services are listed below. Services will not be listed if there were low complaint volumes that did not allow meaningful analysis.

Chief Executive's

Service	Key complaint topic(s)
Customer Services	• Council tax issues
	• Employee Actions (incl. alleged or perceived)
IT	• Systems issues (payments, systems etc.)

Communities

Service	Key complaint topic(s)
Education (HQ and Schools)	• Sensitive issues relating to teachers and/or pupils
	• Service delivery/provision
	• Employee Actions (incl. alleged or perceived)
Facilities Management	• Public Conveniences (maintenance)

HSCP (Social Work complaints)

Service	Key complaint topic(s)
All Services (Children & Families, Health & Community Care, Mental Health)	• Service delivery/provision
	• Employee Actions (incl. alleged or perceived)

Place

Service	Key complaint topic(s)
Building Services	• Follow Up appointments
	• Quality of work issues
Housing	• Anti-social behaviour
	• Customer Care
Planning	• Employee Actions (incl. alleged or perceived)
Property Management & Investment	• Gas Central Heating (maintenance etc.)
	• Planned Works

Roads	• Road/footpath conditions
	• Road works
Streetscene	• Tree/grass/verge/hedge cutting issues
Waste Services	• Employee Actions (incl. alleged or perceived)
	• Failed bulky waste collections
	• Issues with new bin deliveries
	• Missed bin collections (all colours)
	• Missed assisted bin collections (all colours)
	• Recycle scheme issues (shortage of food waste bags etc.)

- 'Employee Actions (incl. alleged or perceived)' appears as a key topic for some Services but the definition is broad and has been used where complainants either alleged or perceived employee actions or behaviour to be unacceptable. Whilst investigations may determine this is not always the case, where unacceptable behaviour was identified by Services appropriate action will have been taken to address.

5   Average time in working days for a full response

The average time in working days to close complaints under both Stages during the period is noted below. Values for previous years have been included to allow comparisons to be made.

Any complaints that had their timescales extended have been excluded from the calculations.

Stage One
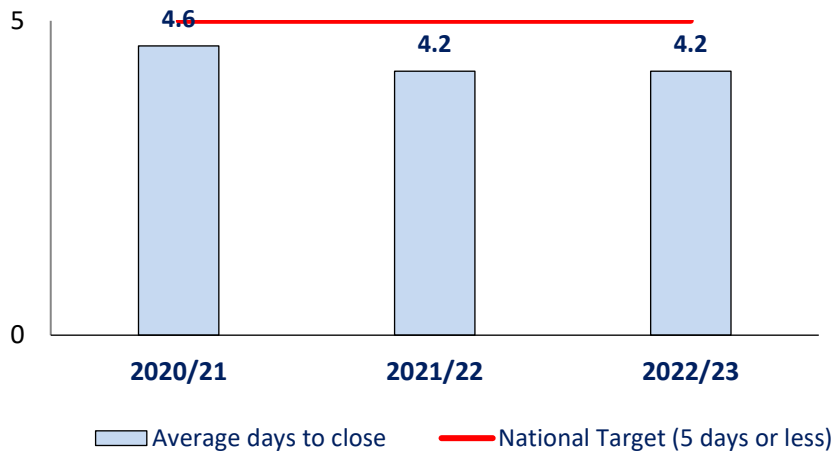
Stage Two
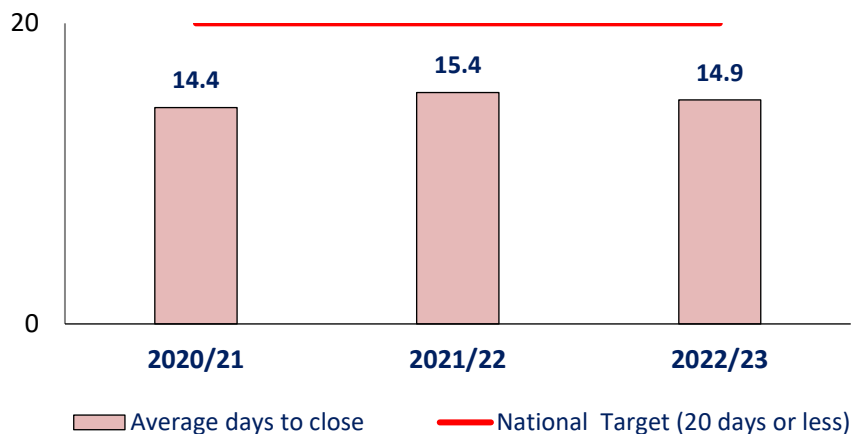
- The average time to close complaints under both Stages has consistently exceeded target.

The bar charts on the following two pages detail Services that did not meet the average time in working days for a response under either Stage. Services that met the target are not listed and any complaints that had their timescales extended have been excluded from the calculations.

Chief Executive's

Stage One

7.8

IT

Average days to close

National Target (5 days)
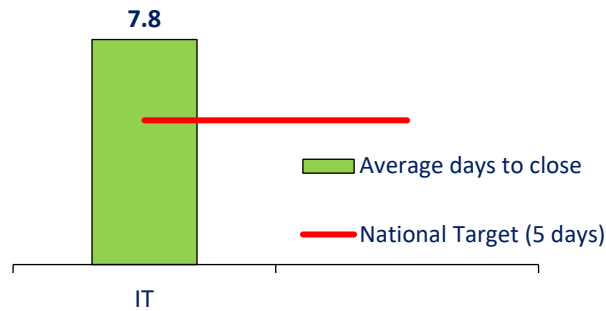
Whilst 50% of all IT complaints received were closed within timescale, some of the remainder were closed well beyond the 5 working day timescale, which resulted in the average national target not being met. Reasons for those not closed on time included complaints where information was awaited from other employees or complainants and some could have been considered for extension given they were closed within the extra 5 working day extension allowance.

Communities

Stage One

5.6

Education (HQ)

Average days to close

National Target (5 days)
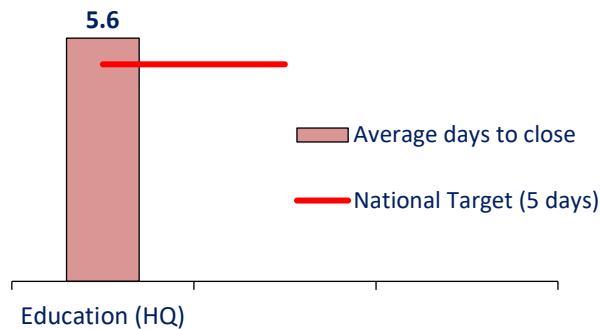
A small number of HQ complaints were closed well beyond the Stage One 5 working day timescale which impacted on the national target not being met. Most of these complaints could/should have been considered at Stage Two given the length of time it took to conclude them.

HSCP (Social Work complaints)

Stage One

Children & Families: 5.4
Mental Health: 6.2

Average days to close — National Target (5 days)

Stage Two

Children & Families: 21

Average days to close
National Target (20 days)
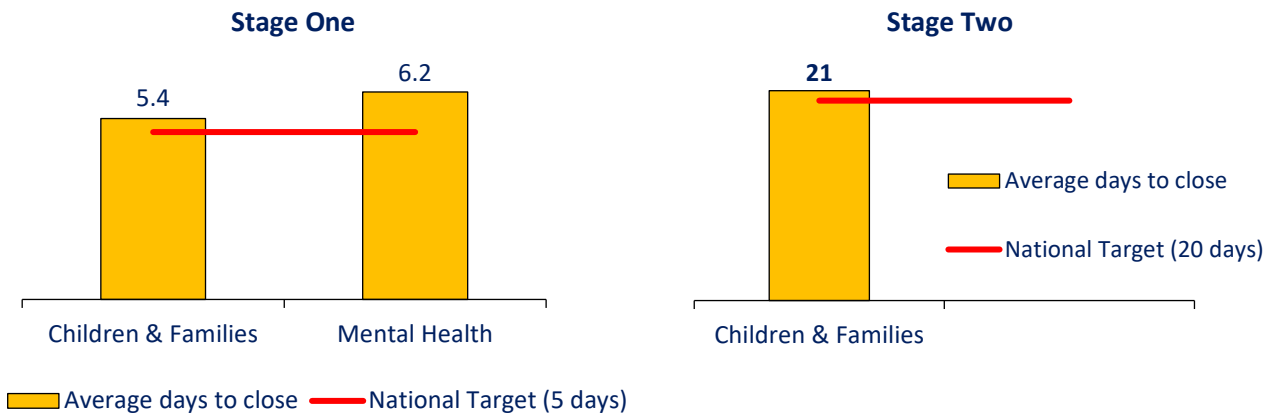
A small number of Children & Families and Mental Health Stage One complaints were closed outside the 5 working day timescale, resulting in the national targets not being met. Reasons for breaching included the complexity of the complaints and service pressures. Some of these could have had their timescales extended and/or considered at Stage Two.

A Children & Families Stage Two complaint was closed on working day 73, resulting in the national target not being met. The delay was caused by service pressures and the requirement to engage with multiple staff members regarding the issues raised. This complaint could have had its timescale extended to address the delay encountered.

Place

Stage One

Sustainability: 6
Planning: 12

Average days to close — National Target (5 days)
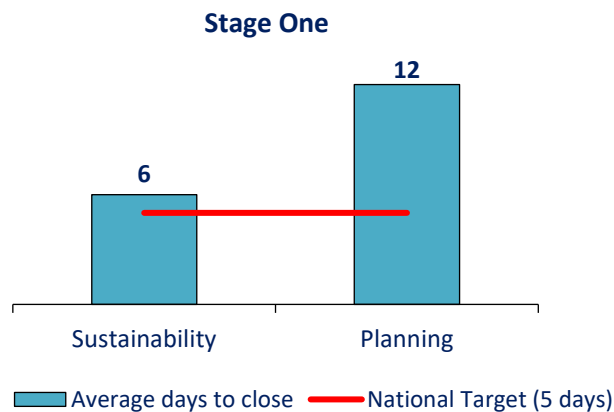
A large number of Stage One complaints regarding a Planning Committee did not meet the 5 working day timescale due to Chief Officer availability. Extensions could have been considered for some of these given they were subsequently closed within the extra 5 working day extension allowance.

The Sustainability service handled 2 Stage One complaints during the year but as one was closed just beyond the 5 working day timescale this resulted in the national target not being met (the other complaint was closed within timescale).

6 Extended complaints

- 77 complaints had their timescales extended during the year (59 at Stage One and 18 at Stage Two). The complaints related to various Services across all Directorates.

- There were numerous reasons for extending, including complainants, third parties and employees being unavailable to assist or support with investigations, additional information having to be sought to support investigation decisions and resourcing/operational issues that continued to arise during the early part of the year as a knock-on effect of the Covid-19 pandemic.

- Of the 77 complaints that had their timescales extended, over 80% were closed within their new due dates.

7 Complaint Outcomes

Up to 31 March 2021 a complaint that meets our complaint criteria could be upheld, partially upheld or not upheld. From 1 April 2021, a fourth outcome became available to use called 'Resolved'. Resolved complaints are where the Council has taken action to address the problem/issue without making a decision on whether there were any failings (this would happen where we agree a solution with the complainant at the outset without needing to actually investigate the complaint).

The charts below detail the number of complaints upheld, partially upheld, not upheld or resolved under both Stages during the year.
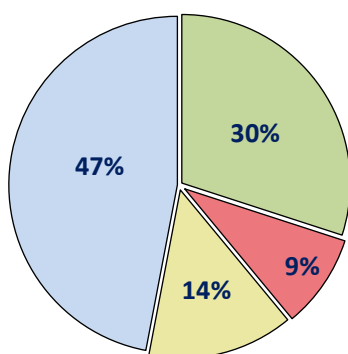
Stage One

Upheld   Partially Upheld   Not Upheld   Resolved

- Of all complaints upheld and partially upheld* at Stage One, just over half related to Waste Services and in particular bin collections. This was anticipated given issues the service continued to encounter as a result of Covid-19 during the early part of the year.

- Two thirds of all Resolved complaints also related to Waste Services (again mainly missed bin collections), indicating many residents simply wanted their bins collected without the need for any investigation.

- Complaints that were not upheld related to policies, regulations or were complaints that were poor quality/unfounded.

Stage Two

- Upheld
- Partially Upheld
- Not Upheld
- Resolved (3%)
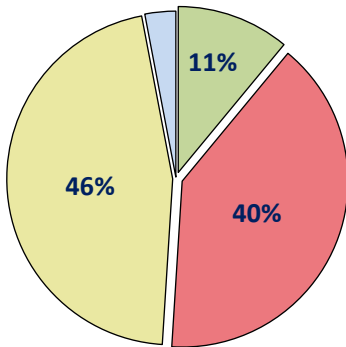
- All Stage Two complaints that were upheld or partially upheld* were split across multiple Services across all Directorates.

- Of the 46% of complaints not upheld, these related to various reasons, including polices, regulations and complaints that were unsubstantiated.

*Partially Upheld complaints are complaints that contain more than one complaint element and at least one is upheld

58

8 Improvements as a result of complaints

Council Services continually seek to identify improvements in service delivery and complaint information is analysed regularly to inform service improvements. Some improvements were implemented as a result of complaints received during the year and a selection is noted below.

What happened?	What we did
A resident complained about the condition of Irvine Moor after the Marymass Festival had departed.	It was determined that the post-event audit that takes place was delayed on this occasion due to unforeseen factors. To reduce the possibility of recurrence, the Council and partner agencies have agreed to develop a cross-service, post-event procedure that will help reduce the impact of events on residents, the environment and the surrounding area in future.
A complaint was received in relation to a contractor whilst undertaking work on a property. The complainant alleged that loud music was being played and their garden was left untidy as the works continued.	Dilapidation photos were taken before the works commenced to ensure the garden was reinstated to the same condition prior to commencement and once the work was completed the garden was reseeded where necessary. The contractor was reminded that while works are taking place around tenant's homes music should not be played loudly and noise disturbance should be kept to a minimum. All operatives have been reminded to keep noise to a minimum and supervisors will monitor this.
A person complained at the lack of contact/communication regarding a Council Tax issue.	The employees that handled the complainant's Council Tax issues received additional training and 121 support around call-back processes to ensure such issues are not repeated.
A pupil injured themselves whilst playing in a school playground with an object that should not have been there.	An apology was offered and the object removed. A signed checklist was introduced to ensure school staff complete visual checks of areas before play/activities take place and weekly signed grounds checks were also introduced for the Janitor to inspect for hazardous items around the school grounds. The relevant risk assessment was reviewed and updated to reflect these new practices.
A tenant complained that scaffolding was still in place around their property after some work had been done to the roof.	The contractor was asked to programme sub-contractor works more effectively to avoid unnecessary delay of scaffolding being dismantled and taken off site.

9 Compliments

Over 200 compliments were recorded cross-Council during the period and whilst they cannot all be highlighted in this report, a selection is noted below.

*"I had two **Building Services** workers replace my garden fence. Both these men done an amazing job of my fence, working very tidy and polite at all times. They are a credit to the company and should be recognised for their outstanding work."*

I would like to thank **Waste Services** for their timely response regarding replacement food caddy liners. Please pass on my thanks for their timely resolution of my issue.

*"Would like to say thanks to all involved in **Roads** with the resurfacing of Ladyford Avenue, Kilwinning. The road condition was such an eyesore – now a HUGE improvement and was done quickly with very little disruption to the street.   Very much appreciated."*

Compliments received for **Health and Community Care** for the help, support and assistance provided to service users.

*"I want to thank the **Customer Services** Registrar for her kindness and professionalism during the process of arranging our marriage. She had such a lovely, encouraging manner and made everything so easy, simple and straightforward."*

*"A big thank you to the **Customer Services** Contact Centre Adviser that handled my Council Tax arrears payment and enquiry with kindness and professionalism. This makes such a difference when you are in a difficult financial situation and the Adviser's manner made a difficult situation for me so much better and made me feel that this is a support service and not an enforcement service."*

"Went to Eglinton Park for a wander with a friend and got talking to the senior caretaker. The man is an absolute legend. Please make sure that someone takes the time to tell this star that he is really appreciated."

Some compliments received from tenants who wanted to thank **Building Services** employees for making repairs to their properties and being polite and helpful throughout.

*"I want to say how happy I am at the brilliant service I have had from the **Housing** Homelessness team. I will always be very grateful for the support I received and my children and I finally have a safe place to call our home."*

*"I phoned to report I had found wasp nests and an **Environmental Health** pest control officer attended and removed the offending nests and gave me advice for any future problems. He was very patient, kind and efficient."*

Multiple compliments received for **Streetscene** in terms of actioning fly-tipping, street cleaning, grass cutting, rubbish removal and the free wood giveaway.

10 ALEO Complaints

An Arms-Length External Organisation (ALEO) is an organisation formally separate from a local authority but still subject to its control and influence. KA Leisure (KAL) is an ALEO for North Ayrshire Council and this section highlights complaints handled by KAL in 2022/23 using the same Two Stage procedure the Council operates.

It should be noted that KAL have undergone a staff realignment over the last year, which has resulted in a change of both position and personnel for many managerial and support staff to ensure the company can adapt to changing business needs. One of the main changes was to the Customer Service and Data team which occurred between July and December 2022. KAL appreciates the importance of timely responses to customers and have increased the Customer Service Team to meet the demand of customer enquiries (and complaints) received via various communication platforms.

Going forward KAL are looking to develop this area further, ensuring they capture a true representation of customer feedback and the actions they take as a company. Not only are KAL looking to develop this across the various types of feedback, but also the various platforms the feedback is received through. This will result in changes to how KAL report and present customer feedback/complaints and as a result some categories will change as they receive more correspondence regarding Fitness and Learn to Swim in particular and the company moves more of its booking systems online.

KAL complies with the Council's Two Stage complaint handling procedure and continually seeks to identify and make improvements on receipt of feedback/complaints in order to maintain a high standard of customer service.

Complaints received per Business Area and Complaint Category

Business Area	Complaint Category	Volume
LEISURE		
Irvine	Activities & Programming	7
	Facilities General	28
	Customer Service	13
	Policy/General	6
Three Towns	Activities & Programming	3
	Facilities General	4
	Facilities Cleanliness	1
	Customer Service	6
	Policy/General	1
Garnock & Kilwinning	Activities & Programming	2
	Facilities General	14
	Facilities Cleanliness	1
	Customer Service	1
North Coast & Arran	Activities & Programming	3
	Facilities General	10
	Facilities Cleanliness	1
	Customer Service	2

PHYSICAL ACTIVITY		
Active Lifestyles	Activities & Programming	1
Community Sport	Activities & Programming	1
Elevate Memberships	Customer Service	7
	Policy General	15
	Marketing/Promo	3

- KAL received and handled 130 complaints during the year. As 253 were received the previous year this is a decrease of 49% when comparing the two years.

- Towards the end of the year there was an issue with KAL's online booking system and whilst this was raised directly with the supplier, the issue was not resolved immediately and escalation was required. This resulted in a higher number of contacts with the customer services team assisting, where possible, to book members into classes and activities.

Complaint categories by volume

Category	Volume
Facilities General	59
Facilities Cleanliness	3
Customer Service	44
Activities and Programming	17
Policy/General	7
Total	**130**

Three-year Complaint Category comparison

Category	2020/21	2021/22	2022/23
Facilities General	25	71	59
Facilities Cleanliness	12	10	3
Customer Service	56	55	44
Activities & Programming	41	68	17
Policy/General	16	47	7
Marketing/Promotion	0	2	0
Total	**150**	**253**	**130**

- A reduction in complaints across all categories when comparing 2022/23 with the previous year.

- Two main issues KAL faced in 2022/23 were online booking system outages and class cancellations. Following return from the pandemic KAL have struggled to recruit for certain posts, in particular Swim Instructors, however this was identified and in March 2023 the company recruited 12 additional instructors.

Complaints handled at each Stage by category

Category	Stage One	Stage Two
Facilities General	36	18
Facilities Cleanliness	2	1
Customer Service	41	6
Activities and Programming	14	5
Policy/General	5	2
Total	**98**	**32**

- 75% of all complaints KAL received in 2022/23 were handled at Stage One, meaning many were non-complex or straightforward in nature.

Examples of complaints received

Category	Nature of complaints	KAL Response/Action
Facilities General	Customer complained regarding her son who was advised his National Entitlement card was no longer accepted at venues and had to be a Young Scot card.	Explanation provided regarding National Entitlement and Young Scot card provisions and their use.
Facilities Cleanliness	Customer complained about condition of Kilwinning Sports Club facilities.	Apology offered and explanation provided as to ongoing issues being experienced with the facilities and action being taken to resolve.
Customer Service	Customer complained that they were having difficulty contacting the Portal.	Apology offered for inconvenience. Due to staffing issues there was only one receptionist at the time and visitors were taking priority over callers.
Activities & Programming	Customer complained regarding the low volume of social swimming classes at Auchenharvie Leisure Centre.	Explanation provided as to what caused the low volume and updated timetable highlighting extra social swimming dates provided.
Policy/General	Customer complained that a golf course was closed during the festive holidays.	Explanation provided that all KAL golf courses are closed on the same days to allow golf course employees to enjoy time off with their families during the festive period.

11 SPSO complaint referrals

The Scottish Public Services Ombudsman (SPSO) is the final stage for complaints about Local Authorities in Scotland. The table below details the volume of complaints relating to the Council that were referred to the SPSO during 2022/23:

Type of Complaint*	Volume
Consumer Protection	1
Education	2
Environmental Health & Cleansing	1
Finance	3
Housing	5
Land & Property	1
Legal & Admin	1
Personnel	1
Planning	2
Roads & Transport	1
Social Work	2
Subject unknown/out of jurisdiction	1

* this terminology is taken from the SPSO's own statistics

- The SPSO received 1,053 complaints about Scottish Local Authorities during 2022/23. For the Council this equates to a referral rate of less than 2% and is consistent with previous years (typically around 2%).

- The highest number of North Ayrshire referrals made to the SPSO related to Housing but this was expected given a quarter of all Local Authority referrals made to the SPSO during the year related to Housing or housing services.

The outcomes of North Ayrshire Council complaints determined by the SPSO during the year are noted below.

Stage	Outcome	Volume
Advice	Mature	2
	Premature	1
	Enquiries	4
Early Resolution	Discretion – Insufficient benefit achieved by investigation	1
	Discretion - Good complaint handling	8
	Right to appeal	1
	Subject matter not in jurisdiction	1
Investigation	Not Upheld	1

- The majority of referrals made by North Ayrshire complainants were considered by the SPSO at the Advice and Early Resolution stages. One complaint was taken to investigation but this was upheld in favour of the Council.

- A referral at Advice stage was premature i.e. the complainant approached the SPSO before exhausting the Council's Two Stage process. Several enquires were also received where the SPSO provided complainants with appropriate advice.

- The majority of complaint referrals handled at Early Resolution were discretionary in nature and it is pleasing to note many were considered 'good complaint handling' complaints, meaning the SPSO was satisfied with the way the Council handled them.

For more information on the stage types listed in the table on page 21, please see the SPSO's Explanation of Terms.

More details regarding complaint referrals for North Ayrshire Council can be found on the SPSO website at Decision Reports | SPSO.

12 Glossary

Term   **Explanation**

Stage One   Stage One (also known as *Frontline Resolution*) complaints aim to resolve straightforward customer complaints that require little or no investigation. Any employee may deal with complaints at this stage and they can be resolved via any channel. The main principle is to seek resolution at the earliest opportunity and as close to the point of service delivery as possible. Stage One complaints must be responded to within 5 working days unless an extension (a maximum of 5 additional working days or 10 if the complaint relates to Social Work) is requested and approved by a senior manager. The Council should, however, always aim to resolve these types of complaints within 5 working days.

Stage Two   Not all complaints are suitable for Frontline Resolution and not all complaints will be satisfactorily resolved at that stage. Complaints therefore handled at Stage Two (also known as *Investigation* complaints) typically require a detailed examination before the Council can state its position. These complaints may already have been considered at Stage One, or they may have been identified from the outset as being complex, serious or high risk and needing immediate investigation. The investigation under a Stage Two should establish all the facts relevant to the points made in the complaint and give the customer a full, objective and proportionate response that represents our final position. Stage Two complaints must be responded to within 20 working days unless an extension is approved by senior manager in conjunction with the customer. Stage Two complaints require a written response, signed by a senior manager.

Complaint criteria

When an expression of dissatisfaction is received the Council determines if the issue falls into one of six complaint categories:

- A service the Council should be providing is not being provided (or is not available)
- A request for a service was provided but not to an appropriate standard
- A request for service has not been answered or actioned within the agreed timescale
- A Council employee was rude, unhelpful or unprofessional
- A Council employee did not attend an appointment or call-out on a date/time agreed
- The complaint relates to a policy (internal or external)

If the issue being raised relates to one or more of the above, the matter is considered a complaint and will be recorded and handled as such. If not, the matter will be handled as something else i.e. a request for a service, observation or enquiry and processed accordingly.

END OF REPORT

NORTH AYRSHIRE COUNCIL

14 November 2023

Audit and Scrutiny Committee

Title:	**Audit and Scrutiny Committee Self-Evaluation 2023**
Purpose:	To report on the outcome of the annual self-evaluation of the Audit and Scrutiny Committee.
Recommendation:	That the Committee (a) notes the findings of the self-evaluation, as set out at Appendix 1; (b) agrees the improvement actions identified in Appendix 2; and (c) agrees to repeat the self-evaluation exercise on an annual basis.

1. Executive Summary

1.1 The purpose of this report is to confirm the outcome of the Audit and Scrutiny Committee's self-assessment process for 2023, which was undertaken on 6th November 2023.

1.2 The findings of the self-evaluation are set out at Appendix 1, with an associated action plan provided at Appendix 2.

2. Background

2.1 Self-evaluation assessment forms part of the standard operating procedures of the Audit & Scrutiny Committee following recommendations from Deloitte LLP, the Council's former external auditor.

2.2 Central to the process for 2023 was the up to date CIPFA publication "Audit Committees: Practical Guidance for Local Authorities and Police – 2022 Edition", with the evaluation carried out with specific reference to Appendix E "Self Assessment of Good Practice". The checklist has been added to, in order to ensure coverage of the scrutiny element as this relates to the remit of the Audit and Scrutiny Committee.

2.3 The self-evaluation toolkit set out at Appendix 1 comprises 32 questions covering all aspects of the committee's work under the broad headings of:
- Audit Committee Purpose and Governance
- Functions of the Committee
- Membership and Support
- Effectiveness of the Committee

2.4   Members of the Audit and Scrutiny Committee were invited to consider the self-evaluation questions independently in the first instance, before coming together for a discussion session, facilitated by the Senior Manager (Audit, Fraud, Safety & Risk) on 6 November 2023.

2.5   Appendix 1 to the report sets out the outcome of the discussion sessions, in terms of collating the consensus responses to the toolkit questions.

2.6   Appendix 2 sets out the action plan arising from the self-evaluation.

3.   Proposals

3.1   It is proposed that the Committee (a) notes the findings of the self-evaluation, as set out at Appendix 1; (b) agrees the improvement actions identified in Appendix 2; and (c) agrees to repeat the self-evaluation exercise on an annual basis.

4.   Implications/Socio-economic Duty

Financial

4.1   None.

Human Resources

4.2   None.

Legal

4.3   None.

Equality/Socio-economic

4.4   None.

Climate Change and Carbon

4.5   None.

Key Priorities

4.6   None.

Community Wealth Building

4.7   None.

5.   Consultation

5.1   All Members of the Audit and Scrutiny Committee were invited to contribute to the self-evaluation.

Aileen Craig
Head of Service (Democratic)

For further information please contact **Aileen Craig, Head of Service (Democratic),** on **01294 324125**.

Background Papers
None

APPENDIX 1 – FINDINGS FROM SELF-EVALUATION EXERCISE 2023

		Does not comply	Partially complies and extent of improvement needed*			Fully complies	Evidence	Action point
		Major improvement (0)	Significant improvement (1)	Moderate improvement (2)	Minor improvement (3)	No further improvement (5)		
Audit Committee Purpose and Governance								
1.	Does the authority have a dedicated audit committee that is not combined with other functions (e.g. standards, ethics, scrutiny)?					5	Committee covers both audit and scrutiny functions. No plans for this to be split out. The view of the S95 Officer, Monitoring Officer and CAE is that the committee benefits from both roles and is greater than the sum of the parts. This is recognised by the external auditors who have witnessed and acknowledged good levels of scrutiny.	
2.	Does the audit committee report directly to the governing body (full council)?					5		
3.	Has the committee maintained its advisory role by not taking on any decision-making powers?					5		
4.	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?					5	The terms of reference are set out in the Council's Scheme of Administration (SOA), which is subject to annual review by the Council.	
5.	Do all those charged with governance and in leadership roles have a good understanding of					5	The SOA forms part of the Elected Member induction programme for new Members. The SOA is published on the Council's website and is accessible to Members, officers and	

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APPENDIX 1 – FINDINGS FROM SELF-EVALUATION EXERCISE 2023

		Does not comply	Partially complies and extent of improvement needed*			Fully complies	Evidence	Action point
		Major improvement (0)	Significant improvement (1)	Moderate improvement (2)	Minor improvement (3)	No further improvement (5)		
	the role and purpose of the committee?						the public.	
6.	Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?					5	Audit and Scrutiny Committee is attended by senior officers across the council. Governance is controlled through the tracking of audit and fraud recommendations and actions	
7.	Does the governing body hold the audit committee to account for its performance at least annually?					5	Business is interacted in the public domain, with all reports and minutes made public. This allows for scrutiny by the full governing body.	
8.	Does the committee publish an annual report in accordance with the 2022 guidance, including:							
	• compliance with the CIPFA Position Statement 2022				3		The committee does not currently produce an annual report or action plan. Members consider that to do so would represent duplication, in that its Minutes set out all of the business which has been transacted and this information is placed in the public domain.	This matter will be kept under review as part of the annual self-evaluation process
	• results of the annual evaluation, development work undertaken and planned improvements				3			
	• how it has fulfilled its terms of reference and the key issues escalated in the year?				3			

APPENDIX 1 – FINDINGS FROM SELF-EVALUATION EXERCISE 2023

		Does not comply	Partially complies and extent of improvement needed*			Fully complies	Evidence	Action point
		Major improvement (0)	Significant improvement (1)	Moderate improvement (2)	Minor improvement (3)	No further improvement (5)		
Functions of the committee								
9.	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?							
	Governance arrangements					5		
	Risk management arrangements					5		
	Internal control arrangements, including: • financial management • value for money • ethics and standards • counter fraud and corruption					5	All of the elements mentioned are included within the committee's terms of reference, as set out in the Scheme of Administration	
	Annual governance statement					5		
	Financial reporting					5		
	Assurance framework					5		
	Internal audit					5		

APPENDIX 1 – FINDINGS FROM SELF-EVALUATION EXERCISE 2023

		Does not comply	Partially complies and extent of improvement needed*			Fully complies	Evidence	Action point
		Major improvement (0)	Significant improvement (1)	Moderate improvement (2)	Minor improvement (3)	No further improvement (5)		
	External audit					5		
	Scrutiny					5		
10.	Over the last year, has adequate consideration been given to all core areas?				3			Improvement could be made via the introduction of an agenda item to consider future topics for committee consideration, and proposal to introduce a standing agenda item for scrutiny.
11.	Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?					5		
12.	Has the committee met privately with the external auditors and head of internal audit in the last year?					5	Discussion with the chief internal and external auditors take place. These discussions tend to be in public, in the course of committee meetings. In addition, however, the Chair holds Pre-Agenda meetings with officers in private and there is also provision for the chief internal auditor to meet with the Chair if required.	

APPENDIX 1 – FINDINGS FROM SELF-EVALUATION EXERCISE 2023

		Does not comply	Partially complies and extent of improvement needed*			Fully complies	Evidence	Action point
		Major improvement (0)	Significant improvement (1)	Moderate improvement (2)	Minor improvement (3)	No further improvement (5)		
13.	Does the committee consider key matters of their own initiative rather than relying solely on the work of the internal/external auditor or responding to call-in requests?				3		Although the committee has not formally initiated any reviews, discussion has taken place on possible topics for future committee consideration. The committee consider a programme of annual scrutiny activity. Committee members can have an information discussion following each meeting to discuss future agenda items.	An agenda item to consider future topics for committee consideration.
14.	Does the committee agree an annual programme of scrutiny and review activity?		1				Officers have been asked to submit an annual report to the committee proposing a programme of scrutiny and review work.	It is proposed there will be a standing agenda item for areas of Scrutiny.
15.	Does the committee have sufficient resources to undertake investigations or review work?					5	The committee has received an assurance that the necessary resources would be made available to it in order to conduct reviews	
Membership and support								
16.	Has the committee been established in accordance with the 2022 guidance as follows?							
	• Separation from executive					5		
	• A size that is not unwieldy and avoids use of substitutes					5		

APPENDIX 1 – FINDINGS FROM SELF-EVALUATION EXERCISE 2023

		Does not comply	Partially complies and extent of improvement needed*			Fully complies	Evidence	Action point
		Major improvement (0)	Significant improvement (1)	Moderate improvement (2)	Minor improvement (3)	No further improvement (5)		
	• Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation	0						Inclusion of such members is not considered to be of added value at this time, however this will remain under consideration at the annual review
17.	Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?					5	New Members receive a full induction programme which includes the remit of the Audit and Scrutiny Committee. Additional training is also available on specific areas such as cyber security. A number of other relevant topics are delivered to all Members as part of the wider training and development programme. Chair and Vice Chair recently attended session with Diana Melville from CIPFA on 'untapped potential in internal audit'.	Further external training through the Improvement Service is being considered
18.	Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?				3		Members have the opportunity to undertake a PPD exercise annually to identify training and development needs. There is also scope for Members to participate in 360-degree appraisal, as well as one-to-one feedback. The Committee also receives an annual report on Member training	Members of the Committee to consider what formal training needs they may require.

APPENDIX 1 – FINDINGS FROM SELF-EVALUATION EXERCISE 2023

		Does not comply	Partially complies and extent of improvement needed*			Fully complies	Evidence	Action point
		Major improvement (0)	Significant improvement (1)	Moderate improvement (2)	Minor improvement (3)	No further improvement (5)		
							which reviews past training and consults on ways to improve. Members of the committee agree that the Chair is knowledgeable and capable in his role.	
19.	Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?					5	Members have the opportunity to undertake a PPD exercise annually to identify training and development needs. There is also scope for Members to participate in 360-degree appraisal, as well as one-to-one feedback. In addition, Members can contact the Monitoring Officer or s95 Officer for any specific assistance they require. The Committee also receives an annual report on Member training which reviews past training and consults on ways to improve. Recent Internal Audit training for the Chair and Vice Chair delivered by CIPFA. Sept 2023.	
20.	Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?					5	The committee is chaired by an elected member with significant experience of local government and this is extended through the wider membership of the committee along with more recently appointed elected members.	

APPENDIX 1 – FINDINGS FROM SELF-EVALUATION EXERCISE 2023

		Does not comply	Partially complies and extent of improvement needed*			Fully complies	Evidence	Action point
		Major improvement (0)	Significant improvement (1)	Moderate improvement (2)	Minor improvement (3)	No further improvement (5)		
21.	Is adequate secretariat and administrative support provided to the committee?					5	The draft Agenda is discussed in detail with the Chair/Vice-Chair at a Pre- Agenda meeting and the finalised Agenda then issued at least three clear days prior to the meeting. Papers are circulated in advance of the meeting as part of the Agenda. The standard report template includes sections setting out the proposalsand detailed recommendations.	
22.	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?					5	The committee has a positive and constructive relationship with officers of the Council and the Council's external auditors. Both attend committee to present their reports and are available to meet with the Chair outwith meetings. This was recognised as a strength in the Best Value Audit report.	
Effectiveness of the committee								
23.	Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?					5	The committee has not formally sought feedback on its performance. Members feel it would be difficult to establish who would be surveyed and how the outcome might be usefully interpreted. For instance, a petitioner attending a meeting of the Audit and Scrutiny Committee to speak to their petition, or an Elected Member attending to present a call-in request, might be	

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		Does not comply	Partially complies and extent of improvement needed*			Fully complies	Evidence	Action point
		Major improvement (0)	Significant improvement (1)	Moderate improvement (2)	Minor improvement (3)	No further improvement (5)		
							satisfied with the committee's work if they achieve their desired outcome, but this in itself will not necessarily be an effective gauge of the committee's effectiveness. It is not considered in the nature of the governance function of this committee to attract positive feedback as such. Audit Scotland have however very recently commented on the effectiveness of the committee.	
24.	Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?					5	The Chair is the Depute Leader of the Labour Group and is experienced in chairing this and other meetings. Members of the committee agree that he is knowledgeable and capable in his role as Chair.	
25.	Are meetings effective with a good level of discussion and engagement from all the members?					5	Members of the committee do engage and ask questions of officers and others attending the committee, and can ask for further clarification or reports, as required. The nature of the questions asked is summarised briefly in the Minutes.	
26.	Has the committee maintained a non-political approach to discussions throughout?					5	No party whip has been declared at any meetings of the committee and its members are able to bring an independent mindset to their role	

APPENDIX 1 – FINDINGS FROM SELF-EVALUATION EXERCISE 2023

		Does not comply	Partially complies and extent of improvement needed*			Fully complies	Evidence	Action point
		Major improvement (0)	Significant improvement (1)	Moderate improvement (2)	Minor improvement (3)	No further improvement (5)		
27.	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?					5	This is a regular standing feature of the committee	
28.	Does the committee make recommendations for the improvement of governance, risk and control arrangements?					5		
29.	Do audit committee recommendations have traction with those in leadership roles?					5	The ELT is provided with feedback on recommendations and comments from the committee as well as having sight of the formal Minutes.	
30.	Has the committee evaluated whether and how it is adding value to the organisation?					5	The evaluation conducted under Appendices E & F are an assessment of value added.	
31.	Does the committee have an action plan to improve any areas of weakness?					5	This will flow from the Nov 2023 self-assessment being carried out.	
32.	Has this assessment been undertaken collaboratively with the audit committee members?					5	The current self-evaluation process offers an opportunity and mechanism for the committee to assess its effectiveness. Due to the current Committee being in place from the Local Government election in May 2022, this is the first self-	

APPENDIX 1 – FINDINGS FROM SELF-EVALUATION EXERCISE 2023

		Does not comply	Partially complies and extent of improvement needed*			Fully complies	Evidence	Action point
		Major improvement (0)	Significant improvement (1)	Moderate improvement (2)	Minor improvement (3)	No further improvement (5)		
							evaluation exercise of the new administration. The exercise will now take place on an annual basis as was previous practice.	
	Subtotal score	0	1	0	18	180		
	Total score					199		
	Maximum possible score					220**		

** Original CIPFA checklist was a maximum possible score out of 200. Four questions from the previous toolkit have been added to take account of the committee's scrutiny role, bringing the total maximum possible score to 220.

APPENDIX 2 – ACTION PLAN

Checklist Section	Checklist Question	Action	Timescale	Responsible Officer
Audit Committee Purpose and Governance	Does the committee publish an annual report in accordance with the 2022 guidance, including: • compliance with the CIPFA Position Statement 2022 • results of the annual evaluation, development work undertaken and planned improvements • how it has fulfilled its terms of reference and the key issues escalated in the year?	This point is considered to be a duplication of the reports, minutes and recordings of meetings which are already heard and made available in the public domain. To be kept under review and considered at the time of the next self-evaluation exercise in 2024.	November 2024	Audit & Scrutiny Committee
Functions of the Committee	Over the last year, has adequate consideration been given to all core areas? Does the committee agree an annual programme of scrutiny and review activity?	Standing agenda item to be introduced for items of scrutiny.	January 2024	Monitoring Officer
	Does the committee consider key matters of their own initiative rather than relying solely on the work of the internal/external auditor or responding to call-in requests?	Agenda item to be included (such as a forward planner) to enable the committee to identify future topics for consideration.	January 2024	Monitoring Officer
Membership and Support	Has the committee been established in accordance with the 2022 guidance as follows? • Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation	Inclusion of such members is not considered to be of added value at this time, however this will remain under consideration at the annual review.	November 2024	Audit & Scrutiny Committee
	Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?	Further external training through the Improvement Service is being considered.	April 2024	Monitoring Officer
	Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?	Members of the Committee to consider what further formal training needs they may require.	April 2024	Audit & Scrutiny Committee

NORTH AYRSHIRE COUNCIL

14 November 2023

Audit and Scrutiny Committee

Title:	**External Audit Reports on the 2022/23 Audit and Best Value Thematic Work**
Purpose:	To invite Committee to note the annual audit report and the Best Value Thematic Work reports for 2022/23 and to consider verbal reports by the external auditor.
Recommendation:	That Committee:

(a) Notes the findings of the 2022/23 audit of the financial statements as contained in the external auditor's Annual Audit Report at Appendix 2;
(b) Notes the findings of the external auditor's Best Value Thematic Work report;
(c) Considers the verbal reports by the external auditor;
(d) Notes the agreed Action Plans as outlined in Appendix 1 to each of the Reports; and
(e) Approves the audited Annual Accounts for signature.

1. Executive Summary

1.1 As part of the external audit for 2022/23, Audit Scotland have produced the attached Annual Audit Report which includes an opinion on the Council's financial statements. In addition, Audit Scotland have presented a separate report on the Best Value thematic Work for 2022/23.

1.2 The unaudited accounts for the year to 31 March 2023 were approved by Council on 21 June 2023 and submitted to the Council's external auditor, Audit Scotland, for audit. The Audit Director for Audit Scotland has now issued their proposed Independent Auditor's Report on the financial statements which is free from qualification and confirms that the accounts give a true and fair view of the state of affairs of the Council, its group and the Council's charitable trusts as at 31 March 2023.

1.3 The Annual Audit Report and the separate Best Value Thematic Work report also provide the Audit and Scrutiny Committee with the external auditor's findings in relation to the arrangements for securing best value and the audit dimensions.

1.4 The overall conclusions of the reports state that the Council :

- demonstrates a strong culture of continuous improvement;
- has robust arrangements in place to secure best value;
- has effective financial management processes in place;
- has a clear vision with effective leadership; and
- its overall performance is improving.

1.5 As detailed in Section 1 of the Annual Audit Report, a number of adjustments have been identified during the audit process. However, these adjustments do not impact on the reported balance of Unearmarked Reserves which remain unchanged at £8.053m.

1.6 Audit Scotland's reports include action plans in relation to the recommendations for improvement identified during the course of the audit. Full details of this and the proposed management action are included in appendix 1 of both the Annual Audit Report and the Best Value Thematic Work Report.

2. Background

2.1 The 2022/23 audit of the Council's accounts was conducted by Audit Scotland, the first of a five year cycle as the Council's appointed external auditors.

2.2 Appendix 1 includes letters of representation to be signed by the Head of Finance as the responsible officer for North Ayrshire Council. Audit Scotland's annual report to members, which summarises the findings of their audit, is attached at Appendix 2. In addition, a separate report on the Best Value Thematic Work undertaken during 2022/23 will be presented to Committee.

2.3 The Council's accounts for the year to 31 March 2023 were submitted to Audit Scotland for audit by the deadline of 30 June 2023. The external auditor is required to report on certain matters arising to those charged with governance in sufficient time to enable appropriate action to be taken before the financial statements are approved and certified. Audit Scotland has issued an unmodified report on the accounts of the Council and its charitable trusts confirming that they show a true and fair view of the financial position.

2.4 During the audit, Audit Scotland and Council officers identified a number of non-material errors relating to classification of capital expenditure and elimination of intra-group balances. These have been corrected in the audited Annual Accounts.

2.5 The overall level of unusable reserves was not affected and the reported balance of Unearmarked Reserves has remained unchanged at £8.053m.

2.6 The report notes that the auditor has received a statutory objection to the accounts relating to the Common Good and Trust Funds and has met with the objector to consider the issues and evidence provided. The auditor has concluded that the issues raised are not material to their opinion and no further adjustments to the financial statements are anticipated.

2.7 The auditors have issued an unqualified opinion in relation to the charitable trust accounts and have no matters to report.

2.8 As well as auditing the financial statements, Audit Scotland considered the Council's arrangements in relation to Best Value and the audit dimensions of:

- Financial Management
- Financial Sustainability;
- Vision, Leadership and Governance; and
- Use of Resources to Improve Outcomes.

2.9 A summary of the key conclusions from the report include:

Best Value
- The Council continues to demonstrate a strong culture of continuous improvement and has robust arrangements in place to secure best value;
- The Council and its partners have a shared vision focused in addressing inequalities;
- The Council demonstrates genuine commitment to working with and empowering local communities; and
- The Council has made good progress with the recommendations made in the 2020 Best Value Assurance Report.

Financial Management
- The Council reported an underspend of £15.9m against its 2022/23 budget, resulting in a net increase in usable reserves of £22.439m; and
- The Council has effective financial management processes in place to manage budgets and support the sustainability of services in the medium term;

Financial Sustainability
- The Medium term Financial plan shows significant funding gaps which have been partially mitigated by the application of service concession flexibility arrangements; and
- Good progress continues to be made in developing the Sustainable Change programme.

Vision, Leadership and Governance
- The Council has a clear vision with effective leadership and good collaborative working; and
- Scrutiny arrangements are effective.

Use of Resources to Improve Outcomes
- The Council's overall performance is improving, with service improvements faster than in other councils.

2.10 The recommended actions arising from the audit have been detailed in Appendix 1 to each of the reports, including:

- Review of Group accounting processes;
- Formal engagement of Heritage Asset valuer;
- Review of capital programme forecasting arrangements;

- Updating of Council Tax system reconciliation format;
- Review of publishing arrangement to comply with the 2021 Statutory Performance Information Direction; and
- Review and promotion of dormant Charitable Trusts.

2.11 A link to the final audited accounts will be issued to all members for their information.

2.12 Representatives from Audit Scotland will be in attendance at Committee and will present verbal reports highlighting the main findings of the 2022/23 audit and the Best Value report.

3.   Proposals

3.1   It is proposed that Committee:

(a) Notes the findings of the 2022/23 audit of the financial statements as contained in the external auditor's Annual Audit Report at Appendix 2;
(b) Notes the findings of the external auditor's Best Value Thematic Work report;
(c) Considers the verbal reports by the external auditor;
(d) Notes the agreed Action Plans as outlined in Appendix 1 to each of the Reports; and
(e) Approves the audited Annual Accounts for signature.

4.   Implications/Socio-economic Duty

Financial

4.1   The financial implications are as outlined in the report.

Human Resources

4.2   None.

Legal

4.3   Under the Local Authority Accounts (Scotland) Regulations 2014 the Council is required to approve the audited Annual Accounts for signature by 30 September 2023. Audit Scotland were unable to meet the target due to continuing audit resource pressures during their recovery period from the Covid-19 pandemic.

Equality/Socio-economic

4.4   None.

Environmental and Sustainability

4.5   None.

Key Priorities

4.6   This report directly supports the Council Plan 2023 to 2028 by maximising financial flexibility to support the delivery of our priorities.

Community Wealth Building

4.7   None.

5.   Consultation

5.1   The Chief Executive, Executive Directors and other appropriate officers have been consulted as part of the audit process.

Mark Boyd
Head of Service (Finance)

For further information please contact **David Forbes, Senior Manager (Strategic Business Partner),** on **01294 324551**.

Background Papers
North Ayrshire Council Unaudited Accounts 2022/23 –Council, 21 June 2023;
North Ayrshire Council Charitable Trusts: Unaudited Trustees' Annual Report 2022/23 – Council, 21 June 2023

Your Ref: Our Ref:

If telephoning please ask for: Mark Boyd ☎ 01294 324560

North Ayrshire Council
Comhairle Siorrachd Àir a Tuath

14 November 2023

Fiona Mitchell-Knight FCA
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

Dear Fiona,

North Ayrshire Council Annual Accounts 2022/23

1. This representation letter is provided about your audit of the Annual Accounts of North Ayrshire Council and its group for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the Management Commentary, Annual Governance Statement, and the Remuneration Report.

2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the Chief Executive and Executive Leadership Team, the following representations given to you in connection with your audit of North Ayrshire Council's Annual Accounts for the year ended 31 March 2023.

General

3. North Ayrshire Council and I have fulfilled our statutory responsibilities for the preparation of the 2022/23 Annual Accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by North Ayrshire Council have been recorded in the accounting records and are properly reflected in the financial statements.

4. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

Financial Reporting Framework

5. The Annual Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (2022/23 accounting code), and the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and The Local Authority Accounts (Scotland) Regulations 2014.

6. In accordance with the 2014 regulations, I have ensured that the financial statements give a true and fair view of the financial position of North Ayrshire Council and its group at 31 March 2023 and the transactions for 2022/23.

Accounting Policies & Estimates

7. All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2022/23 accounting code where applicable. Where the code does not specifically apply, I have used judgement in developing and applying an accounting policy that results in information that is relevant and reliable. All accounting policies applied are appropriate to North Ayrshire Council's circumstances and have been consistently applied.

8. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

Going Concern Basis of Accounting

9. I have assessed North Ayrshire Council's ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on North Ayrshire Council's ability to continue as a going concern.

Assets

10. The assets shown in the books and accounts at 31 March 2023, other than assets which are employed under finance leases, were owned by North Ayrshire Council. The assets are free from any lien, encumbrance, or charge.

11. For the year ended 31 March 2023, title deeds for properties owned or mortgaged to North Ayrshire Council were held by the council and all such deeds were in order.

12. Where a rolling programme of asset valuations has been used, I have satisfied myself that the carrying amount of assets at 31 March 2023 does not differ materially from that which would be determined if a revaluation had been carried out at that date. I have provided you with all information of which I am aware regarding any valuation exercises carried out after 31 March 2023.

13. All non-current assets are appropriately classified and there are no known errors in the valuations of non-current assets in the balance sheet. The net book value in the balance sheet was arrived at after:

- Taking into account all material capital expenditure on additions but not expenditure properly chargeable to revenue.

- The amounts at which the land and buildings were stated in the balance sheet were properly calculated in accordance with the approved bases of valuation and fairly represented the values at 31 March 2023.

- Deducting the cost and accumulated depreciation relating to items sold or scrapped.

- Providing for depreciation and obsolescence on bases and at rates calculated to reduce the net book value of each asset to its estimated residual value by the end of its probable useful life.

14. The council's housing stock was valued on the Existing Use Value – Social Housing (EUV – SH) using the beacon principle. In my view the valuation approach complies with RICS guidance, it is in accordance with the 2022/23 accounting code and fairly represents the value of the housing stock.

15. The council owns intangible assets in the form of software licenses. Intangible assets have been separately identified in the balance sheet. Intangible assets have been recognised in accordance with the 2022/23 accounting code and IAS 38, as disclosed in Note 16 to the Annual Accounts.

16. All leasing arrangements have been reviewed and correctly classified as operating or finance within the financial statements. Lease arrangements granted by North Ayrshire Council have been correctly classified and disclosed in the financial statements.

17. In line with the requirements of FRS 30 Heritage Assets, heritage assets are included in the balance sheet at valuation. As allowed by the 2022/23 accounting code, the basis of valuation is the declared valuation for insurance purposes or replacement value.

18. All long-term debtors and prepayments have been fully provided for in the books of account.

19. The council's stocks have been valued at the lower of cost or net realisable value. All inventories are included in the financial statements.

20. I carried out an assessment at 31 March 2023 as to whether there is any indication that an asset may be impaired and have recognised any impairment losses identified.

Liabilities

21. All liabilities at 31 March 2023 of which I am aware have been recognised in the annual accounts.

22. Provisions have been recognised in the financial statements for all liabilities of uncertain timing or amount at 31 March 2023 of which I am aware where the conditions specified in the 2022/23 accounting code have been met. The amount recognised as a provision is the best estimate of the expenditure likely to be required to settle the obligation at 31 March 2023.

23. Provisions recognised in previous years have been reviewed and adjusted, where appropriate, to reflect the best estimate at 31 March 2023 or to reflect material changes in the assumptions underlying the calculations of the cash flows.

24. The accrual recognised in the financial statements for holiday untaken by 31 March 2023 has been estimated on a reasonable basis.

25. The pension assumptions made by the actuary in the IAS 19 report for North Ayrshire Council have been reviewed and I confirm that they are consistent with management's own view.

26. There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

Contingent liabilities

27. There are no significant contingent liabilities, other than those disclosed in Note 32 to the financial statements, arising either under formal agreement or through formal undertakings requiring disclosure in the accounts. All known contingent liabilities have been fully and properly disclosed, including any outstanding legal claims which have not been provided under the 2022/23 accounting code and IAS 37.

Loans Fund

28. All borrowings are compliant with relevant legislation. The council did not, during 2022/23, borrow in advance of immediate requirements other than as part of normal treasury management. The profiling of the payments included in the Annual Accounts complies with the reported accounting policy and relevant statutory guidance.

Insurance Fund

29. In respect of the council's insurance fund, there are no material unfunded risks.

Other matters

30. I am not aware of any other matters that require disclosure in order to comply with the requirements of IAS24, as interpreted by the Code. Except as disclosed in the financial statements, the results for the period were not materially affected by:

- Transactions of a sort not usually undertaken by North Ayrshire Council
- Circumstances of an exceptional or non-recurrent nature
- Changes or credits relating to prior periods
- Any change in the basis of accounting.

Fraud

31. I have provided you with all information in relation to:

- my assessment of the risk that the financial statements may be materially misstated because of fraud
- any allegations of fraud or suspected fraud affecting the financial statements
- fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

Laws and Regulations

32. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

Related Party Transactions

33. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2022/23 accounting code. I have made available to you the identity of all the North Ayrshire Council's related parties and all the related party relationships and transactions of which I am aware.

Remuneration Report

34. The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Amendment Regulations 2014, and all required information of which I am aware has been provided to you.

Management commentary

35. I confirm that the Management Commentary has been prepared in accordance with the statutory guidance and the information is consistent with the financial statements.

Corporate Governance

36. I confirm that North Ayrshire Council has undertaken a review of the system of internal control during 2022/23 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.

37. I confirm that the Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2023, which require to be reflected.

Group Accounts

38. I have identified all the other entities in which North Ayrshire Council has a material interest and have classified and accounted for them in accordance with the 2022/23 accounting code. Any significant issues with the financial statements of group entities, including any qualified audit opinions, have been advised to you.

Common good fund and trust funds

39. I confirm, to the best of my ability, that all material common good assets have been identified and correctly accounted for within the common good financial statements. Similarly, all assets, liabilities and revenue transactions relating to trusts administered by the council have been properly separated from the council's single entity Annual Accounts and are reflected within the trust fund accounts.

Events Subsequent to the Date of the Balance Sheet

40. All events subsequent to 31 March 2023 for which the 2022/23 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Mark Boyd
Head of Finance

Your Ref: Our Ref:

If telephoning please ask for: Mark Boyd ☎ 01294 324560

14 November 2023

David Jamieson
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

Dear David,

SC042136	**Anderson Park Trust**
SC042101	**Douglas Sellers Trust**
SC042117	**Margaret Archibald Bequest**
SC025083	**North Ayrshire Council Trust**
SC043644	**Dalry Trust**
SC043600	**Kilbirnie & Glengarnock Trust**
SC043374	**Kilwinning Trust**
SC043494	**Largs Trust**

Annual accounts of the registered charities administered by North Ayrshire Council 2022/23

This representation letter is provided in connection with your audit of the financial statements of the registered charities listed above for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements properly represent the financial position of each of these registered charities as at 31 March 2023 and their receipts and payments for the year then ended.

I confirm to the best of my knowledge and belief and having made appropriate enquiries of the trustees of the registered charitable trusts, the following representations given to you in connection with your audit for the year ended 31 March 2023.

General

I acknowledge my responsibility and that of North Ayrshire Council, as the administering authority, for the preparation of the 2022/23 financial statements on behalf of the trustees. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by the registered charitable trusts have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.

The information given in the Trustees' Annual Reports presents a balanced picture of each charity and is consistent with the financial statements.

I confirm that there are no uncorrected misstatements.

Financial reporting framework

The financial statements have been prepared in accordance with the requirements of Local Government (Scotland) Act 1973 including all relevant presentation and disclosure requirements. The financial statements also comply with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and The Charities Accounts (Scotland) Regulations 2006 and guidance issued by the Office of the Scottish Charity Regulator (OSCR).

Disclosure has been made in the financial statements of all matters necessary for them to properly present the transactions and state of affairs of each charity for the year ended 31 March 2023.

Accounting policies

The financial statements have been prepared on a receipts and payments basis in accordance with applicable regulations and the founding documents of each charitable trust.

Assets

The cash funds and investments shown in the Statement of Balances at 31 March 2023 were owned by the charities. Assets are free from any lien, encumbrance, or charge. There are no plans or intentions that are likely to affect the carrying value of classification of the assets within the financial statements.

Related party transactions

There were no related party transactions with any party other than North Ayrshire Council as administering agent.

Governance

The business of the charitable trusts is recorded in the systems of North Ayrshire Council. As section 95 officer for North Ayrshire Council, I confirm that there are no issues or deficiencies in internal control that require to be disclosed within the financial statements of the charitable trusts.

Fraud

I have considered the risk that the financial statements may be materially misstated because of fraud or irregularity. There have been no actual or alleged frauds or irregularities involving trustees or staff of North Ayrshire Council that could affect the financial statements of the charitable trusts.

Events subsequent to the balance sheet date

Since 31 March 2023, no events or transactions have occurred which, though properly excluded from the annual accounts, are of such importance that they should be brought to your notice.

Yours sincerely

Mark Boyd
Head of Finance, North Ayrshire Council, for and on behalf of the trustees of the charities administered by North Ayrshire Council.

North Ayrshire Council

2022/23 Annual Audit Report

AUDIT SCOTLAND

Contents

Key messages

2022/23 Annual Accounts

1   An unmodified independent auditor's report has been issued for the 2022/23 Annual Accounts of the council and its group and the eight section 106 charities administered by the council. The accounts show a true and fair view of the council's financial position.

Best Value

2   The Council continues to demonstrate a strong culture of continuous improvement. It has robust arrangements in place to secure Best Value. It reports on how it is delivering improvements for communities and residents and has a clear understanding of where it needs to improve.

3   The council and its partners have a shared, long-term vision focused on addressing inequalities – A North Ayrshire that is fair for all. The council sets out four clear priorities that are aligned with the Community Planning Partnership's three key themes, in *Our Council Plan 2023-28.*

4   The council's new priorities were developed from sustained engagement with its communities. The council demonstrates genuine commitment to working with and empowering local communities.

5   The council has made good progress with the recommendations made in its 2020 Best Value Assurance Report. In particular, it has a new performance dashboard designed to provide a much more user friendly and accessible way for residents to access performance data.

Financial management and sustainability

6   The council reported a significant service underspend of £15.9 million against its 2022/23 budget. £2.8 million of that relates to reduced debt charges from the application of permitted Service Concession Arrangements (PPP/PFI) flexibilities.

7   There was a £22.439 million net increase in usable reserves. At 31 March 2023 balances total £135.680 million. £21.546 million of the increase is from the application of Service Concession Arrangements flexibilities.

8   The council has effective financial management processes in place to manage budgets and support the sustainability of services in the medium-term. This is supported by an experienced finance team and the processes in place allow members to carry out effective scrutiny of the council's finances.

9   The current Medium-Term Financial Plan shows significant funding gaps from 2024/25. The impact of the application of the service concession flexibility arrangements has partially mitigated medium-term financial challenges.

10   Good progress continues to be made in developing the council's Sustainable Change Programme, which is key to closing the funding gaps.

Vision, Leadership and Governance

11   The council has a clear vision that staff and community planning partners understand.

12   Leadership is effective and there is good collaborative working.

13   Scrutiny arrangements and the quality of councillors' scrutiny are effective.

Use of resources to improve outcomes

14.   The council has acknowledged that the content of its performance pages needs to be refreshed and in particular, its Performance Dashboard needs to be updated.

15   The council plans to introduce a new approach to self-assessing its services.

16.   The council's overall performance is improving and its rate of service improvement is faster than other councils.

Introduction

1. This report summarises the findings from the 2022/23 annual audit of North Ayrshire Council (the council). The scope of the audit was set out in an annual audit plan presented to the 28 March 2023 meeting of the Audit and Scrutiny Committee. This Annual Audit Report comprises:

- significant matters arising from an audit of the council's Annual Accounts

- conclusions on the council's performance in meeting its Best Value duties

- conclusions on the following wider scope areas that frame public audit as set out in the *Code of Audit Practice 2021:*

  o Financial Management

  o Financial Sustainability

  o Vision, Leadership, and Governance

  o Use of Resources to Improve Outcomes.

2. This report is addressed to the members of the council and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.

Audit appointment from 2022/23

3. I, Fiona Mitchell-Knight (Audit Director), have been appointed by the Accounts Commission as auditor of North Ayrshire Council for the period from 2022/23 until 2026/27. The 2022/23 financial year was the first of my five-year appointment. My appointment coincides with the new Code of Audit Practice which was introduced for financial years commencing on or after 1 April 2022.

4. My team and I would like to thank councillors, senior management, and other staff, particularly those in finance, for their cooperation and assistance in this year and we look forward to working together constructively over the course of the five-year appointment.

Responsibilities and reporting

5. The council has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing Annual Accounts that are in accordance with proper accounting practices. The council is also responsible for compliance with legislation and putting arrangements in place for governance and propriety that enable it to successfully deliver its objectives.

6. The responsibilities of the independent auditor are established by the Local Government (Scotland) Act 1973 and the Code of Audit Practice 2021, and supplementary guidance and International Standards on Auditing in the UK.

7. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management of the council from its responsibility to address the issues we raise and to maintain adequate systems of control.

8. This report contains an agreed action plan at Appendix 1. It sets out specific recommendations, the responsible officers, and dates for implementation.

Communication of fraud or suspected fraud

9. In line with ISA (UK) 240 (*The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*), in presenting this report to the Audit and Scrutiny Committee we seek confirmation from those charged with governance of any instances of actual, suspected, or alleged fraud that should be brought to our attention. Should members have any such knowledge or concerns relating to the risk of fraud within the council, we invite them to communicate this to the appointed auditor for consideration prior to the Annual Accounts being certified.

Auditor Independence

10. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2022/23 audit fee of £356,390 for the council and £1,100 for the registered charities administered by the council as set out in our 2022/23 Annual Audit Plan remain unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

11. We add value to the council by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations

- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, arrangements to ensure the best use of resources and financial sustainability.

- sharing intelligence and good practice identified.

1. Audit of 2022/23 Annual Accounts

Public bodies are required to prepare Annual Accounts comprising financial statements and other related reports. These are principal means of accounting for the stewardship public funds.

Main judgements

An unmodified independent auditor's report has been issued for the 2022/23 Annual Accounts of the council and its group and the eight section 106 charities administered by the council.

The financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework.

The audited part of the Management Commentary, Annual Governance Statement and Remuneration Report were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance.

We identified a number of non-material errors relating to classification of capital expenditure and elimination of intra-group balances. These have been corrected in the audited Annual Accounts.

Audit opinions on the Annual Accounts of the council and its group are unmodified

12.   The Annual Accounts for the council and its group for the year ended 31 March 2023 were approved by the Audit and Scrutiny committee on 14 November 2023. As reported in the independent auditor's report, in my opinion as the appointed auditor:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework.

- the audited part of the remuneration report was prepared in accordance with the financial reporting framework.

- the management commentary and annual governance statement were consistent with the financial statements and properly prepared in accordance with the applicable requirements.

13. We concluded that there were no matters upon which we are required to report, by exception, to the Accounts Commission.

The unaudited Annual Accounts were received in line with the agreed audit timetable

14. The unaudited Annual Accounts were received in line with our agreed audit timetable on 29 June 2023. The Annual Accounts submitted for audit were of a good standard and supporting working papers were reasonable. Finance staff provided good support to the audit team which helped ensure the final accounts audit process ran smoothly. We were unable to meet the target of concluding the audit and signing the accounts by 30 September, due to continuing audit resource pressures during our recovery period from the Covid-19 pandemic.

Our audit testing reflected the calculated materiality levels

15. Broadly, the concept of materiality is applied by auditors to determine whether misstatements identified during the audit could reasonably be expected to influence the economic decisions of users of the financial statements, and hence impact their opinion set out in the independent auditor's report. Auditors set a monetary threshold when considering materiality, although some issues may be considered material by their nature. It is ultimately a matter of the auditor's professional judgement.

16. Our initial assessment of materiality was carried out during the risk assessment and planning phase of the audit. This was reviewed and revised on receipt of the unaudited Annual Accounts and is summarised in Exhibit 1.

Exhibit 1
Materiality values for the council and its group

Materiality	Council	Group
Overall materiality: This is the figure we calculate to assess the overall impact of audit adjustments on the financial statements. Materiality has been set based on our assessment of the needs of the users of the financial	£16.3 million	£19.9 million

statements and the nature of the council's operations. It has been set at 2% of gross expenditure as at 31 March 2023.

Performance materiality: This acts as a trigger point. If the aggregate of errors identified during the Annual Accounts audit exceeds performance materiality, this would indicate that further audit procedures should be considered. Using our professional judgement, we have assessed performance materiality at 70% of overall materiality.	£11.4 million	£13.9 million
Reporting threshold: We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount.	£0.25 million	£0.25 million

Source: Audit Scotland

Identified misstatements of £6.1 million were adjusted for in the Annual Accounts

17. We identified misstatements with a gross value of £4.8 million in the unaudited Annual Accounts. We also identified misclassifications with a gross value of £10.4 million. These were adjusted in the audited accounts resulting in an increase of £0.3 million in both net assets and unusable reserves in the Balance Sheet. The significant issues are identified in Exhibit 2.

18. We considered the need to revise our audit procedures and approach. We reviewed the nature and causes of these misstatements, with the main issue being accounting misstatements in the Group accounts. Although these misstatements breached our performance materiality, we concluded that these arose from issues that have been isolated, identified and corrected in their entirety and do not indicate further systemic error.

19. Management have adjusted all identified misstatements above our reporting threshold and there are no unadjusted errors to report.

20. A further adjustment of £1.3 million relating to a 2021/22 Short Term Accumulated Absences (STACA) provision that had not been reversed in 2022/23, was identified by the council and has also been adjusted in the audited Annual Accounts.

Significant findings and key audit matters

21. Under International Standard on Auditing (UK) 260 we communicate significant findings from the audit to the council, including our view about the qualitative aspects of the body's accounting practices.

22. The Code of Audit Practice also requires all audits to communicate key audit matters within the annual audit report under International Standard on Auditing (UK) 701. These are matters that we judged to be of most significance in our audit of the financial statements.

23. Our significant findings are detailed in Exhibit 2 below.

24. The qualitative aspects of the council's accounting practices, accounting policies, accounting estimates and accounts disclosures are satisfactory and appropriate.

25. In accordance with normal audit practice, several presentational and disclosure amendments were discussed and agreed with management. The disclosure changes were satisfactory.

Exhibit 2
Significant findings and key audit matters from the audit of the Annual Accounts

Issue	Resolution
1. Accounting for North Ayrshire Leisure Limited As part of our audit risk assessment, we reviewed the assessment of North Ayrshire Leisure Limited's (NALL) classification in the 2021/22 Annual Accounts as an associate based on voting rights and significance to the North Ayrshire Council Group. Based on our review, we considered that NALL should be fully consolidated into the Council's group accounts as it meets the definition of a "structured entity." .	For information only. NALL has been fully consolidated as a subsidiary in the 2022/23 Annual Accounts.
2. Pension balance The pension balance represents the difference between expected future payments to pensioners	This is included for information due to the large year-on-year movement in the pension balance.

Issue	Resolution
and the underlying value of pension fund assets available to meet this liability.	We are satisfied that the council's disclosure, and accounting treatment, of its pension balance complies with required accounting practices.
The council is a member of Strathclyde Pension Fund. Valuation of pension fund assets and liabilities is assessed by an independent firm of actuaries (Hymans Robertson LLP). Pension assets and liabilities are calculated annually for each individual member body, by the actuary, for inclusion in the Annual Accounts. Annual valuations are dependent on a number of external variables, including projected rates of return on assets, projected rates of price and pay inflation, interest rates and mortality estimates.	
The council's 2022/23 valuation showed a net pension asset of £332.804 million (2021/22: liability of £57.450 million). As required by accounting standards, the asset shown in the council's Balance Sheet has been limited to £29.324 million. The amount that can be recognised as an asset is limited to the estimated future service cost less the minimum contribution required, otherwise known as the asset ceiling.	

3. Group accounts

Our testing of intra-group balances identified a number of consolidation adjustments that had either not been made or been made incorrectly in the consolidated group accounts:	Management have corrected the misstatements in the audited Annual Accounts. There was no impact on the group net assets or comprehensive income and expenditure. However the council should review its group accounting process to ensure the completeness and accuracy of consolidation adjustments.
-an intra-group debtor of £0.3 million within the North Ayrshire Leisure Limited (NALL) accounts and a corresponding balance of £0.3 million in short-term borrowing within the council's accounts had not been eliminated from the consolidated account balances.	
- Income of £4.2 million from the council to NALL and corresponding expenditure of £4.2 million in the council's accounts had not been eliminated in the consolidated accounts.	Recommendation 1 (See Appendix 1, action plan)
- Investment properties totalling £4.0 million within subsidiaries had been consolidated as property, plant and equipment.	
- A short-term loan of £6.2 million within the North Ayrshire Venture Trust accounts had been	

Issue	Resolution
incorrectly eliminated from the creditors balance instead of short-term borrowing.	
- NALL cash flow figures totalling £0.2 million had not been accurately included in the consolidated cash flow statement.	108

Source: Audit Scotland

Other matters identified from our audit of the Annual Accounts

26.　In addition to our findings in Exhibit 2 above, the following adjustment was identified through our audit testing:

- **Property, plant and equipment:** Our testing of a journal relating to the transfer of expenditure from a capital code to a revenue code identified an item with a value of £0.4 million which was capital expenditure and therefore should not have been transferred to a revenue code. An adjustment has been made to correct this error in the Annual Accounts, resulting in an increase in assets and a decrease in expenditure of £0.3 million (gross value less depreciation).

27.　The council engaged an external valuer to value its heritage assets, valued at £1.0 million in the 2022/23 Annual Accounts. No formal letter of engagement was issued setting out the scope and objectives of the valuer's work. Although heritage assets is not a material area in the accounts, it is good practice to formally document the terms of engagement with the valuer.

Recommendation 2

The council should obtain a signed letter of engagement from the heritage assets valuer.

Our audit work responded to the risks of material misstatement we identified in the Annual Accounts

28.　We have obtained audit assurances over the identified significant risks of material misstatement in the Annual Accounts. Exhibit 3 sets out the significant risks of material misstatement to the financial statements we identified in our 2022/23 Annual Audit Plan. It also summarises the further audit procedures we performed during

the year to obtain assurances over these risks and the conclusions from the work completed.

Exhibit 3
Significant risks of material misstatement in the Annual Accounts

Audit risk	Assurance procedure	Results and conclusions
1. Risk of material misstatement due to fraud caused by management override of controls As stated in ISA (UK) 240 (*The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*), management is in a unique position to perpetrate fraud because of their ability to override controls that otherwise appear to be operating effectively.	Assess the adequacy of controls in place for identifying and disclosing related party relationship and transactions in the financial statements. Assess the design and implementation of controls over journal entry processing. Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. Test journals at the year-end and post-closing entries and focus on significant risk areas. Evaluate significant transactions outside the normal course of business. We will assess any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year. Substantive testing of income and expenditure transactions around the year-end to confirm they are accounted for in the correct financial year. Focussed testing of accounting accruals and prepayments.	**Results:** Our critical assessment of the council's arrangements for identifying and disclosing related party transactions found arrangements in place were satisfactory. We assessed the design and implementation of controls over journal entry processing and found these to be satisfactory. Journal adjustments were tested, and no indication of management override of controls was found. We reviewed transactions during the year - no issues were identified with significant transactions outside the normal course of business. Judgements and estimations applied were tested to confirm they were appropriate and reasonable. We tested accruals and prepayments and confirmed that income and expenditure was properly accounted for in the financial year. **Conclusion:** No instances of management override of controls were identified.

Audit risk	Assurance procedure	Results and conclusions
2. Significant estimation and judgment: other land and buildings, council dwellings and schools PPP valuations The council held other land and buildings, including its council dwellings and school PPP estate, with a net book value of more than £1,050 million as at 31 March 2022. There is a significant degree of subjectivity in the valuation of land and buildings. Valuations are based on specialist and management assumptions and changes in these can result in material changes to valuations. The assets are revalued on a five-year rolling basis. Values may also change year on year, and it is important that the council ensures the financial statements accurately reflect the value of the assets. **Risk:** Valuations of these assets are materially misstated.	Review the information provided to the valuer to assess for completeness. Evaluate the competence, capabilities, and objectivity of the professional valuer. Obtain an understanding of management's involvement in the valuation process to assess if appropriate oversight has occurred. Critically evaluate the approach the council has adopted to assess the risk that assets not subject to valuation are materially misstated and consider the robustness of that approach. Test the reconciliation between the financial ledger and the asset register. Evaluate management's assessment of why it considers that the land and buildings not revalued in 2022/23 are not materially misstated. We will critically assess the appropriateness of any assumptions. Critically assess the adequacy of the council's disclosures regarding the assumptions in relation to the valuation of other land and buildings and council dwellings.	**Results:** We did not identify any issues with the information provided to the valuer. Our review of the council's valuation team's work confirmed the appropriateness of the methodology and assumptions used. We did not identify any non-compliance with RICS guidance. We found that management have an appropriate level of involvement and oversight of the valuation process. Paragraph 27 identifies an opportunity to strengthen the valuation process for Heritage assets. We concluded that management's assessment that land and buildings not revalued in 2022/23 are not materially misstated, was reasonable, and found assumptions made to be appropriate. We did not identify any issues with the reconciliation between the financial ledger and the property asset register. We found that appropriate disclosures have been made regarding the assumptions in relation to the valuation of land and buildings. **Conclusion:** No issues were identified with the assumptions applied to the revaluations.

29.   In addition, we identified "areas of audit focus" in our 2022/23 Annual Audit Plan where we considered there to be risks of material misstatement to the financial statements. These areas of specific audit focus were:

- **Pension balance:** This is considered at Exhibit 2 and based on the findings of the audit procedures performed, there are no matters which we need to bring to your attention.

- **Service concession arrangements:** In February 2023, the council approved the adoption of the revised accounting arrangements under Local Government Finance Circular 10/2022 for the recalculation of debt repayments arising from the council's service concession contracts aligned to the useful economic life of the assets under the contracts. The application of financial flexibility on this basis resulted in a retrospective adjustment and financial benefit to 31 March 2022 of £21.546 million, and reductions in the annual debt repayment charges over the period to 2037/38. We confirmed that the council has complied with the relevant statutory guidance in accounting for this in the 2022/23 Annual Accounts.

Correspondence referred to the auditor by Audit Scotland/Statutory objections to the accounts

30.   We received an objection to the accounts covering issues related to the Largs Common Good Fund and Trust Funds. We met with the objector and considered the issues and evidence provided. We are satisfied that this did not identify any issues which had an impact on our opinion on the financial statements.

31.   Through consideration of the objection, it has been identified that the council has not held an annual putting competition in Largs, to meet the requirements of the Isabella McPhee Memorial Fund. Based on the low numbers of entrants in a similar competition planned previously, there was not sufficient income available from the trust fund to meet the costs of organising the competition and awarding prizes. The council will consider any proposals from third parties to host a putting competition to which it could contribute prize money from the fund. The council confirmed that it had no such approaches during the year.

The council's 2022/23 Management Commentary provides a fair and balanced picture of its performance and operational activity for the year

32. The council's Management Commentary that accompanies the Annual Accounts explains how the council has performed against its budget. The council has included a good level of disclosure on the principal risks it is facing going forward. This includes details on the challenging financial environment the council is operating within.

33. In our view, the 2022/23 disclosure represents a fair and balanced commentary on the council's performance in 2022/23 and is transparent on the risks it faces in the coming year.

The Annual Governance Statement provides an appropriate level of disclosure on the council's governance arrangements during 2022/23

34. The council has a Local Code of Corporate Governance, and this is reviewed and updated annually. The local code follows the principles set out in the CIPFA /SOLACE Framework 'Delivering Good Governance in Local Government' (2016). The council's Annual Governance Statement complies with this guidance.

The audited part of the Remuneration Report was consistent with the Annual Accounts and has been prepared in accordance with applicable regulations

35. The Local Authority Accounts (Scotland) Regulations 2014 requires the council to include a Remuneration Report within its Annual Accounts that includes details of:

- the remuneration of relevant persons, including pension entitlements, for the financial year (and prior year comparator); and accrued pension benefits figures at 31 March of that year, and

- information on pay bands and the number and cost of exit packages approved during the financial year.

36. We have no issues to report in relation to the information included within the Remuneration Report in the council's 2022/23 Annual Accounts.

Follow up of prior year recommendations

37. There was one improvement action raised in Deloitte's 2021/22 Annual Audit Report which relates to accounting for infrastructure assets   This is a national issue which is currently under discussion as part of the consultation process for the Code of Practice on Local Authority Accounting in the UK (accounting code) for 2024/25 Once further guidance emerges, we will work with the council to address this matter.

Our audit opinions on Section 106 charities were unmodified

38.   Elected members of the council are trustees for eight registered Scottish charities:

- Anderson Park Trust – Charity number SC042136

- Douglas Sellers Trust – Charity number SC042101

- Margaret Archibald Bequest - Charity number SC042117

- North Ayrshire Council Trust – Charity number SC025083

- Dalry Trust – Charity number SC043644

- Kilbirnie & Glengarnock Trust – Charity number SC043600

- Kilwinning Trust – Charity number SC043374

- Largs Trust – Charity number SC043494

39.   The trust balances are disclosed in a note in the council's Annual Accounts but do not represent assets of the council so are not included within the cash and cash equivalents figure shown in the council's balance sheet.

40.   Due to the interaction of the Local Government in Scotland Act 1973 with the charities legislation, a full and separate independent auditor's report is required for the statement of accounts of each registered charity where members of North Ayrshire Council are sole trustees, irrespective of the size of the charity.

41.   Our duties as auditors of the charities administered by North Ayrshire Council are to:

- Express an opinion on whether the charity's financial statements properly present the charity's financial position and are prepared in accordance with charities legislation.

- Read the Trustees' Annual Report and express an opinion as to whether it is consistent with the financial statements.

- Report on other matters, by exception, to the Trustees and to the Office of the Scottish Charity Regulator (OSCR).

42.   The council has made full use of the connected charities provision and reports all charities within one set of accounts.

43. Six trusts have been dormant for a period of 3 years or more and of these, three Trusts have been dormant for over 5 years. The dormancy of each identified Trust is disclosed on page 6 of the Trustees annual report. There is no clear plan on how to bring these Trusts back in to use. It is therefore unlikely that these Trusts meet the requirement of public benefit. This has been raised as a recommendation in Appendix 1.

44. We have given an unqualified opinion on the Annual Accounts of the eight charities administered by the council and have no matters to report under ISA (UK) 260 (*Communication with Those Charged with Governance*) or ISA (UK) 701 (*Communicating key audit matters in the Independent Auditor's Report*).

2. Best Value

Councils have a statutory duty to make arrangements to secure continuous improvement in the performance of their functions.

Conclusions

The Council has continued to demonstrate a strong culture of continuous improvement since its last Best Value report in 2020. It has robust arrangements in place to secure Best Value. It reports on how it is delivering improvements for communities and residents and has a clear understanding of where it needs to improve.

Good progress has been made with the recommendations made in its 2020 Best Value Assurance Report. In particular, it has a new performance dashboard designed to provide a much more user friendly and accessible way for residents to access performance data.

The council and its partners have a shared, long-term vision focused on addressing inequalities – A North Ayrshire that is fair for all. The council sets out four clear priorities that are aligned with the CPP's three key themes, in *Our Council Plan 2023-28*.

The council's new priorities were developed from sustained engagement with its communities. The council demonstrates genuine commitment to working with and empowering local communities.

The council has adopted an ambitious target for North Ayrshire to be net zero by 2030. The council is using interim targets to help it track progress. A 49 per cent reduction in emissions has been reported since 2005.

Best Value work in 2022/23

45.   Councils have a statutory duty to make arrangements to secure continuous improvement in the performance of their functions. Expectations are laid out in the Best Value Revised Statutory Guidance 2020.

46. As set out in the Code of Audit Practice 2021, Best Value audit is integrated with other wider-scope annual audit work. For 2022/23 the scope of Best Value work included conclusions on:

- The Accounts Commission's requested thematic work on leadership in the development of the council's strategic priorities.

- Progress made against Best Value improvement actions made in previous years.

- Council service performance improvement.

- Effectiveness of council performance reporting.

47. In addition to the work set out in the remainder of this section, Best Value work has informed the content and conclusions set out in parts 3 to 6 of this Annual Audit Report.

Leadership in the development of the council's strategic priorities

48. This year auditors were asked to focus on the councils' leadership of the development of new local strategic priorities. The results of this work were reported to the council's elected members at the November 2023 Audit and Scrutiny Committee.

49. The key findings in this report were as follows:

- The Council has continued to demonstrate a strong culture of continuous improvement since its last Best Value report in 2020. It has robust arrangements in place to secure Best Value. It reports on how it is delivering improvements for communities and residents and has a clear understanding of where it needs to improve.

- The council and its partners have a shared, long-term vision focused on addressing inequalities – *A North Ayrshire that is fair for all*. The council sets out four clear priorities that are aligned with the CPP's three key themes, in *Our Council Plan 2023-28*.

- The council's new priorities were developed from sustained engagement with its communities. The council demonstrates genuine commitment to working with and empowering local communities.

- Reducing inequalities is central to the vision and priorities of both the council and the Community Planning Partnership. The council views increasing inequalities as a very high risk. Addressing climate change is also a clear priority for both.

- The council has adopted an ambitious target for North Ayrshire to be net zero by 2030. The council is using interim targets to help it track progress. A 49 per cent reduction in emissions has been reported since 2005.

- A council-wide workforce strategy is in place however clear alignment will be needed with the council's Sustainable Change Programme as it progresses to maintain a synergy between workforce, service, financial and digital plans.

- Financial management is effective, however the current Medium Term Financial Plan shows significant funding gaps for 2024/25 of £11.8 million and £11.4 million for 2025/26. Strategic initiatives which require long-term revenue and capital commitments are properly incorporated into the financial planning process. To deliver balanced budgets over the medium-term, delivery of the Sustainable Change Programme is key.

- The leadership has been effective in setting clear priorities but now needs to finalise Delivery Strategies and Action Plans to ensure cross council delivery of the strategic aims and outcomes.

- Continuous improvement continues to be embedded in the council's culture. The council uses regular activities alongside more innovative approaches to identify areas for improvement.

- The council has a well established performance reporting framework. However development continues and in November an updated approach to self-assessment is being discussed alongside an improved Performance Management Strategy.

- The new Council Plan Performance Management Framework includes 26 performance indicators directly linked to the council's priorities. All indicators have a baseline value and targets. The first mid-year progress report on *Our Council Plan 2023-28* will be published in January 2024.

- Council Plan progress update reports and LGBF reports are balanced and informative, providing a wealth of information, but many of the current public performance reporting pages on the council's website need to be updated.

- The council's overall performance is improving. The number of Local Government Benchmarking Framework (LGBF) indicators in the top two quartiles has increased over time to 48 per cent in 2021/22.

- Good progress has been made on all four of the recommendations made in the 2020 Best Value Assurance Report.

50. Elected members and senior officers recognise that decisive and focussed leadership is needed to deliver the priorities set out in the new plan, to improve the outcomes for citizens. In doing so, a number of improvements are required to demonstrate achievement of Best Value. Audit improvement recommendations were included in the thematic report and are replicated in Appendix 1 of this report. This includes details on the council's response to the recommendations. We will report on the progress over the term of our audit appointment.

51. As set out in the Code of Audit Practice 2021, Best Value audit is integrated with other wider-scope annual audit work. Therefore, in addition to the work set out in the remainder of this section, Best Value work has informed the content and conclusions set out in parts 3 to 6 of this annual audit report.

The council has made good progress with all the recommendations made in its 2020 Best Value Assurance Report

52. The 2020 Best Value Assurance Report (BVAR) for North Ayrshire Council was published in June 2020. It reported that; "The council has a strong culture of continuous improvement. It has significantly improved and continued to make progress since the last Best Value report in 2011. Council priorities, plans, actions, and outcomes are clearly linked. Staff play an active role in identifying and driving improvement. The council is delivering improvements for communities and residents."

53. The 2020 BVAR contained four improvement recommendations. In the last update reported to the Council in March 2022, management noted all actions as complete. As part of our 2022/23 Best Value thematic work, we followed up the agreed actions from the 2020 report. We concur with the view that good progress has been made on the recommendations. Further developments are ongoing in relation to three of the four recommendations. These relate to making all locality plans publicly available (see paragraphs 63 to 65), delivery of its Strategic Change Programme (see paragraphs 113 to 116), and alignment of workforce plans to the council's transformation activity (see paragraphs 124 to 127).

54. The council addressed the fourth 2020 BVAR recommendation to review its public reporting online portal by replacing it with an innovative, internally-developed performance dashboard. However due to resource constraints, the council has not

been able to keep the data up-to-date this year and has decided to keep it offline until it can be updated (see paragraphs 60 to 62).

The council is applying and developing innovative approaches to communicating its vision and priorities to its residents. Improving its website would help more residents access this material

55.   *Our Council Plan 2023-28* makes good use of infographics and photographs. The text is large, the layout is clear and the language used is easy to understand while still effectively communicating its vision and priorities. This makes it accessible for interested parties from a range of backgrounds. Jargon is kept to a minimum. For example instead of using the word 'outcomes' the council uses 'We will know we're making progress when…'.

56.   The council has produced an effective and engaging two-minute video as one way of communicating its vision and priorities, as set out in *Our Council Plan 2023-28*. The video can be found on the council's website and uses plain language and images from around North Ayrshire to bring to life its priorities. A British Sign Language version of the video has also been created.

57.   The council is planning further innovative approaches to sharing its vision and priorities. It has plans to:

- create a child-friendly version of its council plan by the end of 2024. To help develop this version of the plan it is consulting with young people including members of the Scottish Youth Parliament, care-experienced children and P7 members of pupil councils across schools in North Ayrshire.

- develop a plan on a page with a QR code to be distributed to frontline services. It is intended that this will be set out as a contract with residents, setting out the council's four priorities and will be signed by the Chief Executive and the Leader of the council. The QR code will take the user to a page on the council's website where performance reports developed in a magazine style will be able to be accessed.

58.   The council has acknowledged that its website would benefit from improvement and it is currently being reviewed with a view to being replaced by Autumn 2024. At present there is no reference to *Our Council Plan 2023-28* on the council's homepage. To access the plan, the user has to click on 'Council & democracy', then click on 'Strategies, plans and policies' and then access the plan from a long alphabetical list. Therefore unless the user knows the plan exists and conducts an internet search for it then they would not come across it. This has resulted in a recommendation in the BV Thematic Report

that the council should prioritise concluding its website review with a view to improving it as soon as possible. This will bring many benefits, including raising more awareness of its vision and priorities.

The council addressed the 2020 BVAR recommendation to review its public reporting online portal by replacing it with an innovative, internally-developed performance dashboard. However due to resource constraints, the council has not been able to keep the data up-to-date this year and has decided to keep it offline until it can be updated.

59. The council's 2020 Best Value Assurance Report (BVAR) commented that:

…*Performance reporting systems are clearly focused on priority areas. Targets are realistic and kept under review. Performance information is readily available in a variety of formats. Reports have become more user-friendly and focused in recent years.*

60. The BVAR recommended that the council should review its public reporting online portal, North Ayrshire Performs, to make it more user friendly and accessible. The council reported in March 2022 that it had replaced its North Ayrshire Performs portal with a new performance dashboard developed in-house by the Corporate Policy, Performance and Elections Team and launched in February 2021. The dashboard was designed to provide a much more user friendly and accessible way for residents to access our performance data. The layout of the dashboard was seen as innovative and the council was asked to demonstrate it to a number of other councils.

61. When accessing the performance dashboard a notice appears – We are in the process of updating our dashboard with the most recent data. This holding page has been in place for a number of months. Due to capacity issues this year within the Corporate Policy, Performance and Elections Team, and to prevent out of date information being displayed, the council decided to take the performance dashboard down.

62. The holding page contains a link to the council's performance reporting webpages and contains contact details for the team. The council intends to refresh the dashboard to reflect *Our Council Plan 2023-28* over the next few months.

The council has not yet fully addressed the 2020 BVAR recommendation that all locality plans should be publicly available.

63. The 2020 BVAR recommended the council should work with locality partnerships to make clear what the intended impacts are of locality plans and make them publicly available. In response local partnership priorities were refreshed during 2020 and 2021, providing increased focus on priorities targeting local inequalities, with five of the six locality partnerships agreeing their ongoing priorities in June 2021. The refresh of Arran's local partnership priorities was ongoing to take into account the development of its Island Plan, subsequently published in March 2022. The intention was to publish these on North Ayrshire's Community Planning website.

64. At October 2023, Arran's locality plan only includes priorities and no plan. Its comprehensive Island Plan is not linked to the CPP website. In addition, Links to the locality plans on the CPP's website for Irvine and Three Towns are not working and locality planning impact reports, produced in Summer 2021, that contain achievements such as total amounts of Community Grants and Community Investment Fund awarded are available on the CPP website for all localities except Arran.

65. This has resulted in a recommendation in the BV Thematic Report that the council should update all locality planning information and corresponding links as soon as possible.

3. Financial management

Financial management means having sound budgetary processes, and the ability to understand the financial environment and whether internal controls are operating effectively.

Conclusion

The council reported a significant service underspend of £15.9 million against its 2022/23 revised budget.

There was a £22.439 million net increase in usable reserves, balances total £135.680 million at 31 March 2023. £21.546 million of the increase is from the application of permitted Service Concession Arrangements (PPP/PFI) flexibilities.

Capital expenditure was significantly lower than the original capital programme for the year.

The council has effective financial management processes in place to manage budgets and support the sustainability of services in the medium-term. This is supported by an experienced finance team and the processes in place allow members to carry out effective scrutiny of the council's finances.

Financial systems of internal control were designed effectively, but we identified one area where the control could be strengthened. Standards for the prevention and detection of fraud remain appropriate.

The council operated within budget in 2022/23

66. The council approved its 2022/23 budget in March 2022. The budget was set at £380.7 million, which included planned savings of £3.1 million and no contribution from reserves. Budget adjustments throughout the year resulted in a revised budget for 2022/23 of £424.0 million which included a £15.9 million contribution from reserves.

67. In the 2022/23 Annual Accounts, the council reported a total service underspend of £15.9 million summarised in Exhibit 4, of

which £2.8 million relates to reduced debt charges as a result of the application of the service concession arrangements.

Exhibit 4
Summary of significant variances against budget

Area	£m	Reason for variance
Underspends		
Communities	£5.3 million	Underspend includes the impact of industrial action by teachers, net teaching and non-teaching staff turnover and reduced expenditure on Early Learning and Childcare due to the revised programme for full implementation and lower than anticipated take-up of places.
Financing costs	£7.6 million	Underspend includes revision to annual debt repayment charges under the revised service concession arrangements of £2.8m and £4.8m from a planned underspend linked to the treasury strategy.
Other corporate items	£3.0 million	Underspend includes higher than anticipated income and reduction in bad debt provision.

Source: North Ayrshire Council 2022/23 Annual Accounts

There was a £22.439 million net increase in usable reserves

68.   One of the key measures of the financial health of a council is the level of reserves held. In 2022/23 there was a net increase of £22.439 million in the council's usable reserves, resulting in a total balance of £135.680 million at 31 March 2023 (Exhibit 5).

69.   Within the general fund reserve the most significant movements were in relation to the following:

- Planned use of £15.964 million for earmarked spend agreed through decisions taken by members during the year.

- Increase of £21.546 million following the application of Service Concession Arrangements (PPP/PFI) flexibilities in accordance with Finance Circular 10/2022.

- Increase of £18.794 million due to 2022/23 underspend.

Exhibit 5
North Ayrshire Council – usable reserves

Reserve	31 March 2021 £ million	31 March 2022 £ million	31 March 2023 £ million
General fund	£66.044	£85.989	£110.115
Housing revenue account	£14.221	£15.616	£13.685
Insurance fund	£3.381	£3.140	£2.998
Capital fund	£3.119	£8.587	£8.882
Total usable reserves	**£86.765**	**£113.241**	**£135.680**

Source: North Ayrshire Council Annual Accounts 2020/21 to 2022/23

70. As detailed in the March 2023 CIPFA Bulletin 13 Local Authority Reserves and Balances, there is no prescribed level of reserves, but the Proper Officer (the council's Head of Finance) has a responsibility to advise members on the creation and levels of reserves that are appropriate to the council's circumstances. Reserves balances can be held for three main purposes:

- **Working balance:** To help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing.

- **Contingency:** To cushion the impact of unexpected events or emergencies.

- **Known requirements:** To build up funds to meet known or predicted requirements.

71. The council's general fund reserve includes an unearmarked balance of £8.053 million, representing 2% of the expenditure budget of £406.157 million for 2023/2024. Management considers that this level of reserve reflects a suitable contingency to contribute towards any unanticipated pressures and is consistent with, although at the lower end of, the council's approved strategy of maintaining unearmarked reserves between 2 and 4 per cent of net expenditure to meet the potential cost of unforeseen liabilities.

72. The remainder of the general fund reserve, £102.1 million, is earmarked for specific purposes such as the supporting the council's renewal and recovery strategy (£12.9 million), supporting the

medium-term financial planning strategy (£17.7 million) and supporting borrowing linked to the council's capital investment programme (£18.9 million).

73. The level of reserves has enabled the council to deliver medium to long-term strategies, fund one-off costs and smooth its core revenue budget requirement. However, the council recognise that while conditions around funding remain, including the requirement to passport full funding to the IJB and maintain teaching and support staff numbers at 2022 levels, this places a disproportionate burden on other areas of council services as well as creating a financial risk to the council.

74. The Head of Service (Finance) acknowledges that based on current estimates, delivering balanced Budgets over the medium-term will be very challenging and will require a range of approaches, including reduced investment in services, further service reform / re-design, income generation, efficiencies from the Sustainable Change Programme, use of council reserves and a level of Council Tax increase that balances inflation against the impact on citizens.

Capital expenditure was significantly lower than the original capital programme for the year

75. The General Services Capital Investment Programme 2022/23 to 2030/31 was approved by Council on 2 March 2022. The Housing Revenue Account (HRA) Capital Investment Programme 2022/23 was approved by Council on 16 February 2022. General Fund Capital Expenditure outturn was £36.5 million in line with the revised annual budget for 2022/23. The HRA Capital Expenditure outturn was £30.5 million, an underspend of £6.4 million compared to the revised annual budget for 2022/23 of £36.9 million.

76. For both programmes a number of changes were made during the year to the original budgets. The capital monitoring report for Period 4 2022/23 (31 July) noted that for the General Fund approved programme of £124.2 million, a review of delivery timescales resulted in a reprofiling of £75.3 million to 2023/24 and beyond. Similarly for the HRA approved programme of £114.5 million, £60.1 million was reprofiled to 2023/24 and beyond. Full details of individual projects re-phased from 2022/23 were reported to Cabinet during the year.

77. Reprofiling for the General Fund included £11.0 million for Ardrossan Campus, £24.1 million for Ardrossan North shore and £15.2 million relating to a corporate phasing adjustment reflecting the degree of uncertainty in the total expenditure projections. Reprofiling for the HRA mainly related to New Builds of £42.5 million.

78. We believe there is scope for the council to improve its forecasting of capital projects and more accurately plan expenditure,

recognising the extent of optimism bias that appears to have existed in 2022/23.

Recommendation 3

The capital programmes should be reviewed to reflect the apparent optimism bias that existed in 2022/23.

79. In a capital programme performance update report to Cabinet in March 2023, the Head of Service (Finance) noted that in relation to the capital programmes, areas of risk have been identified as a result of cost volatility arising from ongoing inflationary pressures, outstanding contractor claims and supply chain issues. These ongoing issues will make delivery of the capital investment programmes challenging in 2023/24 and subsequent years.

There are well established budget monitoring and reporting processes in place

80. The council has effective financial management processes in place to manage budgets and support the sustainability of services in the medium-term. This is supported by an experienced finance team and the processes in place allow members to carry out effective scrutiny of the council's finances.

81. The Cabinet regularly review progress against budget throughout the year. The budget updates provide a good level of information on the reasons for variances, the projected financial outturn and the challenges facing the council for the rest of the year. The information is provided at timely intervals throughout the year which enables scrutiny from members.

Overall borrowing levels have decreased

82. At 31 March 2023, long term borrowing stood at £202.427 million, an increase of £19.97 million on the 2022 level of £182.457 million. During the same period, short term borrowing decreased from £84.164 million to £51.568 million, a decrease of £32.596 million. The reduction reflects the scheduled repayments of debt which matured during the financial year.

83. Total external debt, which includes the council's long-term liabilities, was within the authorised limit and operational boundary set by the treasury management strategy.

Financial systems of internal control were effective however we identified one area where an existing control could be strengthened

84. From our review of the design and implementation of systems of internal control (including those relating to IT) relevant to our audit approach, we have not identified any issues that represent a risk of material misstatement for the 2022/23 Annual Accounts. We did however identify one area where an existing control could be strengthened:

- **Council tax property reconciliation:** The sample reconciliation we reviewed between the council's records and assessor's data did not state where the data originates from, what it had been reconciled to, or who had performed the reconciliation and when.

Recommendation 4

The format of the reconciliation between the council's records and assessor's data could be improved by clearly stating where the data originates from, what it has been agreed to, the name of the officer performing the reconciliation and the date agreed.

85. Except for this suggested improvement, the key controls within the council's main financial systems were assessed as being designed and implemented appropriately. We are satisfied that our audit work has provided sufficient assurance that there is no material misstatement of the accounts from these issues.

Internal audit provided a reasonable level of assurance over the council's framework of governance, risk management and control arrangements during 2022/23

86. The internal audit service provides members and management with independent assurance on risk management, internal control and corporate governance processes as well as providing a deterrent effect to potential fraud.

87. Internal audit's annual report, presented to the 30 May 2023 Audit and Scrutiny committee, provided a reasonable assurance over the framework of governance, risk management and control and that adequate controls were in place and were operating throughout the Council in 2022/23.

88. An external review of the council's Internal Audit team was completed by West Dunbartonshire Council and was reported to the Audit and Scrutiny Committee in September 2022. The review assessed the compliance of the Council's Internal Audit team with the 14 sections of the Public Sector Internal Audit Standards (PSIAS) and noted that the team fully conforms with 13 of the standards and generally conforms with the remaining one. Overall, the assessor was able to provide substantial assurance that the Council's Internal Audit team complies with the requirements of the PSIAS.

89. A total of 22 internal audit reports were issued during 2022/23. Nine audit opinions gave substantial assurance, 11 gave reasonable assurance and the remaining two reports with a wider scope gave combined audit opinions of Limited/Reasonable and Limited/Substantial. All 32 action points raised in the year were accepted by management. 73% of action points were implemented on time by council services against a target of 80%.

90. To avoid duplication of effort we place reliance on the work of internal audit wherever possible. In 2022/23 we did not plan to place formal reliance on the work of internal audit to support our financial statements audit opinion. However, we considered internal audit report findings as part of our wider dimension work.

The council has in place appropriate arrangements for the prevention and detection of fraud and corruption

91. The council has a range of established procedures for preventing and detecting fraud and irregularity including counter fraud and corruption strategy, whistleblowing policy and procedures, and codes of conduct for members and officers.

92. A Corporate Fraud Team provides the Council with the capacity to investigate fraud both within and against the organisation. The team received 357 referrals for investigation during 2022/23 (2021/22: 280 referrals). All referrals made to the team are investigated. 346 cases were closed during 2022/23 (2021/22: 284 cases) with results achieved (fraud, error or other recovery/action) in 109 cases. Fraud and error totalling £0.236 million was identified.

93. The council continues to participate in the National Fraud Initiative (NFI). This is a counter-fraud exercise across the UK public sector which aims to prevent and detect fraud. The latest biennial NFI exercise commenced in October 2022 with the submission of data sets to the Cabinet Office. The Corporate Fraud Team co-ordinates the Council's participation in the NFI. Data matches to date have been received between January and March 2023 and passed to the appropriate teams for further investigation. This exercise is due for completion by March 2024.

94. We have concluded that the council has in place appropriate arrangements for the prevention and detection of fraud and other irregularities. We are not aware of any specific issues that we need to bring to your attention.

4. Financial sustainability

Financial Sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs.

Conclusion

The council has a good process in place for financial planning.

The current Medium-Term Financial Plan shows significant funding gaps for 2024/25 and 2025/26 of £11.8 million and £11.4 million respectively. The use of the service concessions flexibilities has partially mitigated medium-term financial challenges.

Good progress continues to be made in developing the council's Sustainable Change Programme which is key to ensuring the delivery of balanced budgets over the medium-term.

The council approved a balanced budget for 2023/24 in March 2023

95. We recognise the increasingly challenging financial environment councils are operating in. Additionally, in its May 2023 Local Government in Scotland Overview 2023 report, the Accounts Commission commented on the limited flexibility councils have with their funding, noting that: "An increasing proportion of funding is ringfenced or directed for national policy initiatives. While this is important to help deliver national priorities, it prevents councils from making decisions about how funds can be used at a local level, to meet local need."

96. The Council approved a balanced budget for 2023/24 of £407.8 million in March 2023. This incorporates the 2022/23 base budget adjusted to reflect the outcome of a full review of service pressures, previously approved savings, operational budget adjustments, national expenditure requirements and a net contribution of £8.9 million to the Health and Social Care Partnership. The council took the decision to increase council tax by five per cent to fund service expenditure in 2023/24.

97. Funding from Scottish Government to support the 2022/23 pay award has been paid as a capital grant (£3.2m in 2023/24). This has released revenue resources previously earmarked to fund capital projects to now support the revenue position per agreement via COSLA and Scottish Government.

98. The 2023/24 budget includes £3.4 million contribution from reserves, including the service concessions flexibility, and additional approved savings of £1.6 million. A further £4.0 million of service concession flexibility was approved to assist with workforce planning spend-to-save initiatives.

99. In a letter from the Deputy Director: Workforce, Infrastructure and Digital on 9 February 2023 to all local authorities, the Scottish Government confirmed the need for councils to protect teacher numbers, pupil support staff and learning hours. Officers acknowledge that the conditions around maintaining teacher numbers presents a significant financial risk to North Ayrshire Council within the context of a falling pupil roll relative to other local authority areas and from the known reduction in Scottish Attainment Challenge funding (£1.1m in 2023/24).

The council has well established processes in place for planning into the longer term

100. The council has well-established processes for setting and monitoring budgets. Its General Fund Long Term Financial Outlook (LTFO) is central to the Council's strategic financial framework and establishes a sound basis for the development of the Medium-Term Financial Outlook (MTFO) and subsequent annual budgets, enabling the Council to address the challenges it faces and align resources to key priorities. The LTFO ensures that strategic initiatives which require long-term revenue and capital commitments are properly incorporated into the financial planning process.

101. In December 2020 the council approved its current LTFO for the period 2021/22 to 2030/31 and MTFO 2021/22 to 2023/24. The LTFO 2021/22 to 2030/31 identified an estimated funding shortfall of £120 million over the period which the Council requires to address. This was based on best estimates with sensitivity analysis highlighting that a 1% change in the underlying assumptions could result in this increasing to as much as £228 million over the same period.

The current MTFP shows significant funding gaps from 2024/25

102. An updated MTFO is presented to the Council in November and an updated Medium Term Financial Plan (MTFP) providing an overview of the Council's anticipated financial position on the

General Fund revenue budget for the next three financial years is presented to the Council in March. The MTFO for the period 2023/24 to 2025/26 was approved by the Council in November 2022.

103. In the March 2023 Council meeting, the Head of Service (Finance) noted the significant ongoing risks to the financial sustainability of service delivery and the requirement for the Council to hold a sufficient level of reserves. He also noted that the level of reserves set out in the budget aligns with known future commitments but that the Change and Service Redesign Fund will require to be kept under review to ensure sufficient resources are available to continue to support the Council's Sustainable Change Programme.

104. The MTFP for 2023/24 to 2025/26 builds on the analysis reflected in the Medium-Term Financial Outlook and provides a balanced budget for 2023/24 with indicative funding gaps remaining for 2024/25 and 2025/26 of £11.8 million and £11.4 million respectively. This position, includes the profiled use of Service Concession flexibility totalling £1.9 million in 2023/24, £5.0 million in 2024/25 and £4.0 million in 2025/26. The position into the longer term continues to present a significant challenge to the sustainability of the Council's finances.

105. The council is due to present an updated financial plan (MTFO) to members in December 2023.

106. The Convention of Scottish Local Authorities (COSLA) and the Scottish Government (SG) have agreed the New Deal, or Verity House Agreement. It is based on three shared priorities: tackling poverty; just transition to net zero; and sustainable public services. The SG and COSLA will work together on engagement on budget planning, a fiscal framework, programmes of activities and a review of local government grant funding. SG and local government will also agree a monitoring and accountability framework.

107. The council has committed to updating its financial plans in line with the financial environment it is operating in at the time alongside its strategic priorities. These updates should include any developments from the Verity House Agreement. This will ensure a cohesive approach to the delivery of services and outcomes for citizens.

The use of Service Concessions has partially mitigated medium-term financial challenges

108. As set out in paragraph 29, the Council has a number of PFI and similar projects which fall within the scope of service concession arrangements; North Ayrshire Council Schools and Largs Campus. By bringing the accounting of PPP / DBFM contracts into alignment with the accounting for all other local authority assets and following approval by the Council in February 2023, the retrospective sum of

£21.5 million up to 2022/23 is available to support the significant pressures in the MTFP.

109. In a report to the February 2023 Council meeting, the Head of Service (Finance) noted that the retrospective element of this change would be utilised to help temporarily and partially mitigate the significant challenges identified in the budget gap within the medium-term General Services Revenue Budget. He also noted that use of this flexibility, however, would have to be applied in a limited and controlled manner across several financial years, and critically, that this runs in parallel with more sustainable measures to reduce the cost base of the Council in line with available funding and the key priorities.

Community budget engagement was good

110. The Council carried out an extensive programme of community budget engagement during January 2023. Consultation is now a matter of routine and included 6 locality-based face to face sessions with citizens and community groups and through the release of an on-line questionnaire structured around the functions of the Council and the level of relative priority citizens place on them. A total of 1,400 questionnaires were completed.

111. All the feedback from the locality-based sessions and from the questionnaires was consolidated and shared with elected members for consideration as part of the Budget setting process. The feedback was wide ranging with individual localities having differing local priorities. In overall terms the Council services which ranked highest in terms of priority included:

- household waste collection

- roads and paths investment and maintenance

- education services

- streetscene services.

- access to Council housing and repairs, and

- social care services.

To deliver balanced budgets over the medium-term, delivery of the Sustainable change Programme is key

112. The council's 2020 Best Value Assurance Report (BVAR) commented that:

> … **The council has made good progress with its transformation agenda; however, it still faces a**

significant shortfall and detailed plans are not yet in place.

113. Whilst progress has been impacted by the pandemic we reported in our thematic report that good progress has been made in developing the Sustainable Change Programme. The Council recognise that it is important that a pipeline of activity continues to be identified, with a primary focus on generating financial efficiencies to help address the significant financial pressures across the MTFP. The Transformation Board which considers and agrees work to be progressed under the Programme is chaired by the Chief Executive with sponsors identified across all workstreams at Chief officer level.

114. The programme is subject to regular review and monitoring via a benefits tracker. The tracker includes projected savings, any workforce implications for delivery and a roadmap that outlines when key milestones will be delivered and by whom. The current workstreams include:

- use of land and property assets

- transport and travel efficiencies and decarbonisation of fleet

- sustainability initiatives including major renewable energy investment

- digital strategy - accessing our council and financial inclusion.

115. The Council acknowledge that the more progress that can be made through delivery of the Programme, the less impact there could potentially be on key services delivered to communities. Financial efficiencies generated from the Sustainable Change Programme of £1.05 million in 2024/25 and £0.3 million in 2025/26 will help address budget gaps over the medium-term. The 2024/25 savings arise mainly from the production of renewable energy at Nethermains and Shewalton (see paragraphs 120 to 123 below).

116. Further emerging programmes are currently under discussion by the Transformation Board which have the potential to deliver a material financial benefit to the council.

The council has identified digital transformation as a key part of delivering differently

117. Digitalisation of services has been identified by the Council as a key part of delivering services differently. The council has good examples of positive impacts of digital initiatives on delivering services. These include more online services being available on the Council's website, the launch of the Xpressions App (a service providing parents with an app to receive messages from the school)

and the use of digital technology to enhance visitor experiences through the use of QR codes.

118. In May 2023, Cabinet approved a refreshed North Ayrshire Digital Strategy 2023-2028. The strategy incorporates the principles outlined by the Scottish Government in its April 2021 digital strategy "A Changing Nation: How Scotland Will Thrive in a Digital World".

119. In developing the Digital strategy, priority areas have been identified by the Council and the Strategy sets out specific areas of focus across each Priority. An action plan has been included in the Strategy to provide the initial baseline of activity as well as a monitoring framework that will enable progress to be tracked across the life of the Strategy. Key action points for the period 2022-2024 include:

- review of online digital services to identify opportunities for improvement and promote to customers

- investigating robotic process automation opportunities

- streamline referral pathways to ensure customers gain access to the appropriate support service

- website – accessibility and usability.

The council is progressing two solar PV farms projects

120. In 2015/16 a study into opportunities for the creation of renewable energy on Council land was undertaken as part of the North Ayrshire Renewable Energy Strategy. This included outline business cases being created for two solar photovoltaic (PV) farm projects, to be sited at Nethermains and Shewalton former landfill sites.

121. Due to the removal of government subsidies, the business cases became financially unviable and were therefore not progressed further at that time. However, reductions in the market value of solar PV infrastructure and associated costs since 2015 created an opportunity for the proposals to be revisited and updated with current market values. Taking account of the reduced costs and changing market conditions, the two outline business cases were refreshed by the original authors, Arcadis Consultancy Ltd. The business cases were also subsequently analysed and peer reviewed by academics within Strathclyde University.

122. The refreshed business cases now confirm both sites are viable in the current market and in January 2021 Cabinet authorised the Executive Director of Place together with the Head of Service (Finance) to further investigate and conclude final contractual

arrangements. The total net income from this Solar PV Farm over a 20-year period is estimated as £12.8 million, with a financial return of £0.75 million in 2024/25. However, the position has still to be finalised and will be influenced by the timing of the project delivery and the contractual position around utility rates.

123. The contract for Design and Build for both sites (contract value £15,981,295) was awarded in March 2023 to Amaresco. The contract period will be 64 months (up to 6 months for design, up to 10 months for build, 12 months operation and 48 months maintenance).

Clear alignment of workforce plans will continue to be needed with the council's Sustainable Change Programme as it progresses

124. North Ayrshire Council has more than 7,500 employees at an annual cost of some £333 million. The council has established corporate and service workforce plans which include: active management of the size of its permanent work force; vacancy management; review of temporary contracts; together with selective use of voluntary severance and early retirement.

125. The council's workforce strategy, 'A Workforce for the Future' is linked to the MTFO and recognises and reflects on the significant external pressures and financial uncertainty facing the council. Anticipated workforce implications associated with the MTFP are that the workforce is projected to reduce by 26.9 Full Time Equivalent posts (FTE's) in 2023/24 and increase by 22 FTE's in 2024/25. This is prior to the outcome of the 2024/25 budget process. The reduction to workforce levels in 2023/24 will be managed through a combination of vacancy management, redeployment and voluntary early release.

126. The council intends to implement further change in relation to the workforce as part of wider strategies supporting transformation. As future service models emerge from the council's transformation activity, the workforce plans will require to be developed further.

127. Clear alignment will continue to be needed with the council's Sustainable Change Programme as it progresses to ensure they adhere to the council's priorities over the medium and longer-term and create a synergy between workforce, service, financial and digital plans.

The council has a capital investment strategy which underpins the development and refinement of capital investment plans

128. The council's latest Capital Investment Strategy was approved by the Council in March 2023. This Strategy brings together the various asset management plans and strategies across the council, aligning investment plans with these strategies and with strategic priorities. The strategy is reviewed and updated on an annual basis alongside individual asset management plans. The refreshed Capital Investment Programme 2023/24 to 2030/31 confirms total investment of £434.1 million over the period.

129. The Strategic Housing Investment Plan (SHIP) 2023 – 2028 sets out the priorities and locations for affordable housing investment by the council and Registered Social Landlords in North Ayrshire over the next five years. The SHIP is based on projected Scottish Government grant funding provision for the Council and partner Registered Social Landlords of £120.9 million during the period 2023 – 2028 and represents council investment of £84.8 million. The Scottish Government has committed to providing North Ayrshire Council with grant funding for the council and RSL partners of £63.0 million from April 2022 to March 2026.

The Ayrshire Growth Deal shows the council and its partners are focused on working together to invest in Ayrshire

130. In March 2019, the Ayrshire Growth Deal was signed by the three Ayrshire Councils and the UK and Scottish Governments. The Deal is a 10 year programme of investment in the Ayrshire economy with the UK and Scottish Governments contributing £103 million each, with further funding of £45.5 million from the three councils. The Deal is based around five programmes:

- aerospace and space

- communities

- economic infrastructure

- energy, circular economy, and environment

- tourism.

131. The majority of projects associated with these themes focus on infrastructure investment designed to act as a catalyst for business growth. North Ayrshire Initiatives which are benefitting from

programmes include the i3 Irvine Enterprise Area and Ardrossan Waterfront.

132. The financial profile and delivery plan for each individual project within the Deal is contained in a Financial Plan and an Implementation Plan. A Governance document sets out the roles and responsibilities of partners and the processes for financial management and audit.

133. Each partner and project lead is required to collate project data on a quarterly basis. This information is reported to the CEOs/Directors Group with summary information being provided to the Ayrshire Regional Economic Partnership Board.

5. Vision, leadership and governance

Public sector bodies must have a clear vision and strategy and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation.

Conclusion

The council has a clear vision that staff and community planning partners understand

The different sets of actions and strategies to deliver the vision are being finalised

Leadership is effective and there is good collaborative working

Scrutiny arrangements and the quality of councillors' scrutiny appear effective

The council has adopted an ambitious target for North Ayrshire to be net zero by 2030.

The council has a clear vision that staff and community planning partners understand

134. The council published *Our Council Plan 2023-28* in June 2023, describing it as 'our living contract with our communities in North Ayrshire. It is the most important plan for our Council as it contains the priorities of our residents, it is our joint plan, "our Council Plan".

135. It has intentionally designed *Our Council Plan 2023-28* to build on the progress of the previous plan, recognising that many of the challenges North Ayrshire experiences are complex and longer-term solutions are required to address them. The priorities set out in its previous plan, Council Plan 2019-24, were aspiring communities, inspiring place and a council for the future. The council's four new strategic priorities, that it describes as being interlinked and interdependent, are: Wellbeing; Communities and Local Democracy; Climate Change, and; a Sustainable Council. The first three priorities focus on frontline delivery of services. The fourth priority 'A

Sustainable Council', enables effective delivery through effective governance and management of resources.

136. The different priorities are all supported by a number of corporate plans and strategies. There are similarities between the different sets of outcomes and priorities and they all contribute to the central long-term vision. The Plan notes that every plan, strategy and policy within the council aligns with *Our Council Plan 2023-28.*

The different sets of actions and strategies to deliver the vision are being finalised

137. In submitting the Council Plan for approval by the Council in June 2023 the Chief Executive noted that once the Council Plan has been approved, Delivery Strategies and Action Plans will be prepared to ensure cross Council delivery of the strategic aims and outcomes.

138. In line with the previous Council Plan, the council will continue to prepare an annual Delivery Plan approved by Cabinet setting out how the priorities of the Council Plan will be delivered. This will be remitted to the Audit and Scrutiny Committee for further scrutiny. It is proposed to report on the Delivery Plan every six months to Cabinet, and thereafter to the Audit and Scrutiny Committee.

139. The Delivery Plan will consist of the key actions published within the Council Plan. These will be delivered through detailed actions within the Local Strategies. The council has recently finalised mapping between the actions and strategies so teams delivering the strategies can provide an update under each Council Plan action. This approach is designed to strengthen the 'golden thread' and ensure Council Plan actions can accommodate updates from more than one team. Local Strategies include:

- Community Wealth Building Strategy
- The Regional Economic Strategy
- Community Plan (LOIP)
- Health and Social Care Partnership Strategic Plan
- Education Service Improvement Plan
- Child Poverty Action Plan
- Children's Services Plan
- Children's Rights Report
- Youth Participation and Citizenship Strategy
- Island Plans
- Regeneration Delivery Plan

- Local Housing Strategy

- Strategic Housing Investment Plan (SHIP)

- Local Development Plan

- Environmental Sustainability and Climate Change Strategy

- KA Leisure (North Ayrshire Leisure Limited) Business Plan

140. As an integral part of the reporting process, residents and communities will be actively encouraged to scrutinise performance through six monthly 'magazine style' accessible reports which will be published on the Council's website.

Leadership is effective and there is good collaborative working

141. Effective leadership from councillors, chief executives and senior officers, is key to councils achieving their objectives and providing clear strategic direction. The complex local government environment means collaborative leadership, working with partners, communities and citizens to improve outcomes is more important than ever.

142. We have observed that working relationships between members and between members and officers are constructive and productive. Councillors show a commitment to agreed council priorities and working together to achieve them.

143. In May 2022, local government elections were held across Scotland. Thirty-three councillors were elected to represent the nine wards of North Ayrshire Council. A minority SNP administration was formed. Prior to the election a minority Labour administration was in place.

144. The Council is supported by the following main committees:

- Audit and Scrutiny Committee

- Cabinet

- Education Appeals Committee

- Licensing Committee

- Local Development Plan Committee

- Planning Committee

- Appeals Committee

- Ayrshire Shared Services Joint Committee

- Ayrshire Economic Joint Committee.

Scrutiny arrangements and the quality of councillors' scrutiny are effective

145. The current Chief Officer and Directorate Structure includes the following core services:

- Chief Executive's
- Communities and Education
- Place

146. A management restructure took place in January 2023. Changes included the alignment of Growth and Investment with Economy and Regeneration. These services have incorporated within the Place Directorate to provide better strategic alignment to the Council's political structure.

147. The council's executive leadership team (ELT) meets on a weekly basis. The ELT comprises the chief executive, two executive directors, the director HSCP, the Head of People and ICT, the s95 officer, and the monitoring officer. An extended chief officer leadership team (COLT) including all other heads of service meets on a quarterly basis. There is effective working at ELT level. Positive relationships exist in the team and the council's directorate structure has helped increase corporate working. There is consistency between directorates, both in terms of business processes such as service planning and staff appraisal and in terms of a shared vision. There is general agreement that the council's vision is clear and strongly linked to the Scottish Government's national vision and priorities.

148. North Ayrshire Council operates a cabinet system. This is the main decision-making body of the Council. It consists of 6 Members of the SNP administration each of whom holds a specific Portfolio. Meetings of the Cabinet are Chaired by the Leader of the Council. This system works well and is supplemented by a policy advisory panel that provides all elected members with an opportunity to influence strategic and policy developments. All inspection reports are reviewed by Cabinet, with audit reports reviewed by the Audit and Scrutiny Committee.

149. Council business is transparent, with all decisions being made in public, unless they are commercially sensitive. Full council meetings, cabinet meetings and Integration Joint Board meetings are streamed online and all reports are uploaded to the website three working days before meetings. There is effective working at Cabinet level.

150. Working relationships between officers and councillors are respectful and constructive. Guidelines for member/officer relations exist which set out the way in which Members and officers of the council should behave towards one another and define the roles and responsibilities of Members and officers. Relevant officers attend committee meetings to answer councillors' questions. Where particularly complex information is being provided to councillors, briefing sessions are held to allow councillors to consider information in more depth to inform scrutiny at committee. From our observations of the strategic committees, scrutiny arrangements and the quality of councillors' scrutiny are effective.

151. All councillors have access to Continuing Professional Development discussions and the opportunity to participate in self/360 assessments to review and support their ongoing development. A series of development events are also provided to further support elected members development. The council has a training and induction programme prepared for new councillors.

The council has adopted an ambitious target for North Ayrshire to be net zero by 2030. A 49 per cent reduction in emissions has been reported since 2005

152. The council declared a climate emergency in June 2019. Its Environmental Sustainability and Climate Change Strategy 2021-23 established its current targets - to reduce and remove emissions for North Ayrshire to achieve net-zero carbon status by 2030, applicable to both the council's own estate, and North Ayrshire as a whole. The council has also set interim targets for 2023 and 2027, helping it to track progress and ensure that achieving the final net zero target remains a priority. In November 2022 it reported a reduction in council estate emissions of 68 per cent in comparison with its baseline in 2005 and across North Ayrshire emissions had reduced by 49 per cent.

153. The council is currently consulting on a new Environmental Sustainability and Climate Change Strategy covering 2024-26, due to be published by the end of 2023. The new strategy will include a greater focus on adaptation and carbon sequestration and will set out more detailed proposals about how the council plans to reduce emissions further.

154. As set out in , the council is building two solar farms on former landfill sites to generate renewable energy and income. It is expected that both will be generating clean, renewable energy in 2024 and they are seen as a key in helping the council achieve its target of net zero carbon emissions by 2030.

Cyber Security arrangements

155. As reliance on technology grows within audited bodies, failure of network and information systems has a bigger impact on the delivery of public services. In addition, there are more opportunities to compromise those systems. All public bodies need to recognise these cyber threats and embrace the importance of protecting data and securing information.

156. A Cyber security risk is recorded and monitored via the council's Strategic Risk Register. The council use a cloud-based management platform to provide:

• anti-virus/anti-malware

• ransomware file protection

• create and deploy policies

• endpoint detection and response

• tamper protection.

157. A firewall is used to secure the network and control access through rules and access control polices. Devices and servers are kept up to date with security patches. The council is involved in a joint procurement exercise with a number of other councils to procure a managed Security Operations Centre service. That exercise is due to begin during 2023/24. The Council also aims to align to the Scottish Governments Cyber Resilience Framework.

158.   A third-party supplier carries out annual IT health checks which is used for PSN certification.   The Council also has a Cyber Incident Response Plan in place which is tested quarterly as part of business continuity and disaster recover exercises.   The IT Manager has confirmed that there have been no major reportable incidents identified or detected in the last year.

6. Use of resources to improve outcomes

Public sector bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities.

Conclusions

The council has acknowledged that the content of its performance pages needs to be refreshed and in particular, its Performance Dashboard needs to be updated.

The council needs to publish its response to Best Value reports and audit and inspection reports to fully comply with the requirements of the 2021 Statutory Performance Information (SPI) Direction

The council plans to introduce a new approach to self-assessment of services.

The council's overall performance is improving and its rate of service improvement is faster than other councils.

The council publishes its performance in a number of formats but it acknowledged that the content of its performance pages needs to be refreshed and, in particular, its Performance Dashboard needs to be updated

159. The BV thematic report concludes that Council Plan progress update reports and LGBF reports are balanced and informative, providing a wealth of information, but the council acknowledges that many of the current public performance reporting pages on the council's website need to be updated.

160. Annual and mid-term Council Plan performance reports are made available on the council's performance webpage to allow

residents to track the council's progress against its priorities. A performance summary is also included and 'at a glance' shorter annual performance reports are also published. These are very visual, making good use of photographs and infographics and provide a link upfront back to the more detailed Council Plan performance report.

161. Other public performance information reported by the council on its webpages includes:

- a Performance dashboard. As described in paragraph 61, this is currently offline until it can be updated with recent data

- a 'How your council is performing' webpage, providing a link to LGBF data

The council needs to publish its response to Best Value reports and audit and inspection reports to fully comply with the requirements of the 2021 SPI Direction

162. The Accounts Commission issued a new Statutory Performance Information Direction in December 2021 which applies for the three years from 2022/23. It requires a council to report its:

- performance in improving local public services (including those provided with its partners and communities), and progress against agreed desired outcomes (SPI 1). The Commission expects this reporting to allow comparison both over time and with other similar bodies (drawing on Local Government Benchmarking Framework and/or other benchmarking activities)

- own assessment of audit, scrutiny and inspection body assessments and how it is performing against its duty of Best Value, and how it has responded to these assessments (SPI 2).

163. In addition to the information noted above that provides information required by these indictors, the website includes:

- a Best Value assurance page. This includes a link to the Best Value Assurance report from 2020 along with a video from the council's Chief Executive drawing out the key messages. This page should also set out how the council responded to the recommendations in the BVAR.

- an Audits and inspections page. This page provides links to Education Scotland, the Scottish Housing Regulator, Food

Standards Scotland and Audit Scotland. These links tend to be to the home page or a generic information page of those organisations and do not link to specific reports about North Ayrshire Council and so it is not obvious what inspection and audit activity has taken place and when. There is also no information about how the council has responded to its audits and inspections. One of the Audit Scotland links takes the user to another webpage – 'Budgets and Finance' that does list Annual Audit Reports, although the latest one is dated 2017/18.

164. We have assessed the council's arrangements for reporting against the Direction and conclude that the council needs to publish its response to Best Value reports and audit and inspection reports to fully comply with the requirements of the 2021 SPI Direction.

Recommendation 5

The council needs to publish its response to Best Value reports and audit and inspection reports to fully comply with the requirements of the 2021 SPI Direction.

The council plans to introduce a new approach to self-assessing its services

165. The BV thematic report concludes that continuous improvement is embedded in the council's culture. The council is planning torefresh its approach to self-assessment. This is being developed in conjunction with performance management arrangements for *Our Council Plan 2023-28* and is due to be considered by ELT in November 2023 as part of the council's revised Performance Management Strategy.

166. The council is considering using a Public Service Improvement Framework (PSIF) approach combined with performance peer review meetings.

The council's overall performance is improving and its rate of service improvement is faster than other councils

167. The Accounts Commission's Local Government in Scotland Overview 2023 says that councils should have a clear plan for strengthening their use of data to understand needs, make decisions and direct resources.

168. In September 2022, the council reported that, in 2021/22, 79 per cent of the council's performance indicators, where the status was known, were on target or just slightly adrift of target, slightly more than 2020/21 (78 per cent).

169. The council participates in the Local Government Benchmarking Framework (LGBF). The framework brings together a wide range of information about how all Scottish councils perform in delivering services, including the cost of services and how satisfied citizens are with them. The council's tailored LGBF report from September 2022, referring to performance information from 2020/21 reported that:

- where a short-term comparison is available, 56 per cent of all indicators have improved, one per cent have not changed and 43 per cent have declined (though 17 per cent have declined only marginally). Medium-term, 57 per cent of indicators have improved and long-term, 72 per cent have improved (Exhibit 6).

- 24 per cent of indicators were in the top quartile

- 50 per cent of indicators were performing better than the Scottish average.

Exhibit 6
North Ayrshire Council's LGFB indicators overview – 2020/21
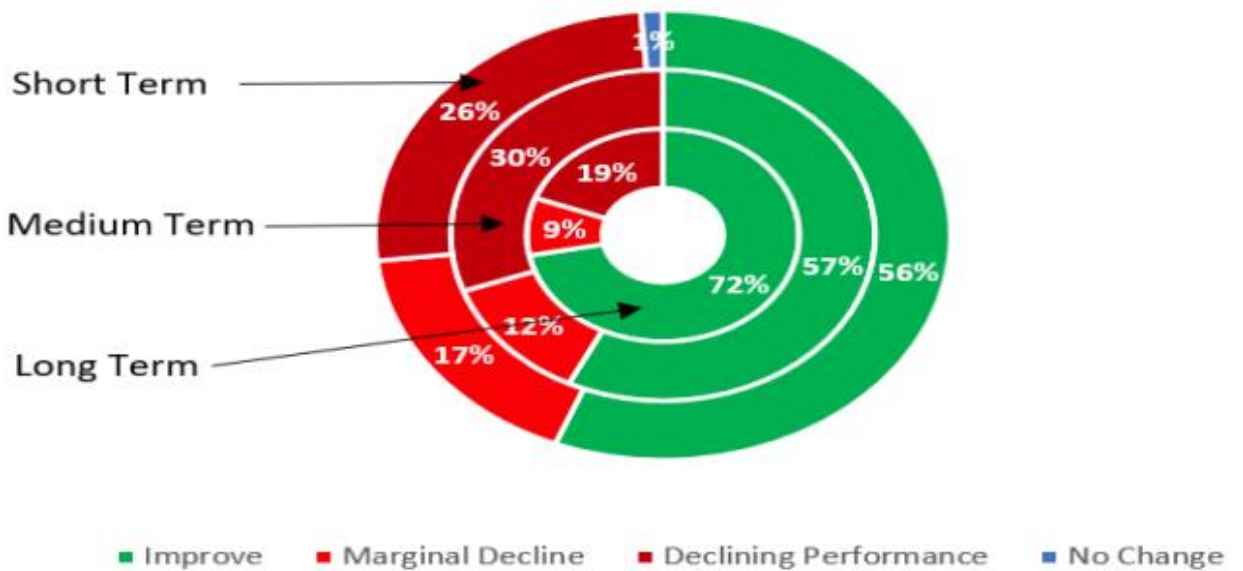
■ Improve   ■ Marginal Decline   ■ Declining Performance   ■ No Change

Source: Local Government Benchmarking Framework Data
Analysis 2020/21, North Ayrshire Council

170. The most recent National Benchmarking Overview Report
2021/22 by the Improvement Service was published in March 2023.
Using 2021/22 LGBF data, Exhibit 7 shows the council's 2021/22
overall performance across services when compared with the
relevant data's base year. Of the 104 indicators reported, 60 (58%)
of these have improved for the council since the base year.

Exhibit 7
**Proportion of LGBF indicators that have improved, deteriorated or stayed the
same since the base year**
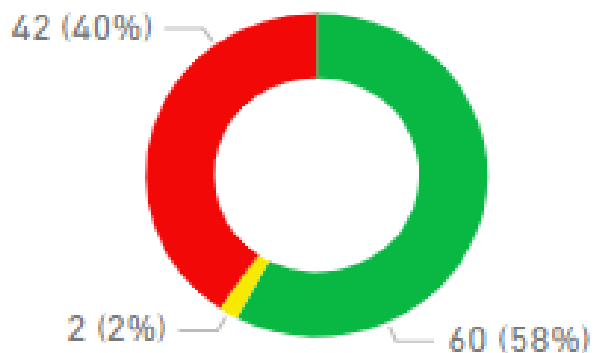
Source: Local Government Benchmarking Framework

171. The number of indicators in the top two quartiles has increased
from 40 per cent in the base year to 48 per cent in 2021/22. These
results indicate that while the council's overall performance year-on-
year has improved, its performance has also improved at a faster
rate than other councils over this period.

Appendix 1. Action plan 2022/23

2022/23 recommendations

Issue/risk	Recommendation	Agreed management action/timing
1. **Group Accounting** We identified a number of issues in our testing of group consolidation adjustments. **Risk** – If the group accounting process is not improved, future accounts could be mis-stated.	The council should review its group accounting process to ensure the completeness and accuracy of consolidation adjustments. Exhibit 2	A full review of group accounting procedures in line with Code requirements will be carried out ahead of the close of financial year 2023/24. **David Forbes, Senior Manager - Finance and Revenues** **31 March 2024**
2. **Heritage Assets Valuation** The council engaged an external valuer to value its heritage assets. No formal letter of engagement was issued setting out the scope and objectives of the valuer's work. **Risk** – The scope and objectives of the valuation exercise could be misunderstood, resulting in asset values being mis-stated.	The council should obtain a formal engagement letter from the Heritage Assets valuer. Paragraph 27	A formal process for the identification of items to be valued and scope of work to be undertaken will be agreed with the valuation contractors. **Lesley Forsyth, Senior Manager – Information & Culture** **31 March 2024**
3. **Forecasting of capital projects**	The capital programmes should be reviewed to reflect	The Head of Finance will continue to address the optimism bias issue through

Issue/risk	Recommendation	Agreed management action/timing
Reprofiling for the General Fund included £11.0 million for Ardrossan Campus, £24.1 million for Ardrossan North shore and £15.2 million relating to a corporate phasing adjustment reflecting the degree of uncertainty in the total expenditure projections. Reprofiling for the HRA mainly related to New Builds of £42.5 million. **Risk -** The council is unable to accurately forecast capital expenditure.	the apparent optimism bias that existed in 2022/23. Paragraph 78	the CPAG group. Specifically, as part of the Budget setting process for 2024/25, a further corporate adjustment will be made to expenditure forecasts and this will be evidence based from historic patterns of expenditure and a recognition of organisational capacity. **Mark Boyd, Head of Finance** **31 March 2024**
4. Council tax property reconciliation The reconciliation between the council's records and assessor's data does not identify where the data originates from, what it had been reconciled to, or who had performed the reconciliation and when. **Risk** – Reconciliations may be incorrectly completed leading to variances between council and assessor records not being identified.	The format of the reconciliation between the council's records and assessor's data could be improved by clearly stating where the data in the reconciliation originates from, what it has been agreed to, the name of the officer performing the reconciliation and the date agreed. Paragraph 84	The format of the year end reconciliation between the AVJB's council tax register and the Council Tax system will be reviewed and updated. **David Forbes, Senior Manager - Finance and Revenues** **31 March 2024**
5**. The 2021 Statutory Performance Information (SPI) Direction** Our assessment has concluded that the council needs to publish its response to Best Value reports and audit and inspection reports to fully comply with the requirements of the new SPI Direction. **Risk** – The council may not comply with the new	the council needs to publish its response to Best Value reports and audit and inspection reports to fully comply with the requirements of the 2021 Statutory Performance Information (SPI) Direction. Paragraph 164	Inspections, audits, awards and accreditations will be included in our six-monthly Council Plan Progress Reports which are published on the Council's website. **Isla Hardy, Team Manager - Corporate Policy and Performance** **31 January 2024**

Issue/risk	Recommendation	Agreed management action/timing
requirement to report its own assessment of audit, scrutiny and inspection body assessments and how it has responded to these assessments.		

2022/23 recommendations from the BV thematic report

Issue/risk	Recommendation	Agreed management action/timing
1. Vision The council has acknowledged that its website would benefit from improvement and it is currently being reviewed with a view to being replaced by Autumn 2024.	The council should prioritise concluding its website review with a view to improving it as soon as possible. This will bring many benefits, including raising more awareness of its vision and priorities.	The website redesign project is currently progressing at pace and the aim is to have a Beta version live by Summer 2024 and the full version live by Autumn 2024. To improve the visibility of the Council Plan and Priorities the home page will be revised to include reference to our Council Plan 2023-28. **Fiona Walker, Head of People and ICT** **Summer/Autumn 2024** **Aileen Craig, Head of Democratic Services** **December 2023**
2. Performance The council has acknowledged that the content of its performance pages needs to be refreshed and, in particular, its Performance Dashboard needs to be updated. The council also recognises the need to improve its website as a whole and is working towards launching a new	The council should ensure that all the performance information published on its website is up-to-date, performance reports are as timely as possible and audit and inspection information is easily accessible and includes how the council is responding to recommendations.	Website will be reviewed to remove or replace out of date information. Audits and inspections will be included in six monthly Council Plan Progress Reports published on the site. **Isla Hardy, Team Manager - Corporate Policy and Performance** **31 January 2024**

Issue/risk	Recommendation	Agreed management action/timing
website in Autumn 2024. In addition, it plans to report the results of, and its response to, audit and inspection work in its Council Plan progress updates going forward.		
3. Citizen and community engagement The council has published locality impact reports for five of its six localities. However a number of links to locality planning information are not yet available.	The council should update all locality planning information and corresponding links as soon as possible.	The CPP website will be reviewed to ensure all locality planning information and links are up to date. The Community Planning Partnership website will be refreshed with new Locality Partnership pages. **Jacqueline Greenlees, Senior Manager – Community Planning.** **31 December 2023**
4. Tackling climate change The council's website does not currently have a dedicated climate change webpage. The council plans to improve its website as a whole and is exploring the inclusion of more information on carbon emissions and climate change as part of a Sustainability Awareness Communications Plan.	The council should consider including more information on its website about what it is doing to address climate change and the progress it is making.	The Council's website will be updated to include more information on what we are doing to address Climate Change and progress we are making, including publication of a dedicated public facing Climate Change webpage. Options for a social media page dedicated to climate change will be investigated. **Jennifer Wraith, Team Manager – Sustainability** **31 January 2024**

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2022/23 recommendations for charities administered by North Ayrshire Council

Issue/risk	Recommendation	Agreed management action/timing
CH1. Dormant trusts Six charitable Trusts have been dormant for 3 years or more. There is no clear plan on how to bring the Trusts back in to use. This indicates that the Trusts are not meeting the requirement of public benefit. Risk – The Trusts do not meet the requirement of public benefit.	The body should ensure all Trusts have adequate governance documentation enabling grants to be issued. The Trust should also be suitably advertised. Paragraph 43	All Trust governance documents will be reviewed to ensure that they are adequate to support the distribution of grants to support communities. A strategy for the promotion of all available community funding will be developed to support communities and individuals identify and access available funding options, including currently dormant charitable trusts. **Rhonda Leith, Head of Connect Communities** **31 March 2024**

Follow-up of prior year recommendations

Issue/risk	Recommendation	Agreed management action/timing
b/f 1. Infrastructure assets The Council's Fixed Asset Register has a degree of detail in terms of different types of infrastructure assets held.	The Council should revisit its useful economic life (UEL) policy to consider whether alternative UEL's should be set for different types of assets.	**Ongoing** This is a national issue which will not be resolved for a number of years. Once further guidance emerges, we will work with the council to address this matter.

North Ayrshire Council
2022/23 Annual Audit Report

AS.4.0

AUDIT SCOTLAND

Leadership of the development of the council's strategic priorities

Best Value thematic work in North Ayrshire Council 2022-23

AUDITSCOTLAND

Contents

Key messages

1   The Council has continued to demonstrate a strong culture of continuous improvement since its last Best Value report in 2020. It has robust arrangements in place to secure Best Value. It reports on how it is delivering improvements for communities and residents and has a clear understanding of where it needs to improve.

2   The council and its partners have a shared, long-term vision focused on addressing inequalities – *A North Ayrshire that is fair for all*. The council sets out four clear priorities that are aligned with the CPP's three key themes, in *Our Council Plan 2023-28*.

3   The council's new priorities were developed from sustained engagement with its communities. The council demonstrates genuine commitment to working with and empowering local communities.

4   Reducing inequalities is central to the vision and priorities of both the council and the Community Planning Partnership. The council views increasing inequalities as a very high risk. Addressing climate change is also a clear priority for both.

5   The council has adopted an ambitious target for North Ayrshire to be net zero by 2030. The council is using interim targets to help it track progress. A 49 per cent reduction in emissions has been reported since 2005.

6   A council-wide workforce strategy is in place however clear alignment will be needed with the council's Sustainable Change Programme as it progresses to maintain a synergy between workforce, service, financial and digital plans.

7   Financial management is effective, However the current Medium Term Financial Plan shows significant funding gaps for 2024/25 of £11.8 million and £11.4 million for 2025/26.   Strategic initiatives which require long-term revenue and capital commitments are properly incorporated into the financial planning process. To deliver balanced budgets over the medium-term delivery of the Sustainable Change Programme is key.

8   The leadership has been effective in setting clear priorities but now needs to finalise Delivery Strategies and Action Plans to ensure cross council delivery of the strategic aims and outcomes.

9   Continuous improvement continues to be embedded in the council's culture. The council uses regular activities alongside more innovative approaches to identify areas for improvement.

10   The council has a well established performance reporting framework. However development continues and in November an updated approach to self-assessment is being discussed alongside an improved Performance Management Strategy.

11   The new Council Plan Performance Management Framework includes 26 performance indicators directly linked to the council's priorities. All indicators have a baseline value and targets. The first mid-year progress report on *Our Council Plan 2023-28* will be published in January 2024.

12   Council Plan progress update reports and LGBF reports are balanced and informative, providing a wealth of information, but many of the current public performance reporting pages on the council's website need to be updated.

13   The council's overall performance is improving. The number of Local Government Benchmarking Framework (LGBF) indicators in the top two quartiles has increased over time to 48 per cent in 2021/22.

14   Good progress has been made on all four of the recommendations made in the 2020 Best Value Assurance Report.

15   The council's improvement actions from this review are included at Appendix 1 of this report. It also sets out the council's response to audit recommendations made.

Scope of the audit

1. When discussing the Local government in Scotland Overview 2022, the Accounts Commission noted: "Councils are operating in a complex and increasingly volatile, unprecedented and unpredictable environment. Strong leadership from councils is needed now more than ever, with new and returning councillors being able and willing to make difficult decisions about where and how to spend highly pressurised resources."

2. This report concludes on the effectiveness of the council's leadership of the development of the council's strategic priorities, following the 2022 local government elections.

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

Code of Audit Practice 2020 Best Value reporting requirements

> **Best Value reporting – extract from the Code**
>
> 87. The Accounts Commission's approach to Best Value involves reporting on individual local government bodies and thematically across the local government sector through performance reports:
>
> - As part of their integrated wider-scope annual audit work appointed auditors use a risk-based approach to assess and report whether the audited body has made proper arrangements for securing Best Value and is complying with its community planning duties, including reporting progress against previous Best Value findings and recommendations**.**
>
> - The Accounts Commission also requires the Controller of Audit to report to the Accounts Commission on each council or Integration Joint Board (IJB) at least once over the five-year audit appointment on the body's performance on its Best Value duty. This enables the Accounts Commission to make findings for improvement where appropriate. [1]
>
> - The Accounts Commission reports nationally on thematic aspects of local government bodies' approaches to, and performance in, meeting their Best Value and community planning duties. Local government appointed auditors report locally on any such Best Value thematic work prescribed by the Accounts Commission.

[1] The Controller of Audit will report the first tranche of council BV reports to the Commission between October 2023 and August 2024 on Moray, Falkirk, Dundee City, Orkney Islands, South Ayrshire, Dumfries and Galloway, Clackmannanshire and West Dunbartonshire.

4. This report covers the thematic aspect of the Best Value audit requirements. The Commission has directed auditors to report on the effectiveness of the leadership of the development of the council's strategic priorities.

Focus on equality and fairness

Covid-19 recovery planning

Digital Transformation planning

Leadership of new local strategic priorities

Community engagement in recovery planning and priority

Focus on Climate change

Alignment of financial planning

Alignment of workforce planning

5. In carrying out the work auditors have considered the following questions:

- How clear is the new council vision and its priorities?

- How effectively have the views of citizens and communities been reflected in the priorities and decisions taken by the council?

- How effectively do the council priorities reflect the need to reduce inequalities and climate change?

- How good are the delivery plans and is there alignment of financial, workforce, asset and digital plans with the council's priorities?

- Overall, how effective has the leadership been (political and officer) in setting clear priorities and a sustainable approach to delivering them?

6. This report reflects upon and includes an update on the areas covered by recommendations in the North Ayrshire Council Best Value Assurance Report (BVAR) published in June 2020.

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

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

Council vision and priorities

The council and its partners have a shared, long-term vision focused on addressing inequalities – *A North Ayrshire that is fair for all.*

9. A council focused on achieving Best Value in how it operates will be able to demonstrate that elected members and officers have a clear vision and priorities for their area. The Local government in Scotland Overview 2023 highlighted the need for council leaders to set out a clear vision for their long-term policy and performance priorities, and how it will be delivered and monitored.

10. The council's Best Value Assurance Report, published in June 2020, commented that: *The council has a clear vision…This vision is shared by the council's partners and aligns with the vision set out in the Local Outcome Improvement Plan.* The council has retained the same vision from its previous council plan and this vision continues to be shared with its partners. The council's vision, set out in *Our Council Plan 2023-28* and the Community Planning Partnership's vision, set out in *The North Ayrshire Partnership Plan 2022-30,* is: *A North Ayrshire that is fair for all.*

The council sets out four clear priorities that are aligned with the CPP's three key themes, in *Our Council Plan 2023-28*.

11. The council published Our Council Plan 2023-28 in June 2023, describing it as '*our living contract with our communities in North Ayrshire. It is the most important plan for our Council as it contains the priorities of our residents, it is our joint plan, "our Council Plan".*'

12. It has intentionally designed Our Council Plan 2023-28 to build on the progress of the previous plan, recognising that many of the challenges North Ayrshire experiences are complex and longer-term solutions are required to address them. The priorities set out in its previous plan, Council Plan 2019-24, were aspiring communities, inspiring place and a council for the future. The council's four new strategic priorities, that it describes as being interlinked and interdependent, are listed below and set out in Exhibit 1:

- **Wellbeing** - To transition to a wellbeing economy, delivering prosperity, wellbeing and resilience for local people.

- **Communities and local democracy** - We will have active, inclusive and resilient communities.

- **Climate change** - To achieve net-zero by 2030.

- **A sustainable council** - A Community Wealth Building Council that is efficient and accessible, maximising investment and focusing resources towards our priorities.

Exhibit 1
North Ayrshire Council – Our Council Plan 2023-28

Vision: *A North Ayrshire that is fair for all*

Mission: *Working together to improve the lives of our people in North Ayrshire*

Priorities:

Source: North Ayrshire Council: *Our Council Plan 2023-28*

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13. North Ayrshire Community Planning Partnership is a group of public agencies working in partnership locally with communities, the private and third sectors with the aim of planning and delivering better services. It published *The North Ayrshire Partnership Plan 2022-30*, its most recent Local Outcomes Improvement Plan, in October 2022. There is commonality between the council's strategic priorities and the three key themes set out in *The North Ayrshire Partnership Plan 2022-30*:

- **Wellbeing** – Health and wellbeing: We will address health inequalities. We will promote children and young people's wellbeing. We will enable community wellbeing.

- **Work** – Economy and skills: We will increase employment. We will develop volunteering. We will better support our young people.

- **World** – Climate Change: We will work together to reduce carbon emissions and mitigate the impacts of climate change. We will increase active travel. We will increase carbon literacy within our organisations and communities.

14. Outcomes are also aligned between the CPP and the council. Exhibit 2 provides an example of the way in which outcomes are aligned in relation to addressing climate change:

Exhibit 2
Alignment of outcomes related to addressing climate change in the LOIP and *Our Council Plan 2023-28*

Outcomes set out in The North Ayrshire Partnership Plan (LOIP) 2022-30	A subset of outcomes set out in *Our Council Plan 2023-28*
We share best practice, and work more closely together as partner organisations to reduce carbon emissions	Carbon emissions are reducing with a clear pathway to net zero
Awareness of the carbon dioxide costs and impacts of everyday activities, and the ability and motivation to reduce emissions is increased	Our local businesses and communities recognise how they can mitigate the impacts of climate change and adopt changes to help reduce their carbon footprint.
We promote increased levels of active travel across our organisations and in our communities	Our transport infrastructure enables people to make active travel choices and switch to low and zero carbon vehicles.

Source: The North Ayrshire Partnership Plan 2022-30, Our Council Plan 2023-28

The council is applying and developing innovative approaches to communicating its vision and priorities to its residents. Improving its website would help more residents access this material

15. *Our Council Plan 2023-28* makes good use of infographics and photographs. The text is large, the layout is clear and the language used is easy to understand while still effectively communicating its vision and priorities. This makes it accessible for interested parties from a range of backgrounds. Jargon is kept to a minimum. For example instead of using the word 'outcomes' the council uses 'We will know we're making progress when…'.

16. The council has produced an effective and engaging two-minute video as one way of communicating its vision and priorities, as set out in *Our Council*

Plan 2023-28. The video can be found on the council's website and uses plain language and images from around North Ayrshire to bring to life its priorities. A British Sign Language version of the video has also been created.

17. The council is planning further innovative approaches to sharing its vision and priorities. It has plans to:

- create a **child-friendly version of its council plan** by the end of 2024. To help develop this version of the plan it is consulting with young people including members of the Scottish Youth Parliament, care-experienced children and P7 members of pupil councils across schools in North Ayrshire.

- **develop a plan on a page with a QR code** to be distributed to frontline services. It is intended that this will be set out as a contract with residents, setting out the council's four priorities and will be signed by the Chief Executive and the Leader of the council. The QR code will take the user to a page on the council's website where performance reports developed in a magazine style will be able to be accessed.

18. The council has acknowledged that its website would benefit from improvement and it is currently being reviewed with a view to being replaced by Autumn 2024. At present there is no reference to *Our Council Plan 2023-28* on the council's homepage. To access the plan, the user has to click on 'Council & democracy', then click on 'Strategies, plans and policies' and then access the plan from a long alphabetical list. Therefore unless the user knows the plan exists and conducts an internet search for it then they would not come across it.

Recommendation 1

The council should conclude its website review and make its improvements as soon as possible. This will bring many benefits to users, including raising more awareness of its vision and priorities.

The council has clearly set out what performance it wants to achieve in its priority areas and will produce its first mid-year progress report on *Our Council Plan 2023-28* in January 2024

19. In *Our Council Plan 2023-28* the council has listed what it wants to achieve for each of its four priorities. These are set out in sections headed up 'We will know we're making progress when…' and includes:

- There is a sustained decrease in the percentage of children living in poverty.

- Communities are directly managing and operating more assets and are allocating community funding to initiatives that are local priorities.

- Carbon emissions are reducing with a clear pathway to net zero.

- Lived experience is central in our approach to improving services and developing policy.

20. The Our Council Plan Performance Management Framework was approved by Cabinet in August 2023. It includes 26 performance indicators directly linked to the council's priorities. Ten of these 26 indicators are from the LGBF. All 26 indicators have a baseline value and a target for 2023/24. Twenty-three of the 26 indicators have a further target for 2027/28. 2027/28 targets for the remaining three education indicators are to be confirmed after the national independent review of qualifications and assessment concludes.

21. Examples of performance indicators that are not LGBF indicators are:

- number of residents participating in community learning and development activity including youth work

- average total tariff score of pupils living in the 20% most deprived SIMD areas

- number of unemployed people progressing into employment supported by the council's Employability Service

- number of new build housing units reaching completion (all tenures)

- percentage of council budget directed via participatory methods

- number of trees planted under the North Ayrshire 2030 Tree Planting Strategy.

22. The council intends to report on its progress against the priorities set out in *Our Council Plan 2023-28* every six months to Cabinet and subsequently to the Audit and Scrutiny Committee. Its first mid-year progress report is scheduled to be published in January 2024. It has set out that progress reports will:

- report progress in 26 indicators directly linked to the council's priorities, set out in its Performance Management Framework

- provide updates on *Our Council Plan* actions

- include case studies to capture real lived experience

- provide contextual information. A locally developed tool, the Inclusive Growth Dashboard, provides contextual data on trends within North Ayrshire including indicators such as child poverty rates, employability and area-wide climate measures

- report on Local Government Benchmarking Framework (LGBF) indicators directly linked to the council's priorities. These allow the council to compare its performance with other local authorities in Scotland so they can learn from each other and improve.

23. This approach to reporting is similar to that taken by the council when reporting against its previous plan, Council Plan 2019-24. As described in

paragraph 29, the council has produced two detailed performance reports per year to allow residents to track the council's progress against its priorities.

The council addressed the 2020 BVAR recommendation to review its public reporting online portal by replacing it with an innovative, internally-developed performance dashboard. Due to resource constraints, the council has not been able to keep the data up-to-date this year and has decided to keep it offline until it can be updated.

24. The council's 2020 Best Value Assurance Report (BVAR) commented that:

…*Performance reporting systems are clearly focused on priority areas. Targets are realistic and kept under review. Performance information is readily available in a variety of formats. Reports have become more user-friendly and focused in recent years.*

25. The BVAR recommended that the council should review its public reporting online portal, North Ayrshire Performs, to make it more user friendly and accessible. The council reported in March 2022 that it had replaced its North Ayrshire Performs portal with a new performance dashboard developed in-house by the Corporate Policy, Performance and Elections Team and launched in February 2021. The dashboard was designed to provide a much more user friendly and accessible way for residents to access our performance data. The layout of the dashboard was seen as innovative and the council was asked to demonstrate it to a number of other councils.

26. When accessing the performance dashboard a notice appears – *We are in the process of updating our dashboard with the most recent data*. This holding page has been in place for a number of months. Due to capacity issues this year within the Corporate Policy, Performance and Elections Team, and to prevent out of date information being displayed, the council decided to take the performance dashboard down.

27. The holding page contains a link to the council's performance reporting webpages and contains contact details for the team. The council intends to refresh the dashboard to reflect *Our Council Plan 2023-28* over the next few months.

Council Plan progress update reports and LGBF reports are balanced and informative, providing a wealth of information, but many of the current public performance reporting pages on the council's website need to be updated

28. The Accounts Commission issued a new Statutory Performance Information Direction in December 2021 which applies for the three years from 2022/23. It requires a council to report its:

- performance in improving local public services (including those provided with its partners and communities), and progress against agreed desired outcomes (SPI 1). The Commission expects this reporting to

allow comparison both over time and with other similar bodies (drawing on Local Government Benchmarking Framework and/or other benchmarking activities)

- own assessment and audit, scrutiny and inspection body assessments of how it is performing against its duty of Best Value, and how it has responded to these assessments (SPI 2).

29. Annual and mid-term Council Plan performance reports are made available on the council's performance webpage to allow residents to track the council's progress against its priorities. These balanced reports tend to be in-depth documents, over 40 pages long, and include, for each of the council's priorities, key activities, case studies and areas for focus. A performance summary is also included that sets out, in pie charts using a traffic light colour scheme, how many performance indicators and actions are on target or complete, slightly adrift of target, adrift of target or status unknown. Further information, including actions being taken, is then provided about performance indicators and actions adrift of target.

30. The council also produces much shorter, around five pages long, 'at a glance' annual performance reports. These are very visual, making good use of photographs and infographics and provide a link upfront back to the more detailed Council Plan performance report. There is reference to the percentage of Council Plan performance indicators and actions on or only slightly adrift of target but this report would benefit from an overview of the areas for focus outlined in the Council Plan performance report to make it more balanced.

31. Alongside the Council Plan progress update and annual performance reports, every year, the council publishes a tailored LGBF report. The last LGBF report was published in September 2022, using 2020/21 data. This in-depth report includes further analysis by the council of the LGBF data, split it into three time periods – those indicators that can be reported in the short term (one year), medium term (three years) and long term (ten years). The report includes a graphical summary of the percentage of indicators improving, with no change, marginal decline or declining across these three time periods. Further analysis and graphics are included on the types of indicators (eg financial or performance), ranking, quartiles, Scottish average and LGBF indicators that are also Council Plan indicators. Detailed analysis is also presented at service and directorate level.

32. The council has dedicated public performance reporting webpages, but they are not always up-to-date. In addition to the reports set out in paragraphs 29 to 31, other public performance information reported by the council on its webpages includes:

- a Performance dashboard. As described in paragraphs 25 to 26, this is currently offline until it can be updated with recent data

- a 'How your council is performing' webpage. This provides a link to LGBF data provided by the Improvement Service but not to the most recent version with increased functionality. The most recent benchmarking report included on this webpage is dated 2016 despite a LGBF report being

published in September 2022, as described in paragraph 31. Individual pages for children's services, corporate services, culture and leisure services, economic growth, environmental services, housing services include extracts of data but these are all five years out of date, referring to 2017/18 data

- a Best Value assurance page. This includes a link to the Best Value Assurance report from 2020 along with a video from the council's Chief Executive drawing out the key messages. This page would benefit from also setting out how the council responded to the recommendations in the BVAR.

- an Audits and inspections page. This page provides links to Education Scotland, the Scottish Housing Regulator, Food Standards Scotland and Audit Scotland. These links tend to be to the home page or a generic information page of those organisations and do not link to specific reports about North Ayrshire Council and so it is not obvious what inspection and audit activity has taken place and when. There is also no information about how the council has responded to its audits and inspections. One of the Audit Scotland links takes the user to another webpage – 'Budgets and Finance' that does list Annual Audit Reports, although the latest one is dated 2017/18.

33. The Council Plan Progress Report 2022-23, Annual Performance Report 2022-23 and the 2022/23 LGBF Report, referring to data from 2021/22, are all due to be considered by Cabinet on 7 November 2023.

34. The council has acknowledged that the content of its performance pages needs to be refreshed and, in particular, its Performance Dashboard needs to be updated. As discussed in paragraph 18, the council recognises the need to improve its website as a whole and is working towards launching a new website in Autumn 2024. In addition, it plans to report the results of, and its response to, audit and inspection work in its Council Plan progress updates going forward.

35. We will monitor these planned improvements along with the council's new plans for self-assessing its services, discussed in paragraphs 148 to 151 to ensure it meet the requirements of the new SPI direction as part of our annual audit work.

Recommendation 2

The council should ensure that all the performance information published on its website is up-to-date, performance reports are as timely as possible and audit and inspection information is easily accessible and includes how the council is responding to recommendations.

The council's overall performance is improving and its rate of service improvement is faster than other councils

36. The Accounts Commission's Local Government in Scotland Overview 2023 says that councils should have a clear plan for strengthening their use of data to understand needs, make decisions and direct resources.

37. The Council Plan Progress Report 2022-23, Annual Performance Report 2022-23 and the 2022/23 Local Government Benchmarking Framework Report, referring to data from 2021/22, are all due to be considered by Cabinet on 7 November 2023. The equivalent reports for 2021/22 and 2020/21 respectively, were approved by Cabinet in September 2022.
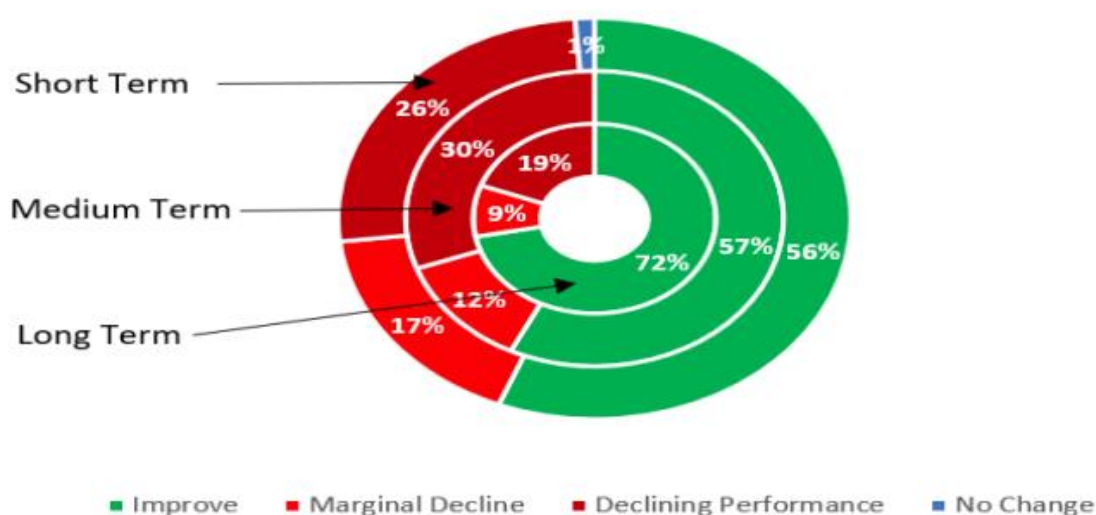
38. In September 2022, the council reported that in 2021/22, 79 per cent of the council's performance indicators, where the status was known, were on target or just slightly adrift of target, slightly more than 2020/21 (78 per cent).

39. The council participates in the Local Government Benchmarking Framework (LGBF). The framework brings together a wide range of information about how all Scottish councils perform in delivering services, including the cost of services and how satisfied citizens are with them. The council's tailored LGBF report from September 2022, referring to performance information from 2020/21, reported that:

- where a short-term comparison is available, 56 per cent of all indicators have improved, one per cent have not changed and 43 per cent have declined (though 17 per cent have declined only marginally). Medium-term, 57 per cent of indicators have improved and long-term, 72 per cent have improved (Exhibit 3).

- 24 per cent of indicators were in the top quartile

- 50 per cent of indicators were performing better than the Scottish average.

Exhibit 3
North Ayrshire Council's LGFB indicators overview – 2020/21

Short Term
Medium Term
Long Term

1%
26%
30%
19%
9%
12%
17%
72%
57%
56%

■ Improve   ■ Marginal Decline   ■ Declining Performance   ■ No Change

Source: Local Government Benchmarking Framework Data Analysis 2020/21, North Ayrshire Council

40. In analysing the LGBF data it is recognised that local policy choices about council services and strategic priority areas will have an impact on the results. Councils also operate in different environments and these different local factors such as levels of deprivation, population distribution, size of council area and geography affect service demand and performance. An ageing population, such as that of North Ayrshire, increases demand for social care services. Rurality can make it more difficult to deliver services cost-effectively, and deprivation and poverty have wide-ranging impacts which can affect council services.

41. The most recent National Benchmarking Overview Report 2021/22 by the Improvement Service was published in March 2023. Using 2021/22 LGBF data, Exhibit 4 shows the council's 2021/22 overall performance across services when compared with the relevant data's base year. Of the 104 indicators reported, 60 (58%) of these have improved for the council since the base year.

Exhibit 4
Proportion of LGBF indicators that have improved, deteriorated or stayed the same since the base year
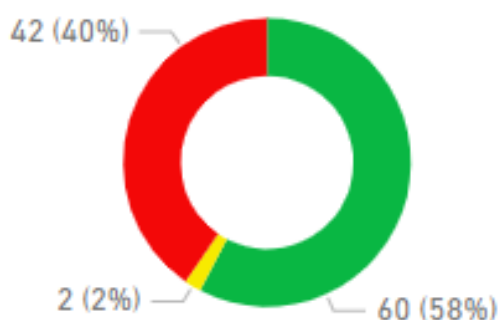
Source: Local Government Benchmarking Framework

42. The number of indicators in the top two quartiles has increased from 40 per cent in the base year to 48 per cent in 2021/22. These results indicate that while the council's overall performance year-on-year has improved, its performance has also improved at a faster rate than other councils over this period.

43. A tailored report, based on the 2021/22 LGBF information is to be considered by Cabinet in November 2023 along with the Council Plan Year End Report for 2022/23 and the Annual Performance Report 2022/23. These reports are being made available two months later than in 2022 due to resource constraints within the team producing them.

Citizen and community engagement

The council's new priorities were developed from sustained engagement with its communities. The council demonstrates genuine commitment to working with and empowering local communities

44. Councils, with their community planning partners, have a responsibility to ensure that people and communities are able to be fully involved in the decisions that affect their everyday lives.

45. Early and meaningful engagement and effective collaboration with communities to identify and understand local needs, and in decisions that affect the planning and delivery of services should be a core part of determining a council's vision and priorities.

46. North Ayrshire Council's 2020 Best Value Assurance Report commented very positively on the council's citizen and community engagement, referring to it being recognised as a sector leader in community empowerment by the Scottish Government and COSLA and embedding community empowerment in everyday business.

The importance the council places on working in partnership with its communities to improve services is clear from *Our Council Plan 2023-28*

47. Throughout *Our Council Plan 2023-28*, the focus, effort and importance the council places on working with communities is evident.

48. The introduction on the website and the Foreword of *Our Council Plan 2023-28* make it very clear the central role the council sees communities having in developing and improving services. The use of the word 'Our' in the name of the plan sets the scene. In the introductory page of its website the council explains that the 'Our' in the name refers to both the council and its residents as the plan was jointly created and will be delivered in partnership. The first sentence in the Foreword of the plan states: *We have developed our Council Plan 2023-28 together.*

49. It goes on to describe how it views the plan as a living contract with its communities and not simply a document. It describes the purpose of the plan as explaining how it will meet its communities' needs and expectations over the next five years. The new plan sets out what it sees as the role of residents,

including actively participating in decision making, volunteering within the community and spending locally where possible.

50. One of the council's four priorities in *Our Council Plan 2023-28* is **communities and local democracy**. The strategic aim of this priority is for the council to have active, inclusive and resilient communities.

51. The council sets out in the plan what key activities it will undertake to achieve this strategic aim. These include:

- providing support for community organisations in achieving their goals, including as Community Wealth Building anchor organisations.

- creating a participation and engagement framework which ensures opportunities and support for all residents to take part in influencing local democracy and Council and partner strategies.

- supporting participatory budgeting

- supporting community asset transfer and community owned and operated/managed assets.

- placemaking, including creation of locality action plans based on the Community Plan (LOIP) priorities and supporting the delivery of Islands Plans.

52. A number of outcomes for the communities and local democracy priority are set out by the council under the heading: *We will know we're making progress when.* These include:

- More residents are actively involved in their communities. Strong, relevant social support networks are established that value diversity.

- Communities are directly managing and operating more assets and are allocating community funding to initiatives that are local priorities.

- Our residents, including our children and young people, are confident in exercising their rights and actively do so.

- Our places encourage strong inclusive communities and respect the local environment and cultural heritage.

- Our approach to Community Wealth Building is further embedded across partners.

The council consulted extensively with its partners and communities, using a variety of methods, as well as using the results of recent prior engagement, to inform its new priorities

53. A seven-page Council Plan engagement paper accompanied *Our Council Plan 2023-28* when it was approved by the full council in June 2023. This paper describes the collaborative approach the council took to developing its new plan as well as providing detailed feedback from six locality sessions held in January

2023. The priorities in the new plan are informed by lived experience, data and the learning gained from previous council plans and other key strategies.

54. Since October 2022 the council has held a series of 'mini-enquiries' directed by its Child Poverty and Cost of Living Board. These events have included public, private and third sector partners, alongside representatives from communities, resulting in direct conversations about challenges and how they could be addressed. These resulted in the development of action plans for each area that fed into the council's Child Poverty Action Plan and subsequently informed the *Our Council Plan 2023-28*. During 2022 and 2023 mini enquiries were held on the following themes:

- o No Wrong Door
- o Employability
- o Food
- o Islands – Arran
- o Islands – Cumbrae
- o Childcare.

55. *Our Council Plan 2023-28* is also informed by data. Examples include, population statistics setting out population decrease and demographic change, child poverty statistics, the Scottish Index of Multiple Deprivation and data on climate change.

56. The council drew on the results of recent prior engagement to inform its priorities, ensuring it gathered as wide a range of views as possible while minimising duplication. This included consultations on:

- The North Ayrshire Partnership Plan 2022-30 (LOIP) (2022). This drew upon an online survey with 645 responses.
- Health and Social Care Partnership Strategic Plan (2022)
- Locality Plans (2021/2022)
- Island Plans – Arran and Cumbrae (2022)
- Child Poverty Strategy (2023)
- Children's Services Plan (2023).

57. In January 2023 the Leader of the Council, the Chief Executive and Chief Officers held in-depth discussions with community group representatives across all six localities to ensure *Our Council Plan* reflected the priorities of local residents. The council linked consultation on the new plan in with budget planning consultation to make it clear that it cannot deliver everything and cut money at the same time. Detailed feedback was provided for each of the six locality consultation sessions that took place in January 2023 in the paper

accompanying *Our Council Plan 2023-28* in June 2023. Key topics of discussion for participants were:

- What is impacting on your locality?

- Priorities for next year and beyond

- Preparations for Council Plan: What differences do you want to see?

- Three most important services

- Three least important services.

58. Feedback, as would be expected, varied between the different localities. However there were some common themes around cost of living, fuel costs, lack of public transport, lack of affordable housing and road condition impacting communities. Examples of the differences localities wanted to see included:

- Community solutions to islands issues

- Transport improvements

- Invest more in solar panels / green energy and electric chargers

- More community food investment

- Regeneration of the town centre

- Improve the routes to get people into employment.

59. Other engagement tools used were:

- a pre-election workshop with political parties about what to change in the plan. After the election the council held a series of workshops with the new administration

- a survey, attracting 1,400 responses

- Internal consultation including Chief Officer Development Workshops, the wider staff Leadership Conference, and the Executive Leadership Team.

- Three staff engagement sessions - one online and two physical sessions with over 100 people at each one.

- sharing the views from the consultation exercises with its Modern Apprentices (aged 16 to 24 years) in April 2023 for their comments. They confirmed that the draft priorities are "the most important and crucial" to them and were satisfied that the language and layout of the plan is clear, straightforward and easy to read.

The council continues to effectively support its citizens to be involved in making decisions about services in their communities

60. The aim of the Community Empowerment (Scotland) Act 2015 is to encourage and empower people to be more engaged with local politics and policy. At the heart of this is an intent to reduce disadvantage and inequality. As reported in the 2020 BVAR, the council seeks to embed community engagement and empowerment in everyday business, and to allow communities and elected members to have equal access to local decision-making. There are many recent examples of the council involving local people in decision-making.

61. There are six locality partnerships in North Ayrshire - Arran, Garnock Valley, Irvine, Kilwinning, Three Towns and North Coast. Each area has a locality plan. The CPP website includes the publication of plans, meeting papers and events calendars. A refresh of the locality planning approach is ongoing.

62. As described in paragraph 54, mini enquiries involving public, private and third sector partners, alongside representatives from North Ayrshire's communities have enabled honest conversations about challenges and how particular issues could be addressed. These have directly informed the council's recent Child Poverty Action Plan and Council Plan.

63. North Ayrshire Council's Young People's Participatory Budgeting Initiative invited those aged between eight and 25 to vote on projects across the area, resulting in almost 100 youth projects sharing £56,000. Over 4,000 young people cast over 12,000 votes (three votes each) for youth projects across North Ayrshire. Voting was carried out online through Young Scot's voting platform or in schools and at youth centres. All projects represented at least one of the following themes:

- o   Health and wellbeing
- o   Poverty and inequality
- o   Voice and participation
- o   Climate Challenge.

64. Youth projects successful in receiving grants up to £1,000 included Parent Councils, school House Captains, community football and rugby clubs, a curling club, a music school to support it to enter a Pipe Band competition, Christmas lights and a theatre and arts group.

65. In North Ayrshire there are nine fully-completed community asset transfers including a town hall, a toilet block and football pitches. A recent community asset transfer is Thornhouse Avenue Tennis Courts, now owned by Irvine Tennis Club. The tennis courts required upgrading and the Club is planning to apply for external funding to develop the courts, installing floodlights and a clubhouse, and create opportunities for the local community.

66. A further three applications have been approved at Cabinet and are being progressed. Nine full applications are currently being assessed including a sports pavilion in a public park in Dalry. The request wishes for it to be transferred to a community sports club to provide modern sports changing facilities. Six further initial expressions of interest have been received.

The council has published locality impact reports for five of its six localities.

67. The 2020 BVAR recommended **the council should work with locality partnerships to make clear what the intended impacts are of locality plans and make them publicly available**. It reported:

The locality partnerships have all produced locality plans, which include actions intended to address their priorities. Most actions incorporate timescales and designate groups responsible for delivery including community stakeholders and partnership organisations, but some could be clearer about the impact they are expected to achieve. While all plans were published, they are not all still available online and are not all easily accessible.

68. A report was made to full council in March 2022 to advise members on the progress with the BVAR recommendations. It was reported that local partnership priorities were refreshed during 2020 and 2021, providing increased focus on priorities targeting local inequalities, with five of the six locality partnerships agreeing their ongoing priorities in June 2021. The refresh of Arran's local partnership priorities was ongoing to take into account the development of its Island Plan, subsequently published in March 2022. The intention was to publish these on North Ayrshire's Community Planning website.

69. At October 2023:

- Arran's locality plan only includes priorities and no plan. Its comprehensive Island Plan is not linked to the CPP website

- Links to the locality plans on the CPP's website for Irvine and Three Towns are not working

- Locality planning impact reports, produced in Summer 2021, that contain achievements such as total amounts of Community Grants and Community Investment Fund awarded are available on the CPP website for all localities except Arran.

Recommendation 3

The council should update all locality planning information and corresponding links as soon as possible.

Reducing inequalities and tackling climate change

Reducing inequalities is central to the vision and priorities of both the council and the Community Planning Partnership. The council classifies increasing inequalities as a very high risk. Addressing climate change is also a clear priority for both.

70. The Accounts Commission's Local government in Scotland Overview 2023 highlights that changing demographics, the pandemic and the cost-of-living crisis have increased pressure on council services and people already experiencing inequality are most affected. As councils take steps to radically change how they deliver services, the needs of the most vulnerable or people living in poverty must be at the centre. As councils take steps to radically change how they deliver services, the needs of the most vulnerable or people living in poverty must be at the centre.

71. The Accounts Commission's report also notes that councils have a critical role in achieving Scotland's national climate change goals and contributing towards the national target of net zero by 2045.

72. Council priorities are expected to reflect the Best Value expectations that all activity should contribute to tackling poverty, reducing inequality and promoting fairness, respect and dignity for all citizens, alongside a focus on sustainable development, including climate change.

73. The council classifies inequalities as a very high risk in its risk register, detailing this as: *Residents of North Ayrshire, and in particular, certain excluded groups will experience increasing levels of poverty and its effects as a result of the economic situation and Covid-19. Health inequality is closely linked to poverty, employment and people's earliest experiences as children, and will increase. A larger proportion of population is projected to be not economically active in future.* It anticipates the potential impact of this risk, if it is realised, will be increased demand for services, potential increase in crisis interventions and negative impact on the local economy.

74. The main mitigations and controls the council sets out in relation to the high risk of increasing inequalities are:

- Tackling inequalities is a strategic priority of the CPP, the council and the HSCP.

- A new LOIP has been developed with the purpose of reducing inequalities.

- A new Child Poverty and Cost of Living Board is chaired by the Council Leader.

75. As discussed in paragraph 10, both the council and the CPP have the same vision with reducing inequalities at its heart: *A North Ayrshire that is fair for all*. The wording of the vision is reiterated many times throughout *Our Council Plan 2023-28* and the LOIP, *The North Ayrshire Partnership Plan 2022-30*. The Foreword of the LOIP sets out: *Every person in North Ayrshire is valued and should have the best opportunities to live their life to their full potential. However, we know that not everyone has the same opportunities and there are inequalities in North Ayrshire. **This plan concentrates on what we as partners can achieve by working together to reduce inequalities**.*

76. Reducing inequalities and addressing climate change are key priorities for both the council and the CPP. Exhibit 1 sets out the council's four priorities from *Our Council Plan 2023-28*. One of these priorities is centred around reducing inequalities and another is specifically about addressing climate change:

- Wellbeing - To transition to a wellbeing economy, delivering prosperity, wellbeing and resilience for local people. This encompasses tackling child poverty and addressing the cost of living crisis.

- Climate change - To achieve net-zero by 2030.

77. North Ayrshire's LOIP has three priorities, as described in paragraph 13. Two of these three priorities are:

- Wellbeing. This is described in more detail as 'Health and wellbeing – **we will reduce inequalities** by targeted support to improve individual, family and community health and wellbeing'.

- World. A fuller description of which is 'Climate Change: **We will work together to reduce carbon emissions and mitigate the impacts of climate change**. We will increase active travel. We will increase carbon literacy within our organisations and communities'.

The views of those facing inequalities are reflected in *Our Council Plan 2023-28*

78. As described in paragraphs 53-59, the council consulted extensively across its communities when developing *Our Council Plan 2023-28*. This included consultation with those potentially facing inequalities. One of the council's equality outcomes as described in paragraph 81, is for people in Ayrshire to have equal opportunity to access and shape public services.

79. Those with lived experience of poverty took part in the mini enquiries described in paragraph 54 resulting in co-produced action plans for each topic or area. These in turn fed into the council's Child Poverty Action Plan and subsequently informed *Our Council Plan 2023-28*. For example:

- One of the key activities set out in *Our Council Plan 2023-28* under the 'Wellbeing' priority is 'Maximising access to and uptake of benefits,

entitlements and financial advice'. There is a clear link between this activity and the co-produced actions developed in the 'No Wrong Door' mini enquiry that took place in Autumn 2022. These actions included:

  o The council will work to automate benefits where possible, making them more easily accessible.

  o We will use data more effectively, so we can identify and support residents most at need.

- Another key activity set out in *Our Council Plan 2023-28* under the 'Wellbeing' priority is developing a community wealth building approach to a wellbeing economy. This includes ensuring the best labour market outcomes for residents, supporting pathways to employment for residents and promoting a Fair Work economy. In November 2022 an employability mini enquiry was held. Council services, partners and residents who have taken part in employability programmes discussed what was working, potential barriers to employment and how these could be removed and developed an action plan. This included a number of actions clearly linked to activities in *Our Council Plan 2023-28*:

  o We will promote the benefits of fair work including impact of becoming a Living Wage Employer and adopting flexible working hours.

  o We will promote the benefits of employment such as positive impact on mental wellbeing and through 'better off in work' financial calculations.

  o We will develop opportunities for job shadowing and work experience and promote these to parents through channels such as job application websites.

80. The council uses other methods to try and find out the views of diverse communities. When developing *Our Council Plan 2023-28* it worked with its Customer Contact Centre, the Community Learning and Development Team, the Education Service, Library Service and specialist Engagement Officers within the Council to ensure as many of its residents as possible had the opportunity to have their say. The council offered British Sign Language interpreters on request at events, induction hearing loops and information in alternative languages.

The council has agreed actions to tackle inequality and poverty through its equality outcomes framework and its newly established Child Poverty and Cost of Living Board

81. Public sector organisations are required to publish equality information once every two years and consult on and develop Equality Outcomes once every four years. The council jointly developed four overarching equality outcomes and ten sub-outcomes as part of the Ayrshire Equality Partnership (AEP) for the period 2021-25. The AEP is made up of councils and Health and Social Care

Partnerships across Ayrshire as well as Ayrshire College, Ayrshire Valuation Joint Board and NHS Ayrshire and Arran. Two of the overarching shared equality outcomes that have been developed, along with associated sub-outcomes are:

- In Ayrshire, people have equal opportunity to access and shape our public services:

  o More disabled people, older people and women access public transport safely and in comfort with an integrated service that provides accessible information, appropriate assistance and support from transport employees.

  o Improve engagement with our services and enhance access to information for marginalised and under-represented groups.

- In Ayrshire, people have opportunities to fulfil their potential throughout their life.

  o Our young people, disabled people and women have access to training and employment.

  o To continue to embed UNCRC across schools in North Ayrshire to eliminate discrimination and promote equality of opportunity in our schools and in the wider community.

  o Our young LGBT people feel supported and have access to improved digital platforms and sources of support.

  o Support the integration of our refugee population into life in North Ayrshire.

82. For each equality outcome, the council has set out specific actions to be taken forward along with context, outputs, measurement, protected characteristics, general duty, lead officer and timescale. Examples of these actions include:

- Barriers to accessing transport:

  o Engagement with disabled people, women, older people and organisations including third sector organisations

  o Meet with transport providers

  o Consultation about changes

  o Program of support and improvements agreed

  o Test and pilot new and modified service methods, technology, vehicles and practices

  o Gather feedback and revise program where necessary.

- Employment opportunities:

- Provide support for unemployed, in particularly people with disabilities and women, residents to overcome health barriers to economic activity.

- Support local business to access health-related supports to improve retention and productivity of their workforce

- To offer candidates the opportunity of paid work experience in the Horticulture industry whilst working alongside several local organisations creating a Community Garden.

83. The Ayrshire Equality Partnership undertook a consultation exercise during October and November 2020 to inform the development of its equality outcomes and associated actions. An online and paper-based questionnaire was used to seek views from communities and build upon previous discussion and consultation with equality groups. The AEP published a 26-page document detailing the consultation results. A total of 128 responses were received and information on whether or not respondents had protected characteristics was gathered. For example, 65 per cent of respondents were female and 19 per cent confirmed they had a disability.

84. Ultimately, 87 per cent of respondents agreed that the previous equality outcomes were still relevant and they remained unchanged but a lot of useful information was gathered through the process that informed the associated actions. A large number of individual quotes are set out in the document – both positive and negative - and various conclusions are drawn from these across the ten equality outcomes. For example, in relation to the equality outcome of people having equal opportunities to access and shape our public services, one of the conclusions made was: *Opportunities for engagement should be more widely publicised. Communication across the board could be improved with special consideration taken to ensure information is accessible by all.* The actions for that outcome relate to creating both a British Sign Language friendly and a community language landing page on the council's website.

85. A mid-term report on the equality outcomes was published in May 2023. The key highlights identified in this report include:

- introduction of a British Sign Language video landing page on the council's website.

- the creation of a Black and Minority Ethnic (BAME), pan-Ayrshire employee forum.

- an increase in the number of gold accreditations from four to ten schools for the Rights Respecting Schools awards.

- successful implementation of the Equal Supported Employment programme, supporting young people with learning disabilities with work experience in horticultural skills and qualifications.

86. In June 2022, the council's Cabinet agreed to the creation of a Child Poverty and Cost of Living Board. The Board is chaired by the Leader of the council and supported by Community Planning partners. The aim of the board is

to provide leadership in the development and delivery of its child poverty action plan and its approach to addressing the cost of living crisis.

87. The council published its 2023-24 child poverty action plan in June 2023. The action plan was integrated with its child poverty progress report for 2022-23 and its child poverty strategy for 2023-26. The report summarises the existing and planned activity intended to reduce child poverty in North Ayrshire. The council has organised its actions around the three main drivers of reducing child poverty:

- maximising income from employment

- maximising income from benefits

- reducing household costs and mitigating the effects of poverty

88. For each of these three drivers, the council has set out in detail a list of actions it is already committed to doing and a note of progress against these. Case studies are also included, bringing to life the impact of the actions on residents. Areas of focus for 2023-24 are split into 'What will change?', 'Our actions', and 'How will we know?'. These actions have been developed from consultation with young people, Community Planning partners and national agencies. The use of mini enquiries, as discussed in paragraph 54, has strengthened this approach.

The council uses its equality impact assessment process effectively to ensure children's rights, human rights, socio-economic inequalities and the challenges islands face are considered in new policies, procedures, strategies and the budget-setting process

89. The council's Corporate Equality Group is made up of elected members from each of the main political parties as well as representatives from all the council's services. This group meets quarterly to consider equality and diversity-related issues and is responsible for directing, supporting and reviewing the arrangements for:

- promoting equality

- tackling discrimination

- fostering good relations.

90. It provides support to council services in completing equality impact assessments.

91. The council uses an Equality and Children's Rights Impact Assessment (ECRIA) process. Children's Rights, Human Rights, the Fairer Scotland Duty and Island proofing have all been integrated into this online tool. New or revised policies, procedures and strategies are assessed to ensure the council is meeting the needs of the equality duty.

92. The council has a toolkit that sets out the impact assessment process in detail. This includes the screening process to be used for deciding whether a proposal is required to be assessed and who should be involved in conducting the assessment. It advises that a small group of staff should be involved, including frontline staff and managers, with a good understanding of both the policy or practice and equality groups. It also suggests including a service user and colleagues who can provide a different perspective and challenge.

93. The role of elected members is to actively consider the general equality duty when deciding whether to approve a new or revised policy or practice and the process of making decisions in this regard must be clear, transparent and properly recorded.

94. The guidance highlights that carrying out the assessment should not be a last-minute check and time is needed to make the changes the assessment process has highlighted. The use of both initial and interim assessment dates are advised. The interim assessment date is to consider any changes to the proposal that might affect the impact assessment.

95. Summaries of recent impact assessments are published on the council's website. The summary impact assessment for *Our Council Plan 2023-28* concludes that there is no possible discrimination or adverse impact and all opportunities to promote equality have been taken. It notes for each area, why it believes the impact is positive. For example, it found that:

- *Our Council Plan 2023-28* impacted positively across all the equality groups. For example, in relation to race/ethnicity, it referred to actively welcoming and supporting asylum seekers and refugees affected by the war in Ukraine and more generally identified three relevant key activities:

  o Ensuring that wellbeing is at the heart of local life and opportunities, with a focus on tackling inequalities

  o Ensuring an inclusive, fair, rights-based and asset-based approach in our work

  o Accessible public services, both digitally and locally, ensuring a 'no wrong door' approach.

- the needs of its island communities are included within *Our Council Plan 2023-28* through supporting the Island Plans. Accessibility of places where people want to live, visit and work is included, highlighting the key activity - Exploration of models and the development of pilot schemes to increase access to and use of public/community transport.

96. ECRIAs are also used by the council in relation to budget proposals each year. They provide information for elected members to consider, in advance of making a decision, the impact potential cuts or increases in charges would have on the groups covered by the ECRIA. Six different ECRIAs were published on the council's website in relation to the 2023/24 budget including removing the Cost of the School Day Fund and reducing community learning and development youth and adult learning provision.

97. In December 2022, an ECRIA was conducted in relation to the potential closure or repurpose of Arran Outdoor Education Centre. It found there was the potential for adverse impact or missed opportunities to promote equality in relation to young people. This contributed to the potential closure not being included in the 2023/24 budget.

The council is making meaningful progress in securing and promoting human rights in its work, with a particular focus on children's rights

98. There is legislation which covers human rights. Taking a human rights based approach is about making sure that people's rights are put at the centre of policies and practices and giving people opportunity to realise those rights. Councils should make explicit reference to the work they do to promote this or reflect it as part of their plans to reduce inequalities.

99. The council is making meaningful progress in securing and promoting human rights in its work, with a particular focus on children's rights. Ensuring an inclusive, fair, rights-based and asset-based approach in its work is one of the key activities set out in *Our Council Plan 2023-28* under the Communities and local democracy priority. A measure of success is: *Our residents, including our children and young people, are confident in exercising their rights and actively do so*. A number of practical examples of how the council is taking a human rights based across its services are highlighted in paragraphs 60 to 66 in relation to how it empowers its communities.

100. In relation to children's rights, in June 2023, Cabinet approved the North Ayrshire Children's Rights Report 2020/23. This sets out the council's activities to secure and promote children's rights and is structured around the UNCRC. The achievements reported by the council include:

- almost 90 per cent of children with additional support needs and young carers having their voice heard

- establishing an anti-bullying policy

- a pilot project where tutoring is provided by in school staff for care experienced learners.

- no young person going without a school meal in North Ayrshire

- the council's electronic cashless catering system providing anonymity for those entitled to free school meals.

101. Other examples of how the council already secures and promotes children's rights across its services include:

- meaningful participation work with residents. For example the council has a Joint Cabinet that meets twice a year, made up of young people from the North Ayrshire Youth Council Executive Committee (Members of Scottish Youth Parliament), Members of North Ayrshire Council Cabinet, Senior Managers and Heads of Services and partners such as NHS and Police

with around 100 young people from across S1-S6 years from each secondary school.

- The Rights Respecting Schools programme (RRS) has been promoted and introduced into almost all schools in North Ayrshire. The Rights Respecting Schools Award (RRSA) recognises achievement in putting the United Nations Convention on the Rights of the Child (UNCRC) at the heart of a school's planning, policies, practice and ethos.

- the council's Strategic Housing Investment Plan 2023-28. Linked to the UNCRC, this sets out that every new build council home will include a study area for young people as well as a garden.

The council has adopted an ambitious target for North Ayrshire to be net zero by 2030. The council is using interim targets to help it track progress. A 49 per cent reduction in emissions has been reported since 2005

102. The Scottish Government has recently published guidance on public sector leadership on the global climate emergency to help public bodies in leading climate action. Around two-thirds of councils in Scotland, including North Ayrshire Council, have formally declared a climate emergency.

103. The council declared a climate emergency in June 2019. Its Environmental Sustainability and Climate Change Strategy 2021-23 established its current targets - to reduce and remove emissions for North Ayrshire to achieve net-zero carbon status by 2030, applicable to both the council's own estate, and North Ayrshire as a whole. The council has also set interim targets for 2023 and 2027, helping it to track progress and ensure that achieving the final net zero target remains a priority.

104. Like all public bodies in Scotland, the council is required to report annually on its compliance with its climate change duties. It reported in November 2022 that it had achieved a reduction in council estate emissions of 68 per cent in comparison with its baseline in 2005 and across North Ayrshire emissions had reduced by 49 per cent.

Addressing climate change is a clear priority for the council and the CPP. It has been identified as one of a small number of priorities for both. A new 2024-26 climate change strategy is being developed

105. Addressing climate change by achieving net-zero by 2030 is one of the council's four priorities in its 2023-28 plan and is also one of the CPP's three key themes, as set out in *The North Ayrshire Partnership Plan 2022-30*.

106. As well as listing the key activities it is undertaking to achieve net-zero by 2030, *Our Council Plan 2023-28* also sets out how it will know it is making progress, including:

- Carbon emissions are reducing with a clear pathway to net zero

- Clean, renewable municipal and community-owned electricity is being generated

- Homes and buildings are well-insulated and energy efficient, making them cheaper to heat and reducing their emissions.

- The amount of waste generated is reducing, whilst levels of reuse and recycling increase.

107. The council is currently consulting on a new Environmental Sustainability and Climate Change Strategy covering 2024-26, due to be published by the end of 2023. The new strategy will include a greater focus on adaptation and carbon sequestration and will set out more detailed proposals about how the council plans to reduce emissions further.

The council is building two solar farms on former landfill sites to generate renewable energy and income

108. The council is investing £12.8 million building two solar farms on former landfill sites, with limited scoped for alternative uses, at Nethermains and Shewalton. The tender for delivery was awarded in March 2023 with Nethermains scheduled to be completed by Spring 2024 and Shewalton by Autumn 2024. It is expected that both will be generating clean, renewable energy in 2024 and they are seen as a key in helping the council achieve its target of net zero carbon emissions by 2030. The council also anticipates that they will produce an annual net income that can be reinvested in the local area.

The council does not have a dedicated climate change webpage. There is scope for user-friendly information to be placed on its website about how it is addressing climate change and the progress it is making

109. The council's website does not currently have a dedicated climate change webpage, although it does have an energy management webpage that refers to a small number of its climate change-related activities. The council plans to improve its website as a whole and is exploring the inclusion of more information on carbon emissions and climate change as part of a Sustainability Awareness Communications Plan.

Recommendation 4

The council should consider including more information on its website about what it is doing to address climate change and the progress it is making.

Alignment of delivery plans

Strategic initiatives which require long-term revenue and capital commitments are properly incorporated into the financial planning process however the council needs to align its cost base with available funding and the key priorities.

110. Making the best use of public resources is at the heart of delivering Best Value. With clear plans and strategies in place, and with sound governance and strong leadership, a council will be well placed to ensure that all of its resources are deployed to achieve its strategic priorities, meet the needs of its communities and deliver continuous improvement.

111. The council's Best Value Assurance Report, published in June 2020, commented that: *There is a clear link between council plans and priorities to operational service plans and individual actions and staff roles.*

The council has effective financial management and a good process in place for financial planning

112. The council has well-established and robust processes for setting and monitoring budgets. Its General Fund Long Term Financial Outlook (LTFO) is central to the council's strategic financial framework and establishes a sound basis for the development of the Medium-Term Financial Outlook (MTFO) and subsequent annual budgets, enabling the council to address the challenges it faces and align resources to key priorities. The LTFO ensures that strategic initiatives which require long-term revenue and capital commitments are properly incorporated into the financial planning process.

113. In December 2020 the Council approved its current LTFO for the period 2021/22 to 2030/31 and MTFO 2021/22 to 2023/24. The LTFO 2021/22 to 2030/31 identified an estimated funding shortfall of £120 million over the period which the council requires to address. This was based on best estimates with sensitivity analysis highlighting that a 1% change in the underlying assumptions could result in this increasing to as much as £228 million over the same period.

114. An updated MTFO is presented to the Council in November and an updated Medium-Term Financial Plan (MTFP) providing an overview of the council's anticipated financial position on the General Fund revenue budget for the next three financial years is presented to the Council in March. The MTFO for the period 2023/24 to 2025/26 was approved by the Council in November 2022.

The council has a capital investment strategy which underpins the development and refinement of capital investment plans

115. The council's latest Capital Investment Strategy was approved by the Council in March 2023. This Strategy brings together the various asset management plans and strategies across the council, aligning investment plans with these strategies and with strategic priorities. The strategy is reviewed and updated on an annual basis alongside individual asset management plans. The refreshed Capital Investment Programme 2023/24 to 2030/31 confirms total investment of £434.1 million over the period.

116. The Strategic Housing Investment Plan (SHIP) 2023 – 2028 sets out the priorities and locations for affordable housing investment by the council and Registered Social Landlords in North Ayrshire over the next five years. The SHIP is based on projected Scottish Government grant funding provision for the Council and partner Registered Social Landlords of £120.9 million during the period 2023 – 2028 and represents council investment of £84.8 million. The Scottish Government has committed to providing North Ayrshire Council with grant funding for the council and RSL partners of £63.0 million from April 2022 to March 2026.

The current MTFP shows significant funding gaps from 2024/25. This position continues to present a significant challenge to the sustainability of the council's finances

117. In his report to the March 2023 Council meeting, the Head of Service (Finance) noted the significant ongoing risks to the financial sustainability of service delivery and the requirement for the council to hold a sufficient level of Reserves. He also noted that the level of Reserves set out in the Budget aligns with known future commitments but that the Change and Service Redesign Fund will require to be kept under review to ensure sufficient resources are available to continue to support the council's Sustainable Change Programme.

118. The MTFP for 2023/24 to 2025/26 builds on the analysis reflected in the MTFO and provides a balanced budget for 2023/24 with indicative funding gaps remaining for 2024/25 and 2025/26 of £11.8 million and £11.4 million respectively. This position, however, includes the profiled use of Service Concession flexibility totalling £1.9 million in 2023/24, £5.0 million in 2024/25 and £4.0 million in 2025/26. This position continues to present a significant challenge to the sustainability of the council's finances.

The use of Service Concessions has partially mitigated medium-term financial challenges

119. Under Local Government Finance Circular 10/2022 – Finance Leases and Service Concession Arrangements, the Scottish Government outlined a provision for financial flexibility to allow local authorities to apply a retrospective recalculation of the annual charges to the General Fund in relation to the principal capital repayment element of service concession arrangements, including PPP and DBFM contracts.

120. The council has a number of PFI and similar projects which fall within the scope of the arrangements; North Ayrshire Council Schools and Largs Campus. By bringing the accounting of PPP / DBFM contracts into alignment with the accounting for all other local authority assets and following approval by the Council in February 2023, the retrospective sum of £21.5 million up to 2022/23 is available to support the significant pressures in the MTFP.

121. In a report to the February 2023 Council meeting, the Head of Service (Finance) noted that the retrospective element of this change would be utilised to help temporarily and partially mitigate the significant challenges identified in the budget gap within the medium-term General Services Revenue Budget. He also noted that use of this flexibility, however, would have to be applied in a limited and controlled manner across several financial years, and critically, that this runs in parallel with more sustainable measures to reduce the cost base of the council in line with available funding and the key priorities.

The council's reserves have enabled the council to deliver medium to long-term strategies, fund one-off costs and smooth its core revenue budget requirement.

122. In support of the General Services Revenue Estimates for 2023/24 to 2025/26, the Council agreed to reduce the level of unearmarked balances to 2% of budgeted expenditure. The General Fund Unearmarked Balance at 31 March 2023 is £8.1 million (2 %).   The balance of earmarked funds is £102.1 million.

123. The earmarked element of usable reserves increased in the year by £27.5m mainly as a result of service concessions.   There are a number of significant earmarked reserves including:

- The Loans Fund Reserve of £18.9 million which supports borrowing linked to the capital investment programme;

- The Renewal Fund of £12.9 million which supports delivery of the Council's Renewal and Recovery Strategy;

- The Future Budget Strategy of £17.7 million which supports the MTFS; and

- Earmarked Funds of £18.6 million for various specific projects.

124. The council's reserves have enabled the council to deliver medium to long-term strategies, fund one-off costs and smooth its core revenue budget requirement. However the council acknowledge that while conditions around funding remain, including the requirement to passport full funding to the IJB and maintain teaching and support staff numbers at 2022 levels, this places a disproportionate burden on other areas of council services as well as creating a financial risk to the council.

125. The Head of Service (Finance) acknowledges that based on current estimates, delivering balanced Budgets over the medium-term will be very challenging and will require a range of approaches, including reduced investment in services, further service reform / re-design, income generation,

efficiencies from the Sustainable Change Programme, use of council reserves and a level of Council Tax increase that balances inflation against the impact on citizens.

To deliver balanced budgets over the medium-term delivery of the Sustainable change Programme is key.

126. The council's 2020 Best Value Assurance Report (BVAR) commented that:

> *… The council has made good progress with its transformation agenda; however, it still faces a significant shortfall and detailed plans are not yet in place.*

127. The BVAR recommended that the council should fully develop and deliver detailed transformation plans to meet the current estimated funding shortfall. To achieve this, it should ensure sufficient arrangements are in place to support, monitor and deliver the expected outcomes.

128. In the 2021/22 Report on the Audit, Deloitte reported that the council continues to be faced with significant financial challenges over the medium and longer-term. They also noted that it is positive to see the work progressing with the Sustainable Change Programme but progress continues to be impacted by the pandemic and it is critical that this work is progressed at pace and scale to ensure that the planned benefits are realised.

129. We identified that good progress continues to be made in developing the Sustainable Change Programme. Financial efficiencies generated from the Sustainable Change Programme of £1.05 million in 2024/25 and £0.3 million in 2025/26 will help address budget gaps over the medium-term. The 2024/25 savings arise mainly from the production of renewable energy at Nethermains and Shewalton. Further emerging projects are currently under discussion by the Transformation Board. These projects have the potential to deliver a material financial benefit to the council.

130. The council recognise that it is important that a pipeline of activity continues to be identified, with a primary focus on generating financial efficiencies to help address the significant financial pressures across the MTFP. The Transformation Board which considers and agrees work to be progressed under the Programme is chaired by the Chief Executive with sponsors identified across all workstreams at Chief Officer level.

131. The programme is subject to regular review and monitoring via a benefits tracker. The tracker includes projected savings, any workforce implications for delivery and a roadmap that outlines when key milestones will be delivered and by whom. Current workstreams include:

- Use of Land and Property Assets;
- Transport and Travel efficiencies and decarbonisation of fleet;
- Sustainability initiatives including major renewable energy investment; and
- Accessing Our Council and Financial Inclusion.

132. The council acknowledge that the more progress that can be made through delivery of the Programme, the less impact there could potentially be on key services delivered to communities. The rising costs of delivering services means that the council has little prospect of delivering balanced budgets over the medium-term unless the sustainability of its funding model is secured through delivery of the Programme.

The council has identified digital transformation as a key part of delivering differently

133. Digitalisation of services has been identified by the council as a key part of delivering services differently. The council has good examples of positive impacts of digital initiatives on delivering services. These include more online services being available on the council's website, the launch of the Xpressions App (a service providing parents with an app to receive messages from the school) and the use of digital technology to enhance visitor experiences through the use of QR codes.

134. In May 2023, Cabinet approved a refreshed North Ayrshire Digital Strategy 2023-2028. The strategy incorporates the principles outlined by the Scottish Government in its April 2021 digital strategy "A Changing Nation: How Scotland Will Thrive in a Digital World".

135. In developing the Digital strategy, priority areas have been identified by the council and the Strategy sets out specific areas of focus across each Priority. An action plan has been included in the Strategy to provide the initial baseline of activity as well as a monitoring framework that will enable progress to be tracked across the life of the Strategy. Key action points for the period 2022-2024 include:

- Review of online digital services to identify opportunities for improvement and promote to customers.
- Investigating robotic process automation opportunities
- Streamline referral pathways to ensure customers gain access to the appropriate support service
- Website – accessibility and usability.

Clear alignment of workforce plans will be needed with the council's Sustainable Change Programme as it progresses

136. The council's 2020 Best Value Assurance Report (BVAR) commented that:

The council has a coordinated approach to workforce planning and is developing workforce plans to support transformational change

137. The BVAR recommended that the council must evolve workforce planning across all services, and clearly align service workforce plans to the transformation projects. In the 2020/21 Report on the Audit, Deloitte were pleased to note that work was progressing in response to the recommendation made in the BVAR audit to align service workforce plans to the transformation projects.

138. North Ayrshire Council has more than 7,500 employees at an annual cost of some £333 million. The council has established corporate and service workforce plans which include: active management of the size of its permanent work force; vacancy management; review of temporary contracts; together with selective use of voluntary severance and early retirement.

139. The council's workforce strategy, 'A Workforce for the Future' is linked to the MTFO and recognises and reflects on the significant external pressures and financial uncertainty facing the council. Anticipated workforce implications associated with the MTFP are that the workforce is projected to reduce by 26.9 Full Time Equivalent posts (FTE's) in 2023/24 and increase by 22 FTE's in 2024/25. This is prior to the outcome of the 2024/25 budget process. The reduction to workforce levels in 2023/24 will be managed through a combination of vacancy management, redeployment and voluntary early release.

140. The council intends to implement further change in relation to the workforce as part of wider strategies supporting transformation. As future service models emerge from the council's transformation activity, the workforce plans will require to be developed further. Clear alignment will continue to be needed with the council's Sustainable Change Programme in order to ensure they adhere to the council's priorities over the medium and longer-term and maintain a synergy between workforce, service, financial and digital plans.

Leadership

The leadership has been effective in setting clear priorities but now needs to finalise Delivery Strategies and Action Plans to ensure cross council delivery of the strategic aims and outcomes

141. Effective leadership from councillors, chief executives and senior officers, is key to councils achieving their objectives and providing clear strategic direction. The complex local government environment means collaborative leadership, working with partners, communities and citizens to improve outcomes is more important than ever.

142. Leaders need to be skilled in effective strategic thinking, decision-making and collaborative working and able to learn lessons from new ways of working. Councillors and officers must be clear on their roles in setting the vision and planning for its delivery.

143. Leaders should demonstrate behaviours and working relationships that foster a culture of cooperation, and a commitment to continuous improvement and innovation. Good conduct and behaviours when working together are crucial. Working relationships between members and between members and officers should be constructive and productive. Councillors should show a commitment to agreed council priorities and work together to achieve them.

144. In May 2022, local government elections were held across Scotland. Thirty-three councillors were elected to represent the nine wards of North Ayrshire Council. A minority SNP administration was formed. Prior to the election a minority Labour administration was in place.

145. The Council is supported by the following main committees:

- Audit and Scrutiny Committee
- Cabinet
- Education Appeals Committee
- Licensing Committee
- Local Development Plan Committee
- Planning Committee
- Appeals Committee
- Ayrshire Shared Services Joint Committee
- Ayrshire Economic Joint Committee

The council plans to introduce a new approach to self-assessing its services

146. The Accounts Commission's *Local Government in Scotland Overview 2023* says councils have never faced such a challenging situation. Radical change, achieved through greater collaboration, is urgently needed if councils are to maintain services. This needs to be driven by a structured approach to self-evaluation in councils.

147. The council's 2020 *Best Value Assurance Report* reported that continuous improvement was embedded in the council's culture. Staff play an active role in identifying areas for improvement and are empowered to make changes. Improvement activity is aligned with priorities and there is evidence of improvement activity resulting in better outcomes for residents.

148. In January 2022 the council's Executive Leadership Team (ELT) decided the council should refresh its approach to self-assessment. This is being developed in conjunction with performance management arrangements for *Our Council Plan 2023-28* and is due to be considered by ELT in November 2023 as part of the council's revised Performance Management Strategy.

149. Currently, the council uses regular activities to monitor performance and identify areas for improvement. Services review their performance every quarter with their Head of Service and Director through Operational Plan meetings and reporting. The recent mini enquiries have also allowed the council to look at how it is delivering its services. These discussions between services, partners and those with lived experience resulted in detailed action plans that have subsequently fed into the council's Child Poverty Action Plan and the Council Plan.

150. A good example of an area where services have improved as a result of the council's improvement activities is in relation to tackling child poverty. The annual Child Poverty Action Plan and Progress report have driven service improvements such as:

- improving the identification and tracking of vulnerable leavers and employing an outreach worker to target young people facing challenges in accessing a positive destination to increase positive destinations. In February 2023, nearly 96 per cent of all school leavers from North Ayrshire achieved an initial positive destination – the highest figure ever recorded for North Ayrshire.

- increased automation and streamlining of access to benefits

- reducing the cost of the school day by address barriers to learning through provision of food, IT and school clothing and equipment. This work was informed by a conference which took place in May 2022.

151. The council is considering using a Public Service Improvement Framework (PSIF) approach combined with performance peer review meetings. Its self-assessment approach is expected to include details of audits, assessments and

accreditations for each service, any action points and how these have been responded to. Operational Plan reports will also be considered.

The council has a clear vision that staff and community planning partners understand

152. As set out earlier, the council and its partners have a shared, long-term vision focused on addressing inequalities – A North Ayrshire that is fair for all. The Plan is constructed around four strategic priorities and aims: Wellbeing, Communities and Local Democracy, Climate Change and a Sustainable Council. The first three priorities focus on frontline delivery of services. The fourth priority 'A Sustainable Council', enables effective delivery through effective governance and management of resources.

153. The different priorities are all supported by a number of corporate plans and strategies. There are similarities between the different sets of outcomes and priorities and they all contribute to the central long-term vision. The Council Plan notes that every plan, strategy and policy within the council aligns with the Council Plan 2023-28.

The different sets of actions and strategies to deliver the vision are being finalised

154. In submitting the Council Plan for approval by the Council in June 2023 the Chief Executive noted that once the Council Plan has been approved, Delivery Strategies and Action Plans will be prepared to ensure cross Council delivery of the strategic aims and outcomes.

155. In line with the previous Council Plan, the council will continue to prepare a Delivery Plan approved by Cabinet setting out how the priorities of the Council Plan will be delivered. This will then be remitted to the Audit and Scrutiny Committee for further scrutiny. It is proposed to report on the Delivery Plan via a Progress Report every six months to Cabinet, and thereafter to the Audit and Scrutiny Committee.

156. The Delivery Plan consists of the key actions published within the Council Plan. These will be delivered through detailed actions within the Local Strategies at dates relating to the activity rather than financial year. Any amendments or replacements will be captured and approved as part of Council Plan Progress Reporting.

157. The council has recently finalised mapping between the actions and strategies so teams delivering the strategies can provide an update under each Council Plan action. This approach is designed to strengthen the 'golden thread' and ensure Council Plan actions can accommodate updates from more than one team. Local Strategies include:

- Community Wealth Building Strategy
- The Regional Economic Strategy
- Community Plan (LOIP)
- Health and Social Care Partnership Strategic Plan
- Education Service Improvement Plan

- Child Poverty Action Plan
- Children's Services Plan
- Children's Rights Report
- Youth Participation and Citizenship Strategy
- Island Plans
- Regeneration Delivery Plan
- Local Housing Strategy
- Strategic Housing Investment Plan (SHIP)
- Local Development Plan
- Environmental Sustainability and Climate Change Strategy
- KA Leisure (North Ayrshire Leisure Limited) Business Plan

158. As an integral part of the reporting process, residents and communities will be actively encouraged to scrutinise performance through six monthly 'magazine style' accessible reports which will be published on the Council's website.

Leadership is effective and there is good collaborative working

159. The current Chief Officer and Directorate Structure includes the following core services:

- Chief Executive's
- Communities and Education
- Place

160. A management restructure took place in January 2023.   Changes included the alignment of Growth and Investment with Economy and Regeneration. These services have incorporated within the Place Directorate to provide better strategic alignment to the Council's political structure.

161. The council's executive leadership team (ELT) meets on a weekly basis. The ELT comprises the chief executive, two executive directors, the director HSCP, the Head of People and ICT, the s95 officer and the monitoring officer. An extended chief officer leadership team (COLT) including all other heads of service meets on a quarterly basis. There is effective working at ELT level. Positive relationships exist in the team and the council's directorate structure has helped increase corporate working. There is consistency between directorates, both in terms of business processes such as service planning and staff appraisal and in terms of a shared vision. There is general agreement that the council's vision is clear and strongly linked to the Scottish Government's national vision and priorities.

162. North Ayrshire Council operates a cabinet system. This is the main decision-making body of the Council. It consists of 6 Members of the SNP administration each of whom holds a specific Portfolio. Meetings of the Cabinet are Chaired by the Leader of the Council. This system works well and is supplemented by a policy advisory panel that provides all elected members with an opportunity to influence strategic and policy developments. All inspection reports are reviewed by Cabinet, with audit reports reviewed by the Audit and Scrutiny Committee.

163. Council business is transparent, with all decisions being made in public, unless they are commercially sensitive. Full council meetings, cabinet meetings and Integration Joint Board (IJB) meetings are streamed online and all reports are uploaded to the website three working days before meetings. There is effective working at Cabinet level.

164. Working relationships between officers and councillors are respectful and constructive. Guidelines for member/officer relations exist which set out the way in which Members and officers of the council should behave towards one another and define the roles and responsibilities of Members and officers. Relevant officers attend committee meetings to answer councillors' questions. Where particularly complex information is being provided to councillors, briefing sessions are held to allow councillors to consider information in more depth to inform scrutiny at committee. From our observations of the strategic committees, scrutiny arrangements and the quality of councillors' scrutiny appear effective.

165. All councillors have access to Continuing Professional Development discussions and the opportunity to participate in self/360 assessments to review and support their ongoing development. A series of development events are also provided to further support elected members development. The council has a training and induction programme prepared for new councillors.

The council has made good progress on recommendations reported in the 2020 BVAR.

166. The 2020 Best Value Assurance Report (BVAR) for North Ayrshire Council was published in June 2020. It reported that the council has a strong culture of continuous improvement and was commended for making significant progress since its previous Best Value report in 2011. The council is delivering improvements for communities and residents. The Commission commented that this was particularly pleasing in the challenging context of North Ayrshire's deprivation and demography

167. The BVAR contained four improvement recommendations. In response to these recommendations, the council approved an action plan in September 2020. Annual updates on progress against the action plan have been reported to the Council. In the last update reported to the Council in March 2022, management noted all actions as complete.

168. In the 2020/21 Annual Audit Report the previous auditor Deloitte concluded that '*the Council has robust arrangements in place to secure Best Value and has a clear understanding of areas which require further development'*. Good progress was also reported in this report on each of the four recommendations:

- development and delivery of the detailed transformation plans to meet the funding shortfalls, see paragraphs 129 to 132

- development of workforce planning across all services and alignment to the transformation projects, see paragraphs 138 to 140

- working with partners to make clear what the intended impacts are of locality plans and to make them public, see paragraphs 68 to 69

- review of the public reporting online portal, North Ayrshire Performs to make it more user friendly and more accessible, see paragraphs 25 to 27.

Appendix 1
Improvement Action plan

Issue/risk	Reommendation	Responsible officer/timing	Agreed management action
1. Vision The council has acknowledged that its website would benefit from improvement and it is currently being reviewed with a view to being replaced by Autumn 2024.	The council should prioritise concluding its website review with a view to improving it as soon as possible. This will bring many benefits, including raising more awareness of its vision and priorities. Paragraph 18	Fiona Walker, Head of People and ICT Summer/Autumn 2024 Aileen Craig, Head of Democratic Services December 2023	The website redesign project is currently progressing at pace and the aim is to have a Beta version live by Summer 2024 and the full version live by Autumn 2024. To improve the visibility of the Council Plan and Priorities the home page will be revised to include reference to our Council Plan 2023-28.
2. Performance The council has acknowledged that the content of its performance pages needs to be refreshed and, in particular, its Performance Dashboard needs to be updated. The council plans to report the results of, and its response to, audit and inspection work in its Council Plan progress updates going forward.	The council should ensure that all the performance information published on its website is up-to-date, performance reports are as timely as possible and audit and inspection information is easily accessible and includes how the council is responding to recommendations. Paragraph 35	Isla Hardy, Team Manager - Corporate Policy and Performance 31 January 2024	The website will be reviewed to remove or replace out of date information. Audits and inspections will be included in six monthly Council Plan Progress Reports published on the site.
3. Citizen and community engagement	The council should update all locality planning information	Jacqueline Greenlees, Senior Manager –	The CPP website will be reviewed to ensure all locality

The council has published locality impact reports for five of its six localities. However not all the locality planning information can be accessed .	and corresponding links as soon as possible. Paragraph 69	Community Planning 31 December 2023	planning information and links are up to date. The Community Planning Partnership website will be refreshed with new Locality Partnership pages.
4. Tackling climate change The council's website does not currently have a dedicated climate change webpage. The council plans to improve its website as a whole and is exploring the inclusion of more information on carbon emissions and climate change as part of a Sustainability Awareness Communications Plan.	The council should consider including more information on its website about what it is doing to address climate change and the progress it is making. Paragraph 109	Jennifer Wraith, Team Manager - Sustainability 31 January 2024	The Council's website will be updated to include more information on what we are doing to address Climate Change and progress we are making, including publication of a dedicated public facing Climate Change webpage. Options for a social media page dedicated to climate change will be investigated.

NORTH AYRSHIRE COUNCIL

14 November 2023

Audit and Scrutiny Committee

Title:	**Internal Audit Annual Update Report – North Ayrshire Integration Joint Board (IJB)**
Purpose:	To inform the Committee of the IJB's annual report for 2022/23 and the approved internal audit plan for 2023/24.
Recommendation:	That the Committee notes the IJB annual report and approved internal audit plan.

1. Executive Summary

1.1 Section 21.7 of the North Ayrshire Integration Joint Board's Financial Regulations states: "The Integration Joint Board Chief Internal Auditor will submit an annual audit report of the Internal Audit function to the Chief Officer and the Performance and Audit Committee indicating the extent of audit cover achieved and providing a summary of audit activity during the year. As a minimum the annual audit report and Chief Internal Auditor's opinion will also be reported to the Audit Committees of the NHS Ayrshire & Arran Board and North Ayrshire Council".

1.2 The remit of the IJB's Performance and Audit Committee (PAC) includes the review of the overall internal control arrangements of NAIJB. The IJB annual report for 2022/23 and the proposed internal audit plan for 2023/24 were provided to the PAC on 23 June 2023.

1.3 The annual report and audit plan will also be provided for information to the Audit and Risk Committee of NHS Ayrshire and Arran on 16 November 2023.

2. Background

Annual Report 2022/23

2.1 The 2022/23 IJB internal audit plan was approved by the PAC in June 2022 and included a review of the IJB's arrangements towards community engagement. This audit has been finalised and the findings are reported elsewhere on the agenda for this meeting. Overall, reasonable assurance was obtained with regard to community engagement in North Ayrshire Health and Social Care Partnership and compliance with the National Standards for Community Engagement.

2.2 The opinion on the control environment of the IJB is also influenced by the audit findings relating to the key systems of North Ayrshire Council and NHS Ayrshire and Arran and by relevant audit work within service areas that are part of the Health and Social Care Partnership. The annual report on audit work within North Ayrshire Council was presented to the Audit and Scrutiny Committee of the Council on 30 May 2023. The annual report for NHS Ayrshire and Arran was presented to the Audit and Risk Committee of the NHS on 10 May 2023.

2.3 Based on the audit work carried out in the IJB and relevant work carried out in the parent bodies, my opinion is that reasonable assurance can continue to be placed on the adequacy and effectiveness of the IJB's systems of governance, risk and internal control.

Internal Audit Plan 2023/24

2.4 The internal audit plan for 2023/24 was approved by the PAC on 23 June 2023. The IJB has its own audit plan which includes 25 days drawn from the Internal Audit service of North Ayrshire Council and 10 days from NHS Ayrshire and Arran.

2.6 Within the 25 days allocated by North Ayrshire Council, 10 days have been set aside to fulfil the IJB Chief Internal Auditor role; this will include preparing reports for the IJB, attending meetings and providing training and support to members of the IJB Performance and Audit Committee.

2.7 The remaining 15 days were left unallocated, for the approval of the PAC. It was agreed that the 15 days will focus on the IJB's workforce planning arrangements. Work has now commenced on this assignment.

2.8 NHS Ayrshire & Arran have recently appointed new internal auditors, Azets, who will focus their 10 day allocation on delayed discharges.

3. Proposals

3.1 It is proposed that the Committee notes the North Ayrshire Integration Joint Board annual report for 2022/23 and the approved internal audit plan for 2023/24.

4. Implications/Socio-economic Duty

Financial

4.1 None.

Human Resources

4.2 None.

Legal

4.3 None.

Equality/Socio-economic

4.4   None.

Climate Change and Carbon

4.5   None.

Key Priorities

4.6   The work of Internal Audit helps to support the efficient delivery of the IJB's strategic priorities.

Community Wealth Building

4.7   None.

5.   Consultation

5.1   In preparing the draft IJB audit plan, consultation has taken place with the Director and the Chief Finance and Transformation Officer of the North Ayrshire IJB and with the internal auditors of the East and South Ayrshire Integration Joint Boards.

Mark Boyd
Head of Service (Finance)

For further information please contact **Laura Miller, Senior Manager (Audit, Fraud, Safety and Risk),** on **01294 324524**.

Background Papers
None.

NORTH AYRSHIRE COUNCIL

14 November 2023

Audit and Scrutiny Committee

Title:	**Internal Audit Plan 2023/24: Mid-year Update**
Purpose:	To provide an update on progress made in delivering the 2023/24 Internal Audit Plan.
Recommendation:	That the Committee (a) notes the current position with the 2023/24 internal audit plan, (b) approves the inclusion of one additional audit review in 2023/24, and (c) approves the deletion or deferral of four audits for consideration as part of the 2024/25 internal audit plan.

1. Executive Summary

1.1 The current Internal Audit Plan for 2023/24 was approved by the Audit and Scrutiny Committee in March 2023. The plan sets out the areas of work which Internal Audit intends to cover during the year.

1.2 The Public Sector Internal Audit Standards (PSIAS) recognise that it is good practice to regularly review and adjust the plan, as necessary, in response to changes in the organisation's business, risks, operations, programmes, systems and controls.

1.3 Some amendments are proposed to the internal audit plan for 2023/24 and these are detailed within this report and Appendix 1.

2. Background

2.1 Appendix 1 to this report is the approved audit plan for 2023/2024. For each audit, additional information has been provided to show the actual activity to 30 September 2023 and, for competed audits, dates when the final report was published and reported to the Audit and Scrutiny Committee.

2.2 In line with good practice, the plan should be reviewed during the year in light of experience gained from audit work carried out, emerging risks to the Council and the changing environment in which audit work is carried out.

2.3 With Committee approval, a review of aids and adaptations is proposed for inclusion in the 2023/24 internal audit plan. During consultation with the service it was highlighted that a number of improvements to the processes and procedures have been

implemented following the previous review in 2020/21, and this would benefit from a timely review by internal audit to ensure new controls are operating as intended.

2.4 With Committee approval, the following audits will be deleted or deferred for consideration as part of the 2024/25 plan:

- Pupil Equity Funding – this audit was originally scheduled for quarter four of 2023/24. The service highlighted a number of additional controls which have been implemented as part of the year end reporting process, and therefore this review would be best carried out in early 2024/25 when the year end process can be included in the scope.
- Self-Directed Support – a learning review has been carried out within the service and an action plan is being implemented following recommendations made as part of the review. The internal audit review is being deferred to allow current progress to continue within the service.
- Employability – detailed audit work commenced in July 2023 and it was identified that the risks which were present at the initial audit planning phase in January 2023 were now significantly reduced. The review would therefore not represent a good use of internal audit or service resource.
- ICT information security management – significant internal audit work is continuing to be carried out around the cyber security framework, with the framework being used as the source of the audit testing to ensure compliance. This is leading to new areas of coverage around cyber security which is taking longer to complete than anticipated. It is proposed to defer information security management to 2024/25 to allow the remaining 2022/23 and 2023/24 reviews to be completed in full.

2.5 It should be noted that the remainder of the internal audit plan for 2023/24 remains challenging. Due to limited resource and capacity within the team to accommodate any additional reviews, any further amendments will need to be considered within the context of available resources.

3. Proposals

3.1 It is proposed that the Committee (a) notes the current position with the 2023/24 internal audit plan, (b) approves the inclusion of one additional audit review in 2023/24, and (b) approves the deletion or deferral of four audits for consideration as part of the 2024/25 internal audit plan.

4. Implications/Socio-economic Duty

Financial

4.1 None.

Human Resources

4.2 None.

Legal

4.3   None.

Equality/Socio-economic

4.4   None.

Climate Change and Carbon

4.5   None.

Key Priorities

4.6   The work of Internal Audit helps to support the efficient delivery of the strategic priorities within the Council Plan 2023-2028.

Community Wealth Building

4.7   None.

5.   Consultation

5.1   The relevant Services are consulted on Internal Audit findings during each audit assignment. Services have also been consulted on the proposed changes to the internal audit plan.

Mark Boyd
Head of Service (Finance)

For further information please contact **Laura Miller, Senior Manager (Audit, Fraud, Safety and Risk),** on **01294 324524**.

Background Papers
None.

NORTH AYRSHIRE COUNCIL
INTERNAL AUDIT PLAN 2023-24

PROGRESS REPORT at Quarter 2

Key Corporate Systems	Audit Objective	Current Progress @ 30/09/23	Reported to Audit and Scrutiny
Accounts payable	Review controls in place within a sample of services around their use of Procurement Cards	Scheduled Q4	
Financial resilience and viability	Review the arrangements and assumptions around medium and long term financial plans and strategies, tested against the CIPFA Financial Management Code	Complete	14/11/2023

Other Systems	Audit Objective	Current Progress @ 30/09/23	Reported to Audit and Scrutiny
HR/Payroll systems	Review the controls within the Education network for leavers and movers	Work in progress	
Capital Monitoring	Examine the effectiveness of the Council's capital monitoring arrangements	Scheduled Q4	
HR/Payroll policies and procedures	Review the Council's workforce planning arrangements	Scheduled Q3	
Supply teachers	Review new system and associated procedure notes for the management and booking of supply teachers	Work in progress	
Pupil Equity Funding/ Closing the Attainment Gap	Review a sample of schools and ensure PEF spending is in accordance with plans, and there is a clear link between spend and closing the attainment gap	Propose to defer for consideration in 2024/25	
Transformation and Change Management	Review the Council's approach to transformation and its progress with best value	Scheduled Q3	
Self-Directed Support	Review the use of 'Self Directed Support' to provide assurance that appropriate controls are in place and operating effectively	Propose to defer for consideration in 2024/25	
Aids & Adaptations	Review the implementation of additional controls identified through the previous internal audit review of aids and adaptations in 2020/21	Propose adding to the plan and schedule Q4	
Carers Act	Review progress with the delivery of the requirements of the Carers (Scotland) Act 2016	Complete	14/11/2023
Community based support - Adults	Review controls in relation to Community based support, with a particular focus on Adults	Work in progress	
Integration Joint Board audit days	Carry out audit work as agreed by the Performance and Audit Committee of the North Ayrshire Integration Joint Board	Work in progress	
Employability	Review of European monies to ensure controls are in place for the full drawdown of ESF prior to the final closure of the programmes	Propose for deletion due to reduction in risk	
iPayImpact	Review the controls around the collection of income through the new iPayImpact online payment system for schools	Scheduled Q3	
Housing - rental income and arrears	Examine a range of controls within Housing with a focus on the processes for the management of rent arrears	Scheduled Q4	
Property Asset Management	Review the Council's property asset management arrangements focussing on the Property Lifecycle Investment fund	Scheduled Q3	
Waste	Consultancy assignment - participation in an advisory capacity in the comprehensive review of Waste Management	Scheduled Q3	
Sustainability & Climate Change	Consultancy assignment - provide real-time advice and feedback on the 4th Environmental Sustainability & Climate Change Strategy	Work in progress	

ICT Auditing	Audit Objective	Current Progress @ 30/09/23	Reported to Audit and Scrutiny
ICT - information security management	Utilising the Scottish Government's cyber resilience framework, review controls around information security management	Propose to defer for consideration in 2024/25	
ICT - access control	Utilising the Scottish Government's cyber resilience framework, review controls around access	Scheduled Q4	
ICT - environmental and physical security	Utilising the Scottish Government's cyber resilience framework, review controls around physical and environmental security	Scheduled Q4	
ICT - business continuity	Utilising the Scottish Government's cyber resilience framework, review controls around business continuity in the event of a cyber incident	Work in progress	

Governance	Audit Objective	Current Progress @ 30/09/23	Reported to Audit and Scrutiny
Code of Corporate Governance	Review aspects of the Council's arrangements for completion of the Delivering Good Governance Framework	Scheduled Q3	
Ayrshire Growth Deal	Review the arrangements in North Ayrshire Council in relation to the Ayrshire Growth Deal revenue projects	Work in progress	
Community Planning	Community keyholding arrangements	Work in progress	

Regularity Audits	Audit Objective	Current Progress @ 30/09/23	Reported to Audit and Scrutiny
Accounts Payable Transaction Testing	Use data analysis software to interrogate the Accounts Payable system and examine any anomalies which arise.	Work in progress - Q2 complete, Q4 scheduled	14/11/2023
Payroll Transaction Testing	Use data analysis software to interrogate the HR/Payroll system and examine any anomalies which arise.	Scheduled Q3	
Early Years Centres	Review financial and other controls within the Council's stand alone Early Years Centres	Scheduled Q3	

Following the Public Pound	Audit Objective	Current Progress @ 30/09/23
Community Funding	Examine the controls around funding support provided by the Council to a range of community groups	Scheduled Q3
Regeneration Delivery Plan and Funding	Review of Place-based investment programmes and funding streams	Scheduled Q4
Community Councils	Annual audit of Community Councils accounts' to ensure Council funding is used in accordance with the Council's Scheme of Administration.	Ongoing
Tenants and Residents Associations	Annual audit of the accounts of various Tenants and Residents Associations	Complete

Other Work	Audit Objective	Current Progress @ 30/09/23
Prior year audit work	Finalising audits from the 2022-23 audit plan that were not fully complete by the end of March 2023	Ongoing
Audit consultancy: ad-hoc advice	Providing advice to council services in response to ad-hoc queries	Ongoing
Audit consultancy: project work	Participating in project work to support developments in other council services	Ongoing
Follow-up	Follow up of previous audit reports to ensure that appropriate action has been taken	Ongoing
Audit planning and monitoring	Preparing audit plans and monitoring progress and performance against plans	Ongoing
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	Ongoing
Governance documents	Review of governance documents (e.g. Codes of Financial Practice)	Ongoing
Development of the Audit service	Carry out developmental work to further enhance the efficiency of the audit section	Ongoing
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)	Ongoing
Annual Accounts	Work in relation to the Council's annual accounts for preparing the Annual Governance Statement	Ongoing

Contingencies & Investigations	Audit Objective	Current Progress @ 30/09/23
Non-Fraud Investigations	Time allocated for unplanned non-fraud investigations arising during the year	As required

NORTH AYRSHIRE COUNCIL

14 November 2023

Audit and Scrutiny Committee

Title:	**Corporate Fraud Team update report**
Purpose:	To provide the Audit and Scrutiny Committee with an update report on the work of the Corporate Fraud Team between April and September 2023.
Recommendation:	That the Committee notes the work carried out by the Corporate Fraud Team.

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. This report provides an overview of the activity of the team between April and September 2023.

2. Background

Referrals

2.1 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, advertising on Council vans and contact information on the Council website, continues to be successful in generating a stream of referrals.

2.2 Investigations have been carried out across a range of areas including employee-related matters as well as Council Tax, Discretionary Housing Payments, Scottish Welfare Fund, Blue Badges and Housing tenancy issues. Although responsibility for investigating Housing Benefit fraud now lies with the DWP Single Fraud Investigation Service (SFIS), issues may be identified by the Corporate Fraud Team which can result in changes being made to benefits in payment. Joint working arrangements are in place with the DWP for cases where there are suspected frauds relating to both DWP benefits and Council Tax Reduction.

2.3 The team investigates all tenancy abandonments which are referred by Housing. While Housing focus on recovering the tenancy, the Corporate Fraud 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 and cleaning.

2.4 Employee-related investigations are the subject of a separate report to the appropriate Service and the findings are also reported to the Audit and Scrutiny Committee as each investigation is finalised.

Financial outcomes for April to September 2023

2.5 The team received 181 referrals for investigation during the first half of 2023/24 (2022/23: 176 referrals). Analysis of these referrals shows that 100 referrals were received from internal sources, and 81 from external sources.

2.6 The team investigates 100% of referrals made. During the period, 193 cases were closed (2022/23: 161 cases). These can be categorised as follows:

Category	Number of Cases
Closed with no issues identified	80
Referred to another agency (including SFIS) or Council Service for investigation	47
Closed with results achieved (fraud, error or other recovery/action)	66
TOTAL	193

2.7 Fraud and error totalling £0.098m were identified and are categorised in the table below:

Category	Value (£000)
Housing Benefit	19
Council Tax (including CTR, Single Person Discount and other recoveries)	69
Housing	2
Other (including employee investigations)	8
TOTAL	98

Non-financial outcomes for April to September 2023

2.8 In addition to the financial outcomes noted above, other outcomes/benefits were noted as follows:

- Thirty-eight tenancies were recovered by Housing with some assistance from the Corporate Fraud Team;
- One warning letter was issued for blue badge misuse, with a further badge being recovered for misuse.
- Five employee investigations have been undertaken which have resulted in reports with actions and recommendation of disciplinary action.
- One case was referred to the Crown Office and Procurator Fiscal Service (COPFS) for them to consider prosecution.
- Thirteen corrections and updates to records have been made to ensure record keeping is up to date.

2.11 International Fraud Awareness Week (IFAW) takes place from 12 – 18 November 2023. This year awareness will be promoted through North Ayrshire via social media campaign.

National Fraud Initiative (NFI)

2.12 The NFI is a long-established exercise which takes place across the UK every two years and involves the matching of relevant datasets across public bodies to identify possible fraud or error for further investigation.

2.13 The Corporate Fraud Team coordinates the exercise for the Council. All data sets have been submitted to the Cabinet Office, and a number of matches have been released since February 2023. This information has been disseminated to the appropriate teams across the Council for investigation and the outcomes will be reported to a future meeting of the Audit and Scrutiny Committee.

3. Proposals

3.1 It is proposed that the Committee notes the work carried out by the Corporate Fraud Team.

4. Implications/Socio-economic Duty

Financial

4.1 None.

Human Resources

4.2 None.

Legal

4.3 None.

Equality/Socio-economic

4.4 None.

Climate Change and Carbon

4.5 None.

Key Priorities

4.6 The work of the Corporate Fraud Team helps to support the efficient delivery of the strategic priorities within the Council Plan 2023-2028.

Community Wealth Building

4.7 None.

5. Consultation

5.1 No consultation has been required in the preparation of this report.

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Mark Boyd
Head of Service (Finance)

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For further information please contact **Laura Miller, Senior Manager (Audit, Fraud, Safety and Risk),** on **01294 324524**.

Background Papers
None

NORTH AYRSHIRE COUNCIL

14 November 2023

Audit and Scrutiny Committee

Title:	**Internal Audit Reports Issued**
Purpose:	To inform the Committee of the findings of Internal Audit work completed between August and October 2023.
Recommendation:	That the Committee considers the outcomes from the Internal Audit work completed.

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 Internal Audit work completed between August and October 2023. 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 Section 95 Officer and the relevant Executive Director and Head of Service on the completion of each assignment. Where appropriate, this has included an action plan with recommendations for improving internal control. Appendix 1 includes the report and action plan from each audit.

2.3 The findings from five separate audit assignments are detailed at Appendix 1 to this report and the levels of assurance for each are noted in the table below:

Audit Title	Assurance Level
IJB Community Engagement	Reasonable
Accounts Payable Transaction Testing Q2	Reasonable
Carers (Scotland) Act 2016	Substantial
Early Years Provision	Substantial
Financial Resilience and Viability	Substantial

3. Proposals

3.1 It is proposed that the Committee considers the outcomes from the Internal Audit work completed between August and October 2023.

4. Implications/Socio-economic Duty

Financial

4.1 None.

Human Resources

4.2 None.

Legal

4.3 None.

Equality/Socio-economic

4.4 None.

Climate Change and Carbon

4.5 None.

Key Priorities

4.6 The work of Internal Audit helps to support the efficient delivery of the strategic priorities within the Council Plan 2023-2028.

Community Wealth Building

4.7 None.

5. Consultation

5.1 The relevant Services are consulted on Internal Audit findings during each audit assignment.

Mark Boyd
Head of Service (Finance)

For further information please contact **Laura Miller, Senior Manager (Audit, Fraud, Safety and Risk),** on **01294 324524**.

Background Papers
None.

IJB COMMUNITY ENGAGEMENT

1   Background

1.1   The Scottish Community Development Centre (SCDC) has published National Standards for Community Engagement, which are endorsed by the Scottish Government, CoSLA and Audit Scotland.

1.2   North Ayrshire Health and Social Care Partnership (NAHSCP) has produced a Participation and Engagement Plan for 2022-25. This states that the HSCP will undertake all engagement activity in line with the National Standards for Community Engagement.

1.3   The HSCP has a small Engagement Team managed by the Interim Portfolio Programme Manager – Strategic Planning and consists of 3 Partnership Engagement Officers, one of whom was seconded away from the team at the time of the audit.

2   Objectives and Scope

2.1   The main objectives of the audit were to ensure that:
- The IJB identifies and involves the people and organisations affected by the focus of the engagement activities
- The IJB identifies and overcomes any barriers to participation
- Engagements have a clear purpose, which is based on a shared understanding of community needs and ambitions
- The IJB works effectively together with participants to achieve the aims of the engagement
- The IJB uses methods of engagement that are fit for purpose
- The IJB communicates clearly and regularly with the people, organisations and communities affected by the engagement activities
- The IJB assesses the impact of the engagement and uses what has been learned to improve future community engagement.

3   Findings

Background

3.1   The Participation and Engagement Plan 2022-25 mentioned at 1.2 above is not currently publicly available. It is not available on the HSCP's website, which has recently been reviewed and had a large number of documents which do not meet accessibility requirements removed. **(Action a)**

3.2   The Partnership Engagement team don't have a written shared workplan. The team is small and team members have good awareness of what each other is working on. Their work is very reactive and they don't always get good notice of projects that require input from them. They work closely with the HSCP's Planning team and intend to introduce a shared system that would include a forward workplan. **(Action b)**

Inclusion

3.3 The National Standards for Community Engagement identifies 7 standards and a series of indicators which allow an organisation to test whether they have met the standard. The auditor considered whether the HSCP's engagement work overall met these standards and also looked at a sample of 5 specific engagements completed in the last 18 months.

3.4 The Engagement team endeavour to include people and groups affected at the earliest opportunity. However much of their work is reactive and they are not always given a lot of notice by services and projects of the requirement for engagement activity. They also need time to do background work before involving service users and other stakeholders, to ensure that they are using people's time wisely. **(Action c)**

3.5 A wide variety of engagement methods are used in order to maximise the inclusion of different groups, including digital and physical methods, and involvement of Partnership and Council staff in locations such as libraries and community centres to assist people with completion of surveys. Efforts are made to include different locations within North Ayrshire and different groups included those with protected characteristics.

3.6 The HSCP are in the process of introducing Locality Conversations. These will consist of 2 large stakeholder events in each locality each year, as well as 2 Locality Planning Review Group meetings in each locality in each year. Staff members from across services in the Partnership, Council, NHS, and 3rd sector and independent providers will be encouraged to attend the stakeholder events, alongside the community members in each locality. These events are intended to be structured but relaxed, to enable people to have conversations, ask questions and share ideas around health and social care services in their locality.

3.7 A Care Improvement Network has also been established as an online network of volunteers for engagement.

Support

3.8 As noted at 3.5 above, action is taken to remove or reduce any practical barriers which make it difficult for people to take part in engagement activities.

3.9 The Partnership Engagement team stated that support needs are assessed. However, this is not always recorded. They stated that they endeavour to create a safe and open space in all the engagements, including always telling people that there are no wrong answers, they can leave at any time and that the event is a safe space. **(Action d)**

Planning

3.10 The team involve partners in the planning of the engagement, including regular meetings with the HSCP's Planning team, but again this wasn't always recorded. **(Action d)**

3.11 The team are hoping to take part in a Scotland-wide benchmarking system called VOiCE, run by the SCDC. They had completed a Data Protection Impact Assessment and this had been delayed due to the Information Governance team

having a large volume of work. However, this system will not hold any personal data, therefore the auditor advised the team that they probably didn't require the DPIA and to contact Information Governance to confirm that this is not required.

3.12 The intended outcomes of the engagements are defined by the service or project commissioning the work, but sometimes they are very generic e.g. to find out what is important to service users. They are not always recorded, but the team stated that they are kept in mind. The team have some overriding indicators of success i.e. to cover all localities and engage relevant communities of interest. **(Action d)**

3.13 The team is small and has limited resources. They are trying to make the best use of these limited resources by providing advice to allow services to conduct their own engagement work. They are trying to change the culture of engagement to create a network and involve the teams who know their own service users. One of the Partnership Engagement Officers is attending training from Health Improvement Scotland on a "train the trainer" basis, which she will then roll out to services.

Working Together

3.14 Information about roles and responsibilities is included in engagement plans. However, as noted above the plans are not always recorded. **(Action d)**

3.15 Aspects of this standard relating to accessibility and support are covered at 3.9 above.

Methods

3.16 The variety of methods used during the 5 sample exercises appeared appropriate for the purposes of those engagements. The team follow an iterative development process to incorporate feedback (from partners and participants) and learning into future rounds of engagement.

Communication

3.17 All of the sample engagements produced a report of the findings of the engagements which were clearly written and easy to understand. These documents are not always published, but the team advised that they are available on request and some of them are put into more accessible formats for publication.

3.18 The team use an approach of thematic analysis, using planned structure of questions to allow detailed analysis of responses and ensure that the feedback from participants is represented in the reporting of the engagements.

3.19 Background information is provided to participants as appropriate and presented in appropriate formats.

3.20 The introduction of Locality Conversations, as described at 3.6, has included asking about how engagement can be done differently e.g. obtaining feedback on times and locations of events.

3.21 The Partnership had published some information on decisions and actions resulting from engagement activities. However, the outcomes and decisions made from projects which include engagement activity are often outwith the control of the Partnership Engagement team and also often the engagement is only one consideration and the decisions are sometimes made a long time after the engagement, so this wasn't always practical.

Impact

3.22 Aspects of this standard relating to decisions and outcomes are covered at 3.12, 3.18 and 3.21 above.

3.23 The team believe that participants have improved skills, confidence and ability to take part in community engagement in the future as people do continue to engage with them. They provided anecdotal evidence that supported this.

3.24 Aspects of this standard relating to monitoring and review of quality are covered at 3.16 above.

4   Internal Audit Opinion

4.1 Overall, reasonable assurance was obtained with regard to community engagement in North Ayrshire Health and Social Care Partnership and compliance with the National Standards for Community Engagement. The partnership has demonstrated good practice, particularly in terms of inclusion and support provided to participants. However, records were not always retained of what had been done and a number of minor improvement actions have been identified.

Definitions of Assurance Levels:

Substantial	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
None	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

NB The level of assurance given is at the discretion of Internal Audit.

KEY FINDINGS AND ACTION PLAN
IJB COMMUNITY ENGAGEMENT

Action	a
Finding	The Participation and Engagement Plan is not publicly available.
Action Description	The HSCP should make the Participation and Engagement Plan publicly available, for example by producing an accessible version of this document that can be included on the HSCP's public website.
Risk	Service Users and other stakeholders are not able to view the plan . The HSCP cannot demonstrate that they are adhering to the plan.
Priority (1, 2, 3)	3
Paragraph Reference	3.1
Managed by	Paul Doak, Head of Service (HSCP Finance and Transformation)
Assigned to	Scott Bryan, Interim Programme Portfolio Manager, Strategy
Due Date	29th September 2023
Management Comment	The Participation and Engagement Plan will be published on the new HSCP website as soon as possible. The original plan that was approved by PSMT was produced using CANVA software. As such, it is unlikely this will meet the accessibility standards required for publication and the plan will require transfer to a Word/PDF format before publication.

Action	b
Finding	The Partnership Engagement Team do not currently maintain a shared forward workplan
Action Description	The Partnership Engagement Team should introduce and maintain a shared forward workplan. If the shared system with the Planning team does not go ahead, a simple workplan for the team should be developed.
Risk	Resourcing issues are not identified at the first opportunity.
Priority (1, 2, 3)	3
Paragraph Reference	3.2
Managed by	Paul Doak, Head of Service (HSCP Finance and Transformation)
Assigned to	Scott Bryan, Interim Programme Portfolio Manager, Strategy
Due Date	31st December 2023
Management Comment	A shared workplan for the Engagement Team will be produced as a matter of priority. Prior to the Audit, this was an area the engagement team were keen to develop but have been currently unable due to demands on the team and changes in overall capacity in the team. A timescale of the end of December will allow the team to identify ongoing work and forthcoming engagement work that is likely to take place in 2024. This is likely to include National Consultation Work, supporting service engagement, and inclusion of the timescale for the new locality conversations.

Action	c
Finding	The Partnership Engagement Team do not always receive good notice from services or projects that engagement activity is required
Action Description	HSCP management should remind services of the need to involve the Engagement Team in projects at an early stage, in order to allow them to do adequate preparation and involve service users and other stakeholders at the earliest opportunity
Risk	Engagement activities do not have adequate timescales to allow the best quality engagements where service users and other stakeholders feel that their voices are being heard.
Priority (1, 2, 3)	2
Paragraph Reference	3.4
Managed by	Paul Doak, Head of Service (HSCP Finance and Transformation)
Assigned to	Scott Bryan, Interim Programme Portfolio Manager, Strategy
Due Date	31st December 2023
Management Comment	Management have become more aware of the value of effective engagement and are drawing on support from the team at earlier opportunities. The engagement team also has its own page on the new HSCP website where staff and managers can find contact details for the team. Going forward, a paper will be brought to the Partnership Senior Management Team, discussing the benefits of early planning and inclusion of engagement activity. In addition, the team will promote their service through the HSCP weekly newsletter.

Action	d
Finding	The Partnership Engagement Team do not consistently keep detailed records of the engagements.
Action Description	The Partnership Engagement Team should consider keeping more detailed records of their engagements, including: • Assessment of support needs • Discussions with partners at the planning stage of an engagement • Intended outcomes and success criteria of the engagement • Roles and responsibilities of those involved in the engagement This could include producing template records for officers to complete. However, record-keeping should be proportionate and not onerous in comparison to the benefits.
Risk	Learning from previous exercises is lost. In a business continuity situation e.g. a staff member going off sick, it is more difficult for someone else to pick up their work. The team cannot evidence the process they followed if challenged.

Priority (1, 2, 3)	2
Paragraph Reference	3.9, 3.10, 3.12, 3.14
Managed by	Paul Doak, Head of Service (HSCP Finance and Transformation)
Assigned to	Scott Bryan, Interim Programme Portfolio Manager, Strategy
Due Date	31st March 2024
Management Comment	Alongside the development of a shared workplan, the engagement team are motivated to develop a system of records management for all engagement activity. As well as recording the rationale and nature of engagement activity, it is hoped that this system will also record engagement outputs, such as numbers engaged and thematic outputs. The team are currently exploring the possible options.

Priority Key used in Action Plan

1 (High)	Control weakness where there is a material impact on the achievement of the control objectives, generally requiring prompt attention.
2 (Medium)	Control weakness which needs to be rectified, but where there is no material impact on the achievement of the control objectives.
3 (Low)	Minor weakness or points for improvement.

ACCOUNTS PAYABLE TRANSACTION TESTING QUARTER 2

1   Background

1.1   This audit used computer audit software called IDEA (Interactive Data Extraction and Analysis) to interrogate the Accounts Payable (AP) system and the Procurement Card system and examine any anomalies which arose.

1.2   There were 4,217 active Trade Suppliers (for processing payments to standard suppliers, individuals, and social services) and 507 Sundry Suppliers (for processing one-off sundry payments) on Integra as at 03/07/23.

1.3   There were 51,366 invoices paid to trade and sundry suppliers during the period of the audit totalling just under £161 million.

1.4   There were 15,922 procurement card transactions made during the period of the audit totalling just under £2.8 million.

2   Objectives and Scope

2.1   The main objectives of this audit were to ensure that:
- duplicate suppliers are identified and de-activated to minimise the risk of duplicate invoices being paid.
- duplicate invoices have not gone undetected.
- advance payments have been reported to Financial Management for the list of pre-payments at financial year-end.
- high value invoices have been properly authorised.
- invoices paid to employees are bona fide.
- Card purchases are in line with the policy and there is adequate separation of duties.

2.2   The audit period was 1st January 2023 to 30th June 2023. This audit will be carried out again in quarter 4.

3   Findings

Supplier Tests

3.1   Testing was carried out to identify duplicate trade suppliers on the system. Testing identified 40 duplicate suppliers either by supplier name or bank details. These were passed to the AP team to review and deactivate as appropriate. **(action a)**

3.2   Testing also highlighted 2 active suppliers with no bank details recorded on Integra. These were passed to the AP team for information purposes.

Invoice Tests

3.3   The auditor tested for duplicate invoices for payments to suppliers and identified 223 possible duplicates that were investigated further. This confirmed that 98 were duplicates but had already been identified and action taken by the AP team. This testing identified 18 potential duplicate invoices totalling £3,534.14 and 3

potential credit notes totalling £506.41, which have not already been identified by the AP team. The potential duplicates have been passed to the AP team to check and arrange recovery. **(action b)**

3.4 There were 78 invoices with a payment date before the invoice date. Testing was carried out on a sample of 10 and in 8 cases the invoice date was keyed incorrectly and in 2 cases the invoice date was keyed correctly and has been paid in advance. However, it should be noted both were paid a week or less in advance.

3.5 There were 657 invoices with a payment date more than 1 year after the invoice date. Testing was carried out on a sample of 10 and in 3 cases the correct invoice date was keyed and there was a significant delay in the receipt of invoice. The other 7 had the dates wrongly keyed. Financial Management confirmed that there are no VAT implications when paying invoices more than 1 year old. However, it should be noted that invoice date keying errors will impact the monitoring of paying invoices on time.

Advance Payment Tests

3.6 The auditor tested for round sum amounts over £20,000 to help identify any advance payments. There were 30 invoices found meeting this criterion plus an additional 20 payments over £20,000 were randomly selected. This resulted in 22 being passed to Financial Management to confirm the correct action had been taken ahead of the annual accounts being closed. The Financial Management review confirmed that 2 payments were coded to the incorrect year and a prepayment certificate was completed to move either all costs or a portion of the costs to 2023/24.

High Value Payment Tests

3.7 There were 1,769 invoices between £10,000 and £100,000 and 15 were selected for audit testing. There was 1 invoice that was keyed by the service and approved by an authorised signatory, but the invoice amount was above their approval limit. In addition, the payments over £10,000 report was attached in Integra but there was no evidence of who had carried out this check. The invoice was keyed by the service. The approver has been contacted and advised they will review their approval limit and ensure there is evidence of who has completed the payments over £10,000 check. **(action c)**

3.8 There were 241 invoices over £100,000 and 15 were selected for audit testing. There were 3 invoices keyed by the service that were approved by an authorised signatory, but the invoice amounts were above their approval limit. In addition, 2 of these invoices had no payments over £10,000 report attached. The approvers have been contacted and have agreed to action this finding. **(action c)**

Payments to Employee Tests

3.9 The auditor tested for employees who have been paid via Integra. There were 32 supplier bank details matching an employee's bank details. All invoices paid to these suppliers were checked and there were no concerns to note.

GPC Card Transaction Tests

3.10   The auditor tested for separation of duties and found one user that had reviewed and approved 3 transactions, but this had been picked up by the e-Procurement monitoring process and action was taken.

3.11   The auditor identified 14 potential duplicate card payments which were investigated. In 2 instances, duplicate payments had occurred but had been quickly rectified. In the other cases there were no duplicate payments. The auditor further noted that in some cases the cardholders were splitting the purchase which was above their approval limit. The cardholders have been advised this is against the Procurement Card Policy and Procedure.

3.12   In one case where the invoice has been split, the total of the 2 card payments is £12,867 and the invoice total is £12,687 resulting in an overpayment of £180. This was an error by the supplier and the overpayment has been refunded to the card.

4   **Internal Audit Opinion**

4.1   Overall, reasonable assurance was obtained with regard to the controls around the processing of invoices and card payments, in particular to prevent duplicate invoices being processed as the number of potential duplicates, relative to the overall number of transactions, is very low.

Definitions of Assurance Levels:

Substantial	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
None	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

NB The level of assurance given is at the discretion of Internal Audit.

KEY FINDINGS AND ACTION PLAN
ACCOUNTS PAYABLE TRANSACTION TESTING Q2

Action	a
Finding	Testing was carried out to identify duplicate trade suppliers on the system. Testing identified 40 duplicate suppliers either by supplier name or bank details. These were passed to the AP team to review and deactivate as appropriate.
Action Description	Procurement should review the list of duplicate suppliers and de-activate suppliers as appropriate.
Risk	Duplicate invoices may be paid to the same supplier via different supplier numbers.
Priority (1, 2, 3)	1
Paragraph Reference	3.1
Managed by	Mark Boyd, Head of Service (Finance)
Assigned to	Suzanne Quinn, Senior Manager (Corporate Procurement)
Due Date	31st October 2023
Management Comment	The Accounts Payable Team will investigate the 40 potential duplicate suppliers by 31st October 2023 and report findings and action taken to remove to Internal Audit.

Action	b
Finding	Testing identified 18 potential duplicate invoices totalling £3,534.14 and 3 potential credit notes totalling £506.41, which have not already been identified by the AP team.
Action Description	AP should review the potential duplicate payments and arrange for recovery of monies paid twice.
Risk	The Council has paid the same invoice twice and the money has not been recovered.
Priority (1, 2, 3)	1
Paragraph Reference	3.3
Managed by	Mark Boyd, Head of Service (Finance)
Assigned to	Suzanne Quinn, Senior Manager (Corporate Procurement)
Due Date	31st October 2023
Management Comment	The Accounts Payable Team will investigate the 21 potential duplicate invoices by 31/10/23 and recover where appropriate or notify Internal Audit, why duplicate payment is legitimate. Recovery of funds can take several months.

Action	c
Finding	There were 4 invoices keyed by services that were approved by an authorised signatory, but the invoice value was above their approval limit.
Action Description	Procurement should issue a reminder to services that key their own invoices to ensure the authorised signatory list is checked before the invoice is keyed to Integra.
Risk	Invoices are paid without proper authorisation.
Priority (1, 2, 3)	2
Paragraph Reference	3.7, 3.8

Managed by	Mark Boyd, Head of Service (Finance)
Assigned to	Suzanne Quinn, Senior Manager (Procurement)
Due Date	30th September 2023
Management Comment	The Accounts Payable Team will issue a reminder in relation to checking the Authorised Signatories List, for those service teams responsible for processing non-PO invoices.

Priority Key used in Action Plan

1 (High)	Control weakness where there is a material impact on the achievement of the control objectives, generally requiring prompt attention.
2 (Medium)	Control weakness which needs to be rectified, but where there is no material impact on the achievement of the control objectives.
3 (Low)	Minor weakness or points for improvement.

CARERS (SCOTLAND) ACT 2016

1 Background

1.1 The Carers (Scotland) Act 2016 was introduced to improve the health and wellbeing of carers. The Act came into force from 1 April 2018.

1.2 Statutory guidance (issued in July 2021) sets out 8 duties for local authorities.

2 Objectives and Scope

2.1 The objective of this audit was to ensure the Council is fulfilling its duties as set out by the Carers (Scotland) Act 2016.

3 Findings

3.1 In June 2023, the Council awarded a 3-year contract to Unity Enterprise for the supply of 'Information and Support services for Young and Adult unpaid carers in North Ayrshire'. This contract will result in an expansion of the current carers support service.

Duty:- Adult Carer Support Plan (ACSP)

3.2 The guidance states that ACSP's should be offered to all carers, irrespective of the level of care being provided.

3.3 Historically, the uptake of ACSP's has been low within the Council.

3.4 The Service has taken the following steps to improve the identification of carers and create more informal routes to accessing support:-

- Appointed a Carer Support Worker who provides a less formal route for carers to complete ACSP's and access support,
- Appointed a Project Delivery Officer who has been working with various sections within the Council (including North Ayrshire Drugs and Alcohol Recovery Service and the Adult Learning Disability Service) to educate officers on carers rights, the support available to them, the benefits of ACSPs etc,
- Included the need for Unity to actively seek and identify carers through outreach and community-based models in the newly awarded contract,
- Made provision within the new contract for Unity staff to complete ACSPs, make assessments of eligibility and provide support to carers.

3.5 Audit has confirmed that the ACSP template being used by NAC covers all areas set out in the statutory guidance.

3.6 The 'Adult Carers Support Plan Guidance' document needs to be updated to reflect revised eligibility criteria as agreed by IJB in June 22. **(action point a)**

Duty:- Young Carer Statement (YCS)

3.7 The Council is responsible for assessing who is best placed to complete YCS's.

3.8 The Council's 'Young Carers Guidance' document states that:-

- YCSs for pre-school carers are the responsibility of the Health Board,
- YCSs for school aged carers (aged 5-18) are the responsibility of the Council. HSCP and Education have shared responsibility to identify, offer and support young carers to complete YCSs.

3.9 Education arrange support that has no financial implication to the Council. Cases where there is a cost attached to the support, or the need for support is deemed to be substantial or critical are referred to the Carers Team for actioning.

3.10 The Service has taken the following steps to improve the identification of young carers and increase the uptake of YCSs:-

- Young Carer Co-ordinators have been appointed in every school across the Council,
- Workshops have been delivered to all primary and secondary schools covering young carer identification, assessment, and access to support as well as appropriate recording and reporting,
- Information, resources, toolkits and support have been made available on GLOW.

3.11 Audit has confirmed that the YCS template being used by NAC covers all areas set out in the statutory guidance.

3.12 The 'Young Carers Guidance' document needs to be updated to reflect revised eligibility criteria as agreed by IJB in June 22. **(action point a)**

Duty:- Local Eligibility Criteria

3.13 The Council has a duty to set and publish the criteria it uses to assess whether a carer is eligible for support under the Act. Publishing this information ensures transparency.

3.14 The Council has separate eligibility indicators for ACSP's and YSP's – both of which are published on the HSCP website. These set out the areas to be assessed and what constitutes no impact/risk, low impact/risk, moderate impact/risk, considerable impact/high risk and critical impact/crisis.

3.15 Audit has confirmed the indicators being used by the Council are in line with those suggested as best practice in the Act.

3.16 The Service has not published its Eligibility Guidance document which would set out how the impact assessment translates to the level of support the Council is likely to offer. The Service is aware of the need to also publish this and has confirmed this will be done once it has been updated to reflect changes approved by the IJB in June 22. **(action point a)**

3.17 The guidance requires the Council to consult with representatives of carers before setting eligibility criteria. The Service has confirmed that the Carers Advisory Group was consulted prior to the IJB approving the eligibility criteria changes.

Duty:- Provision of support, waiving of charges and replacement care

3.18　The Council has a duty to provide support to all eligible carers if the carers needs cannot be met by support provided to the cared-for person, or via services available universally in the community.

3.19　The Service has confirmed that if an assessment shows that caring is having a critical or substantial impact on the carer, Social Work will be asked to review the case to see if additional support for the cared-for-person could improve the situation for the carer.

3.20　The Service has also confirmed that consideration is always given to universal support available before looking at options requiring funding.

3.21　The HSCP 'Charging Policy 22/23' confirms that services provided to support a carer's needs are exempt from charges. It also confirms that respite care required to allow a carer to take a break will also be exempt.

Duty:- Carer involvement in service planning

3.22　The Act looks to strengthen carers involvement in shaping the support provided to them.

3.23　The Service has confirmed that carers are represented via the Carers Advisory Group. This group consists of a combination of Councillors, Council Officers, a representative from Unity, a Carer Representative and unpaid carers.

3.24　The Group meets quarterly and looks at all developments relevant to carers, including IJB board papers.

3.25　In December 2022 the IJB was notified of the intention to create a Carers Collaborative/Network. The intention was to expand the existing Carers Advisory Group and provide a forum for local carers, organisations, professionals who work with carers and volunteers to better communicate. As of September 2023, this restructure remains ongoing.

3.26　Carers voices are represented in the wider Council by a Councillor appointed as Carer Champion.

Duty:- Local Carer Strategy

3.27　The Council is required to produce a local carer strategy. The content of the strategy is laid out in the guidance in order to ensure a consistent approach.

3.28　The IJB approved an interim carers strategy (covering 2023-2025) on 24 August 2023. The Service now intends to work on a medium-term strategy covering the years 2025-2030.

Duty:- Information and advice for carers

3.29　The Council must provide a minimum level of information, as set out in the Act.

3.30   The Council's key provision of information is via Unity Enterprise. The Service has ensured the contract with Unity covers all the key areas of information stated in the Act.

3.31   The Council also supports carers by:-
- Educating Council officers to better identify and signpost carers,
- Publishing advice and documents on the HSCP website,
- Paying an annual subscription to the Carers UK Digital resource. This is a 24 hour, 7 days a week information and advice resource,
- Offering a Carer Appreciation Card scheme. This scheme helps carers identify themselves (as being carers) to hospitals, schools etc. In addition, a number of North Ayrshire businesses give concessions and discounts to card holders which may help with funding a break from caring.

Duty:- Short breaks services statement

3.32   The Council must publish a short break statement. This statement must cover breaks available to carers via ACSP's and YSP's, but also those breaks available to all.

3.33   A short break statement, which meets the requirements of the Act, is published on the HSCP website.

3.34   The Service has confirmed that the Council's Carer Advisory Group were consulted when preparing the statement to ensure the views of carers and representatives of carers had been considered.

General Audit observations

3.35   As noted in **3.1**, the Service has recently agreed a new contract for the supply of 'Information and Support services for Young and Adult unpaid carers in North Ayrshire' with Unity Enterprise. This new contract will see Unity playing a more proactive role in the provision of information and completion of ASCPs and YCSs. Current guidance documents within the Service are likely to require to be updated to reflect these changes. The Service is aware of this need. **(action point a)**

4   Internal Audit Opinion

4.1   Overall, substantial assurance was obtained with regard the Service's compliance with the areas of the Carers (Scotland) Act 2016 covered by this Audit.

4.2   Documentation within the Service needs to be updated. The Service was aware of this need prior to the Audit.

Definitions of Assurance Levels:

Substantial	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
None	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

NB The level of assurance given is at the discretion of Internal Audit.

Action	a
Finding	Guidance documents need to be updated. The following documents were identified during the Audit, although the Service should consider whether any other literature or documentation needs to be updated:- • Adult Carers Support Plan Guidance • Young Carers Guidance • Eligibility Criteria Guidance
Action Description	Guidance documents should be updated to reflect:- • revised eligibility criteria • the impact of the new contract with Unity on service delivery
Risk	Errors made when assessing carers eligibility due to Officers applying outdated guidance; underuse of Unity services due to lack of awareness of the additional services the new contract provides
Priority (1, 2, 3)	2
Paragraph Reference	3.6; 3.12; 3.16; 3.35
Managed by	Scott Hunter, Chief Social Work Officer
Assigned to	Kimberley Mroz, Policy Manager SDS & Carers
Due Date	27th October 2023
Management Comment	Eligibility Criteria Guidance and associated threshold tables will be updated to reflect the policy decision agreed at IJB to extend the parameters to include early and effective support. The practice has changed since early 2023 (Feb) meaning lower levels of support and breaks from caring are now being provided to carers through light touch assessment. The criteria will subsequently be published on the NAHSCP Carer Support webpage. In tandem, the practice guidance for offering and completing Adult Carer Support Plans and Young Carer Statements will be updated to reflect this offer of lower levels of carer support. Reference the update of guidance due to the recommissioning of the carer service. We will update as much as possible on the understanding this is a developing and expanding service.

Priority Key used in Action Plan

1 (High)	Control weakness where there is a material impact on the achievement of the control objectives, generally requiring prompt attention.
2 (Medium)	Control weakness which needs to be rectified, but where there is no material impact on the achievement of the control objectives.
3 (Low)	Minor weakness or points for improvement.

EARLY YEARS PROVISION

1　Background

1.1　Children aged 3-5 and some 2-year-olds are eligible for 1140 hours of childcare, which may be provided by a Council establishment or by a private nursery or childminder. Providers are paid a set amount for lunches, snacks and milk provided to children.

1.2　Children under the age of 3 are sometimes placed with a childminder or nursery on a fixed-term basis in response to a Request for Assistance from Health Visitors and other professionals.

2　Objectives and Scope

2.1　The main objectives of the audit were to ensure that:
- there are suitable policies and procedures in place regarding the provision of early years childcare
- payments to providers are made correctly and promptly
- the process for requests for assistance is being followed correctly

2.2　The audit focussed on provision of early years childcare by childminders and private nurseries.

3　Findings

Policies and Procedures

3.1　Policies and procedures relating to provision of early years childcare were reviewed and some minor feedback was provided to the service.

Payment of Providers

3.2　A sample of payments to childminders and private nurseries were reviewed. A number of minor discrepancies in data recorded were identified, but none of these had any material consequence. **(Action a)**

3.3　For a smaller sample of childminders and nurseries, proof of registration, insurance, PVG (Protecting Vulnerable Groups) checks and qualifications were checked. All were found to be satisfactory. These checks did identify one private nursery whose most recent inspection had fallen below the required inspection rating. Education staff were already aware of this situation and were engaging with the establishment to ensure that an improvement action plan was being implemented.

Requests for Assistance

3.4　Placements as a result of a Request for Assistance are only granted if they meet specific criteria and are generally for a short period e.g. 6-10 weeks, although extensions or repeated placements are sometimes granted following the same

approval process. These placements are approved at a monthly multi-agency allocation meeting.

3.5 Testing was undertaking on a sample of placements resulting from a Request for Assistance. No significant findings arose from this testing. One small overpayment had been made due to an error in record-keeping, but it was subsequently identified by the team through their own control checks, and deducted from a subsequent invoice to the childminder.

4 Internal Audit Opinion

4.1 Overall, substantial assurance was obtained with regard to administration of early years provision by childminders and private nurseries. Some small errors in record-keeping were identified during the audit, but none of them had any material consequence.

Definitions of Assurance Levels:

Substantial	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
None	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

NB The level of assurance given is at the discretion of Internal Audit.

KEY FINDINGS AND ACTION PLAN
EARLY YEARS PROVISION

Action	a
Finding	A number of minor discrepancies were identified in records, but none had a material effect.
Action Description	Education should consider introducing additional quality control checks between records provided by childminders and private nurseries and records held by the Service. Consideration could also be given to whether all the data included in the spreadsheets is required, as inputting unnecessary details is not efficient and gives scope for errors to arise.
Risk	Errors which affect the provision a child receives or the amount the Council pays are not identified.
Priority (1, 2, 3)	3
Paragraph Reference	3.2, 3.5
Managed by	Andrew McClelland, Head of Service (Education)
Assigned to	Fiona Hopkins, Senior Manager (Education)
Due Date	30th November 2023
Management Comment	• Education will introduce an additional quality control check between submitted partner provider records and records held by our service. • We welcome the recommendation re: duplication of data and will review appropriately, giving due consideration to the necessity of data being recorded at stages in the process.

Priority Key used in Action Plan

1 (High)	Control weakness where there is a material impact on the achievement of the control objectives, generally requiring prompt attention.
2 (Medium)	Control weakness which needs to be rectified, but where there is no material impact on the achievement of the control objectives.
3 (Low)	Minor weakness or points for improvement.

FINANCIAL RESILIENCE AND VIABILITY

1   Background

1.1   The CIPFA Financial Management Code (the FM Code) was published in October 2019. It applies to Local Government Bodies in Scotland, England, Wales and Northern Ireland, as well as IJBs in Scotland.

1.2   The FM Code comprises of 7 sections which are sub-divided into 17 financial management standards (represented by letters A to Q).

2   Objectives and Scope

2.1   The objective of this audit was to ensure the Council can evidence compliance with all 17 standards of the FM Code.

3   Findings

Section 1 The Responsibilities of the Chief Finance Officer and Leadership Team

Standard A - The leadership team is able to demonstrate that the services provided by the authority provide value for money

3.1   The Council ensures it is providing value for money by:-
- Having robust financial budgeting and monitoring processes in place
- Having robust procurement procedures in place
- Undertaking regular performance management and benchmarking – both internally and against other authorities
- Supporting the Council's Internal Audit and Corporate Fraud teams
- Assessments of Best Value carried out by external bodies – such as the external auditors and Best Value Audit (2020)

Standard B - The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government

3.2   Internal Audit obtained evidence to confirm compliance with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. This statement covers the following areas:
- role in the Leadership Team
- involvement in business decisions
- promotion of good financial management
- finance function
- qualifications and experience

Section 2 Governance and Financial Management Style

Standard C - The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.

Standard D - The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).

3.3 The Council's 'Code of Corporate Governance' document sets out in detail the Council's approach to governance. It also defines the methods used to monitor and report Council performance.

3.4 This document is updated annually to ensure it remains representative of how the Council is operating. The Audit and Scrutiny Committee review and approve the annual update.

3.5 The Code notes that it complies with the 'Delivering Good Governance in Local Government Framework' (CIPFA/Solace 2016) guidance.

Standard E - The financial management style of the authority supports financial sustainability.

3.6 The Council's 'Code of Corporate Governance' details the Council's approach to ensuring it achieves its financial objectives.   The Code references the use of the following:-
- Long Term Financial Outlook
- Medium Term Financial Plan
- Capital Investment Programme
- Capital Investment Strategy
- Asset Management Plans
- Regular reporting of financial performance to Cabinet
- Production of annual accounts and publication on the Council website.
- Local Financial Returns.

Section 3 Long to medium-term financial planning

Standard F - The authority has carried out a credible and transparent financial resilience assessment.

Standard G - The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.

Standard H - The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.

Standard I - The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.

3.7 The Council Plan is the key document that defines the strategic direction of the Council. All plans, whether financial or operational, must align with the objectives of the Council Plan.

3.8 The Council has the following financial planning documents:-
- a long-term (10 year) financial outlook document (current version covering up to 2030/31). The plan includes detailed sensitivity analysis based on the key assumptions made within the projections and explicitly states affordability gaps. A detailed refresh is carried out every 3 years.

- A medium-term (3 year) rolling plan. This plan is based on the 10 year plan, but is more detailed and with assumptions updated as necessary. This is refreshed annually.
- A capital investment strategy (current version covering up to 2030/31). The current plan sets out the capital programme along with details of how this will be funded. This is refreshed annually.
- Treasury Management & Investment plan. This plan supports the capital investment strategy by ensuring that capital plans remain affordable and within acceptable parameters.

3.9 The Council's Treasury Management Strategy confirms it complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.

3.10 Financial Management is in the process of updating its register of staff dealing with treasury management activities with its external advisor. This exercise allows the Council to maintain its status as being a 'professional client' as per the FCA rules.

3.11 Standards F to I are covered by these arrangements.

Section 4 The Annual Budget

Standard J - The authority complies with its statutory obligations in respect of the budget setting process.

3.12 On 1st March 2023 the Council was presented with the following budget documents:-
- General Services Revenue Estimates 23/24 – 25/26
- Capital Investment Programme 23/24 – 30/31
- Treasury Management & Investment Strategy 23/24

3.13 The combination of these 3 documents meet the Council's statutory obligations in respect of the budge setting process.

Standard K - The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.

3.14 As required by the FM Code, a statement from the Chief Finance Officer regarding the robustness of the estimates and a statement on the adequacy of the proposed financial reserves is included in the Revenue Estimates document.

Section 5 Stakeholder Engagements and Business Plans

Standard L - The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.

3.15 The Council Plan is the key strategic document for the Council. Extensive consultation with key stakeholders is undertaken when refreshing this plan. All plans within the Council, whether financial or operational, must align with the Council Plan.

3.16   The Council revisits its revenue and capital budget projections annually. This starts by asking Services to review future budgets and consider whether these remain both accurate and realistically programmed.

3.17   Services can raise anticipated cost pressures, amendments to capital programme delivery and any possible savings for consideration by the Council.

3.18   Residents have the opportunity to engage in the budget process via briefings within the 6 localities.

Standard M - The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.

3.19   Services can 'bid' for additional capital or revenue funding, with the Chief Finance Officer presenting proposals to Council for consideration.

3.20   Detailed templates must be completed. Revenue bids must be able to evidence that the additional requirement is either unavoidable or will have an impact on the Council's strategic objectives if not supported. Capital bids require either an options appraisal or full business case, depending on the value being requested, to be completed.

3.21   Decisions will feed into the budget documents noted in sections 3 and 4.

Section 6 Monitoring Financial Performance

Standard N - The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.

Standard O - The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.

3.22   The Cabinet receives regular financial updates covering the revenue, capital and investment position of the Council. This ensures Cabinet remains aware of any deviations from budget as soon as possible. In 2023/24 the intention is for reports to be provided for period 3, 5, 8, 10, 12.

3.23   These reports also highlight any potential risks that have not yet been quantified within the accounts, but that the reader should be aware of.

Section 7 External Financial Reporting

Standard P - The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.

3.24   The Chief Finance Officer has included a statement within the 2022/23 draft annual accounts which confirms his responsibility preparing the Annual Accounts in accordance with proper practices as required by legislation and as set out in

the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

3.25   The external auditor will state an opinion on the accuracy of the above statement as part their overall audit opinion.

Standard Q - *The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.*

3.26   The final outturn position for both revenue and capital for 2022/23 was presented to Cabinet on 30th May 2023. Based on these figures Cabinet approved adjustments to the 2023/24 budgets.

4   Internal Audit Opinion

4.1   Overall, substantial assurance was obtained with regard the Council's application of the principles of the CIPFA FM Code.

4.2   CIPFA states that compliance with the FM Code assists local authorities in demonstrating that they are meeting their legislative requirement to have sound financial management.

Definitions of Assurance Levels:

Substantial	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
None	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

NB The level of assurance given is at the discretion of Internal Audit.

NORTH AYRSHIRE COUNCIL

14 November 2023

Audit and Scrutiny Committee

Title:	**Internal Audit and Corporate Fraud Action Plans: Quarter 2 update**
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 30 September 2023.
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.

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 Pentana system and service managers are responsible for updating Pentana 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 as at 30 September 2023.

2. Background

2.1 The last report to the Audit and Scrutiny Committee on 5 September 2023 highlighted that there were nine actions outstanding at the end of June 2023: one that had not been started or was only partially implemented and eight where the due date had not yet passed.

2.2   In addition to these nine carried forward actions, there have been 26 new actions agreed, giving a total of 35 action points for review.

2.3   Services have completed 24 actions since the last report. All Council 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 11 actions, three were either not started or only partially complete at 30 September 2023 and the remaining eight actions were not due for completion until after that date.

2.5   Appendix 1 to this report provides the Committee with full details of the three actions that were not complete within the agreed timescales.

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/Socio-economic Duty

Financial

4.1   None.

Human Resources

4.2   None.

Legal

4.3   None.

Equality/Socio-economic

4.4   None.

Climate Change and Carbon

4.5   None.

Key Priorities

4.6   The effective implementation of agreed Internal Audit and Corporate Fraud actions helps to support the efficient delivery of the strategic priorities within the Council Plan 2023-2028.

Community Wealth Building

4.7   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.
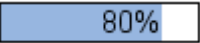

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Mark Boyd
Head of Service (Finance)

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For further information please contact **Laura Miller, Senior Manager (Audit, Fraud, Safety and Risk),** on **01294 324524**.
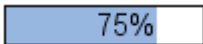
Background Papers
None.

Actions due by 30th September 2023 but not started or partially complete

Code	IA2023PA005a	Description	**Action Description:** Mandatory local guidance for Glow should be prepared and should incorporate the Information for Educators document provided on the Glow Connects website. The Glow guidance should be included in the email issued to all new Glow users. The Glow guidance should be incorporated into the mandatory e-learning module to provide evidence users have been made aware that personal and sensitive data should not be stored in Glow or sent via Glow email. **Finding:** A Glow Information document is issued to all probationers and reissued to existing staff annually. This guidance refers to the additional guidance provided on the Glow Connects website rather than incorporating it within the guidance. Although guidance is available to users, there is no mandatory local guidance that Glow users are asked to read and sign up to that ensures there is evidence users have been made aware that personal and sensitive data should not be stored in Glow or shared via Glow email. In addition, there is no guidance issued to a new Glow user when advised via email that a new account has been set up and the login details are provided to ensure they are advised of the rules before using the system. **Risk:** Without proper guidance, Glow users may use Glow to store or send personal or sensitive data which may result in a data breach and a potential fine from the Information Commissioner.
Priority	2	**Latest Note**	**2022/23 - Quarter Four Update:** Update from S Lauder: The Sway information has been updated to incorporate the additional information from the Glow Connect website. New Glow users are not e-mailed as there is no automated system for this. This action can only be done if we instruct school offices to e-mail staff the Sway to new staff. We can implement this - to be actioned. Expected completion December 2023.
Progress Bar	80%	**Original Due Date**	31-Aug-2023

		Due Date	31-Aug-2023
Parent Code & Title	IA2023PA005 Glow	**Managed By**	Andrew McClelland
		Assigned To	Susan Lauder

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Code	IA2023PA005b	**Description**	**Action Description:** Mandatory e-learning training that covers the type of data that can and cannot be stored and sent via Glow should be provided to all Glow users on an annual basis and should be provided to all new users as soon as possible. **Finding:** There is no mandatory training provided to Glow users which incorporates the types of data suitable to store and send via Glow. **Risk:** Without proper training, Glow users may use Glow to store or send personal or sensitive data which may result in a data breach and a potential fine from the Information Commissioner.
Priority	2	**Latest Note**	**2022/23 - Quarter Four Update:** **Update from S Lauder:** OD have been contacted to ask them about putting a module on iLearn, and an email sent to them with a PPT constructed with the relevant information. Evidence that staff had completed the module would replace a signature to say they had read the guidance. In process. Expected completion August 2024.

Progress Bar	10%	**Original Due Date**	31-Aug-2023	**Due Date**	31-Aug-2023

Parent Code & Title	IA2023PA005 Glow	**Managed By**	Andrew McClelland
		Assigned To	Susan Lauder

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| Code | IA2023PA026b | Description | **Action Description:** A reminder should be sent to all Psychologists and HSCP officers who deal with placements of the need to present all potential significant placement changes to the IG for consideration.

Using the revised IG outcome minute proforma (as suggested in action a) will ensure detailed justification for the final placement decision, along with the Principal Psychologist's approval is formally recorded.

Finding: Audit identified only 1 significant change of placement during audit testing. The case was not brought to the IG for consideration, nor was it approved by the Principal Psychologist.

Risk: The expertise of IG members is not being sought; the Council can't evidence its decision making process when changing a pupil's placement; no evidence of budget holder approving expenditure. |
|---|---|---|---|
| **Priority** | 1 | **Latest Note** | All Psychologists have been reminded of the need to bring placement changes to IG for consideration via email and Team meetings. Senior managers in HSCP have also been advised of this but no formal email has been issued. Revised target date end of November 2023. |

Progress Bar	75%	Original Due Date	31-Jul-2023	Due Date	31-Jul-2023
Parent Code & Title	IA2023PA026 ASN Provision			**Managed By**	Andrew McClelland
				Assigned To	Gail Nowek

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NORTH AYRSHIRE COUNCIL

14 November 2023

Audit and Scrutiny Committee

Title:	**Strategic Risk Register 2023/24: Mid-year Update**
Purpose:	To provide the Audit and Scrutiny Committee with an update on the progress with actions related to the Strategic Risk Register.
Recommendation:	That the Committee notes the mid-year update on the 2023/24 Strategic Risk Register.

1. Executive Summary

1.1 The Council's most significant risks are identified through the Strategic Risk Register, which is refreshed annually and was last approved by Cabinet in March 2023.

1.2 This report, together with Appendix 1, demonstrates progress made by the Council in mitigating against the potential impact of the strategic risks.

2. Background

2.1 The Council's most significant risks are identified through the Strategic Risk Register, recognising the challenges facing the Council within the current financial year and demonstrating the arrangements in place for managing those risks.

2.2 The Strategic Risk Register is refreshed annually and was last approved by Cabinet in March 2023; thereafter it was reported to the Audit and Scrutiny Committee in May as this Committee has a remit for monitoring key risks.

2.3 The register is attached at Appendix 1 and provides update on that approved by Cabinet in March. The next full refresh of the risk register will take place early in the new year, be taken to Cabinet for approval in March 2024 and thereafter reported to the Audit and Scrutiny Committee.

2.4 Where relevant, key actions from the Council Plan have been linked to the risks and progress shown at the end of September. These actions are more strategic in nature. Some risks are managed as 'Business as Usual', through the appropriate operational plans within Services or through current controls.

Very High Risks

2.5 There are two strategic risks classed as 'Very High' (scoring 17-25):

Financial Environment (risk score 20) – this risk reflects the ongoing financial challenge faced by the Council.

Inequalities (risk score 20) – this highlights the socio-economic inequalities faced in North Ayrshire.

<u>High Risks</u>

2.6   There are six strategic risks classed as 'High' (scoring 10-16):

Cyber Security (risk score 16) – this reflects the ongoing risk from external cyber-attack which is being faced by all organisations.

Climate Change (risk score 16) – this risk has been on the Strategic Risk Register following the declaration by the Council of a Climate Change Emergency during 2019.

Financial Sustainability of the Health and Social Care Partnership (risk score 12) – this reflects the ongoing financial challenges faced by the Partnership and the risk these present to the Council.

Transformation (risk score 12) – this reflects the wider risks associated with delivering the current Transformation Programme and developing a pipeline of future initiatives.

Community Capacity Building and Empowerment (risk score 12) – this highlights the challenges associated with community empowerment.

National Care Service (risk score 12) – this risk reflects the challenges and uncertainty the Council faces with a major reorganisation of one of its most significant and important functions. This risk was proposed as very high at the start of the year, however, it is proposed to reduce the risk from a score of 20 to 12.

<u>Longer-term risks and horizon scanning</u>

2.7   The Strategic Risk Register identifies the most significant risks which the Council faces at the present time.

2.8   The Corporate Risk Management Group identifies any new relevant risks though internal reviews and external horizon scanning utilising a number of sources.

3.   Proposals

3.1   It is proposed that the Committee notes the mid-year update on the 2023/24 Strategic Risk Register.

4. Implications/Socio-economic Duty

Financial

4.1 The Council continues to have a robust long- and medium-term financial planning framework. Key strands include development of key transformation themes and the establishment of an Investment Fund that will generate future savings alongside delivery of a number of key Council priorities.

Human Resources

4.2 None.

Legal

4.3 None.

Equality/Socio-economic

4.4 The risk to the Council is that North Ayrshire residents, and in particular certain groups, will experience increasing levels of poverty and its effects. Current control measures fall into two categories - measures to address the root causes of socio-economic inequalities - income through employment or benefits – and mitigation measures to minimise the impacts of poverty.

Climate Change and Carbon

4.5 The Council has declared a climate change emergency and has in place an Environmental Sustainability and Climate Change Strategy. Significant work to help mitigate the risk of flooding is included within the Capital Plan. The Council is undertaking an ambitious renewable energy programme.

Key Priorities

4.6 A successful risk management framework helps to underpin the delivery of the Council's strategic priorities in the Council Plan 2023-2028.

Community Wealth Building

4.7 The Council has an ongoing commitment to community empowerment and locality partnerships, together with an enabling approach with community partners and support with third sector interface to build capacity and identify opportunities for growth and sustainability.

5. Consultation

5.1 The Strategic Risk Register has been reviewed in consultation with the Executive Leadership Team.

Mark Boyd
Head of Service (Finance)

For further information please contact **Laura Miller, Senior Manager (Audit, Fraud, Safety and Risk),** on **01294 324524**.
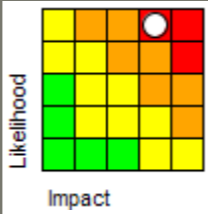
Background Papers
Cabinet Report – Strategic Risk Register 2023/24 – 21 March 2023

Appendix 1 - Strategic Risk Report 2023/24: Mid-Year Update

Risk Code	SRR2324_R01	Risk Title	Financial Environment		Latest Note Date	11-Sep-2023
Risk Owner		Mark Boyd				

Risk Proximity Factors	Consequences / Impact	Existing Risk Control Measures	Likelihood	Impact
The risk is that the level of funding from Scottish Government to local government will require the Council to take increasingly difficult and challenging decisions, potentially operating with increased levels of risk to ensure service delivery and investment in assets align with available resources. The 2023/24 local government settlement represents an increase of 0.33% in core grant funding, this has to continue to be looked at within the context of financial pressures facing the council including pay, significant inflationary, contractual and demographic pressures over the short, medium and long term. Additional challenges are being faced where Scottish Government is ringfencing increasing areas of the budget settlement, and this is further exacerbated by the inclusion of some elements of the 2023/24 budget being conditional on certain criteria being met. The Budget gap for 2024/25 was projected at £16.7m, however, this position will be subject to change. The continuation of single year settlements makes effective medium and long term financial planning challenging. It is recommended that following the settlement and within the wider financial pressure context, the risk score remains unchanged at this time. Any consideration to change this will only occur following a sustained period of annual growth in core revenue funding, however, this will also have to be considered within the context of inflation and the resultant cost pressures. The Council is exposed to financial risk as a result of underlying cost pressures within the IJB; more detail on this is set out at risk SRR03.	Funding not keeping pace with demand and inflationary cost pressures means that there will be a reduction in some service areas potentially resulting in higher risks for service users. The future delivery of balanced budgets will become increasingly challenging.	Robust monitoring of the Council's revenue and capital budgets is in place as well as regular reporting of financial performance of the IJB to Cabinet and Audit and Scrutiny. To assist financial planning The Long Term Financial Outlook (LTFO) to 2030/31 was approved at Council on 16 December 2020 - this is the cornerstone of the Council's financial planning in the medium to long term. The annual budget process for the General Fund revenue and Capital Programmes and financial performance monitoring process will continue to provide the framework from which control measures will continue in addressing the financial position.	4	5

Status		Risk Score	Heat Map		Change in Score	Approach
					No change	Treat
Stable		20				

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Strategic Risk Action Plan			Date Updated	11-Sep-2023
Analysis of Effectiveness of Controls	**Further Action Required**	**Target Date for Completion**	**Officers Responsible**	**Current Status: RAG**
Regular financial monitoring of Revenue and Capital Budgets	**25 January 2023:** Bi-monthly monitoring **11 September 2023:** No further update at this time.	31-Mar-2024	Mark Boyd	🟢
Deliver balanced Budget for 2023/24 and outline Medium Term Financial Plan	**1 March 2023:** 23/24 Budget approved 1 March 2023 **11 September 2023:** No further update at this time.	01-Mar-2023	Mark Boyd	🟢
Maintain Financial Governance Arrangements for IJB	**25 January 2023:** Bi-monthly monitoring. **11 September 2023:** No further update at this time.	31-Mar-2024	Mark Boyd	🟢
Progress dialogue via COSLA with Scottish Government on a range of areas including fair funding, multi-year settlements, reduction in levels of ring-fenced resources, true costs of SG policy areas, financial flexibilities and a New Deal partnership with SG and local Govt	**25 January 2023:** Regular engagement through Directors of finance group **11 September 2023:** No further update at this time.	31-Mar-2024	Mark Boyd	🟢
Continue progress with SG on Verity House agreement. Areas of council tax flexibility and tourist visitor levy being progressed.	**11 September 2023:** Regular engagement through Directors of finance group, COSLA and SG	31-Mar-2024	Mark Boyd	🟢
Develop the 2024/25 to 2026/27 revenue budget (medium-term financial strategy) and capital programme taking account of all pressures and savings via Directorates and Transformation programme	**11 September 2023:** Progress via ELT and member engagement	28-Feb-2024	Mark Boyd	🟢

Risk Code	SRR2324_R02	Risk Title		Inequalities	Latest Note Date	29-Sep-2023
Risk Owner		Audrey Sutton/Caroline Cameron				
Risk Proximity Factors		**Consequences / Impact**	**Existing Risk Control Measures**		**Likelihood**	**Impact**

Risk Proximity Factors	Consequences / Impact	Existing Risk Control Measures	Likelihood	Impact
North Ayrshire residents, and in particular certain excluded groups, will experience increasing levels of poverty and its effects, as a result both of the economic situation and Covid-19. Health inequality is closely linked to poverty, employment and people's earliest experiences as children, and will increase. The population of North Ayrshire is projected to fall over the next 10 years but there will also be a larger proportion of the population considered dependent (not economically active).	The impact on specific risk groups is greatest for our children, young people and families, unemployed people and those in in-work poverty and people exposed to the risks of drug and alcohol addiction. Demand for HSCP and Council Services will increase. As reductions in resources increase, early intervention and prevention activities are at risk, thus increasing the potential for an increase in costly crisis interventions. The local economy will be impacted by reduced spending power by economically inactive residents.	The HSCP re-affirmed its commitment to Tackling Inequalities by continuing to consider it a key priority with the Partnership's Strategic Plan. Through the HSCP strategic plan, the Partnership sets out actions to tackle inequality through its Partnership Pledge and across its strategic priorities. Tackling inequalities is addressed across HSCP service areas. An example of actions to help address local inequalities include: Establishing the Money Matters service in 9 GP practices and 7 local schools in the more deprived areas of North Ayrshire. This will improve accessibility of the service to those who would benefit most. Building on this approach through the launch of the Financial Inclusion Partnership bringing a range of key partners and stakeholders together to improve access and support for the most vulnerable NA residents. Increase the number of employability mentors in Justice Services, to support those with experience of the justice service into meaningful employment or training opportunities and to help divert away from criminal behaviours. Working closely with Housing colleagues to support transitions from care and ensuring care experienced young people can access a positive and stable housing destination. In our Drug and Alcohol Services, we are implementing actions to reduce the number of local drug and alcohol related harms and deaths. This includes implementing the national MAT (Medicated Assisted Treatment) standards and increasing the number of ABIs (Alcohol Brief Interventions) delivered across North Ayrshire. Through the Caring for Ayrshire programme, we have set out a phased approach to improve local primary care premises (GP Practices and Health Centres). This will improve overall professional capacity within GP practices for Multi-Disciplinary Teams, ensuring the right support is available for local people with health concerns. Investment in early intervention teams and approaches in Children's Services to support vulnerable families, including in Child Protection and Whole Family Support. The Council considers reducing inequalities to be at the heart of its work. The Communities and Education Directorate leads the Community Planning Partnership for the Council and the CPP has recently developed a new Local Outcomes Improvement Plan, the purpose of which is reducing inequalities. The themes are Wellbeing, Work and World, the latter addressing climate change and fuel poverty. Locality Planning priorities and CIF funded initiatives are also focused on a range of inequalities, including poverty, age-related inequalities and digital inequalities. The Directorate also leads the work of the Child Poverty and Cost of Living Board, chaired by the Council Leader. The five strategic themes of the Board to date have been: • No Wrong Door – access to services • Employability • Food	5	4

- Islands
- Childcare

Work to address child poverty and the Cost of Living crisis includes a range of employability initiatives to support parents and people with disabilities, each of whom are Scottish Government priority groups.

Progress has been made with partners through a series on mini-enquiries, ensuring that lived experience influences developments and actions. This is supported by the data and Single Shared Assessment projects being developed by the Transformation team, to provide holistic support for residents who need it most.

The Child Poverty Early Intervention Fund is being used to address gaps in current planning and provision.

The Scottish Government has provided a second year of funding to address inequalities on the islands.

The commitment to reducing inequalities is also reflected in the Communities and Education Directorate plans:

- The Educational Service Improvement Plan
- Connected Communities strategic plans and
- Facilities Management plans.

Examples of actions to reduce inequalities:

- Deployment of Scottish Attainment Challenge funding to reduce the poverty related attainment gap in schools
- Use of the Pupil Equity Fund to ensure equity of pupil experience in schools, at the discretion of head teachers
- Cost of the School Day actions to reduce, for example, the cost of school uniforms and clothing, food and outings
- Support for care experienced young people, both in schools and through youth services
- The Fairer Food Network, with 14 community larders which support the needs of individual communities
- A network of warm spaces and events to mitigate energy use and social isolation
- Work to support "New Scots," in schools, with families and in community settings through language support and capacity building, including women's groups
- LGBT support groups for young people and those over 18
- Mentoring support for young people in secondary schools through a partnership with MCR Pathways

Participation strategies for children and young people and adults to ensure our strategies and investment are informed by as wide a range of views as possible.

Status	Risk Score	Heat Map		Change in Score	Approach
Stable	20			No Change	Treat

Strategic Risk Action Plan			Date Updated	25-Sep-2023
Analysis of Effectiveness of Controls	**Further Action Required**	**Target Date for Completion**	**Officers Responsible**	**Current Status: RAG**
Child poverty data continues to show an increase. National data collection methodologies have changed which explains the change in part, but North Ayrshire continues to have c. 29% of children living in poverty. Although unemployment has reduced, it continues to be a driver of poverty, with in-work poverty a key factor. Access to benefits is a key driver of poverty and the range of strategies described above continues to ensure we are maximising access to entitlements. The Single Shared Assessment work will improve this.	**12 October 2023:** The wide range of strategies and initiatives described above, and further developed and implemented, will continue to make a significant contribution to a range of inequalities. Actions are being progressed and remain within the target dates for completion.	31-Mar-2024	Audrey Sutton; Caroline Cameron	🟢

Risk Code	SRR2324_R03	Risk Title	Financial Sustainability of the Health and Social Care Partnership	Latest Note Date	29-Sep-2023
Risk Owner	Caroline Cameron				

Risk Proximity Factors	Consequences / Impact	Existing Risk Control Measures	Likelihood	Impact
Uncertainty of future funding against growing demand and demographic pressures. Resources have not kept pace with the demand for and cost of social care services. The budget settlement for 23-24 is extremely challenging with a gap of around £7.5m across the IJB. There remains uncertainty around Covid-related costs with no additional funding for these beyond the end of 22-23. In earlier years, the HSCP did not manage to contain spend within the delegated budget, but surpluses were achieved in 20-21 to 22-23. Current projections at Q1 are that the Partnership will overspend by circa £4.6m in 23-24. Outstanding debt to the Council was cleared at the end of 22-23 financial year. Current Scottish Government proposals to introduce a National Care Service (NCS) by 2026 will significantly impact on the IJB. Significant inflationary pressures across employee pay and contractual costs will increase the financial challenges for the Partnership Low-volume high-cost care packages and care placements continue to present a financial challenge to the Partnership.	Funding levels could result in savings being made that are not in alignment with the strategic plan. This could impact on the future demand levels e.g. reduction in early intervention and prevention means that future demand is increased. An in-year overspend position poses a financial risk to the Council and NHS Board as funding bodies. Funding levels increase the requirement to transform services at scale and pace. The impact of the National Care Service will become clearer as legislation is progressed.	The IJB actively monitors the financial position with regular detailed reporting. Directors of Finance of the Council and Health Board have oversight and regular updates are provided to the Council's Cabinet. There is an integrated approach to managing the totality of NHS and Council resources delegated to the IJB. The Medium Term Financial Outlook for 2023-26 was presented to the IJB in March 2023. Previous financial settlements have seen both partners meet the Scottish Government settlement conditions with any additional resources passed to the IJB. The IJB had uncommitted financial reserves of £6.448m at the beginning of April 2023, which equated to around 2.3% of the budget. This is towards the lower end of the good practice target of 2%-4%. In addition, £2m of additional reserves were set aside at the start of 23-24 to offset the likelihood of an overspend in-year, this reduces the current projected overspend to £2.6m. The Partnership has a Transformation Board overseeing the programme of service re-design and the Transformation Plan for 24-26 is under development There is £2.2m of earmarked reserves set aside to support service change and re-design.	3	4

Status	Risk Score	Heat Map		Change in Score	Approach
Stable	12			Remain at 12	Tolerate

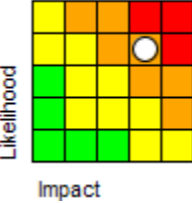| Strategic Risk Action Plan			Date Updated	29-Sept-2023
Analysis of Effectiveness of Controls	**Further Action Required**	**Target Date for Completion**	**Officers Responsible**	**Current Status: RAG**
Budget Monitoring - Regular budget monitoring reports to IJB are effective.	**29 September 2023:** Following presentation of Budget Monitoring report to the IJB in August 2023, Financial Recovery plan being developed to address in-year projected overspend of £2.6m for 23-24, to be presented to IJB in September 2023 and will be monitored closely.	31-Mar-2024	Caroline Cameron; Paul Doak	🟢
Corrective Action – Transformation Board is effective	**23 January 2023:** No additional actions planned at this time but will keep under review. **29 September 2023:** No further update at this time.	31-Mar-2024	Caroline Cameron; Paul Doak	🟢

Risk Code	SRR2324_R04	Risk Title	Cyber Security	Latest Note Date	27-Sep-2023
Risk Owner		Fiona Walker			

Risk Proximity Factors	Consequences / Impact	Existing Risk Control Measures	Likelihood	Impact
The potential compromise of business operations or a data breach orchestrated via either digital channels or the IT infrastructure. This can include targeting of the user base. Risk derives from both Council operations and those of its supply chain. The increasing importance of delivering services through digital channels and maximising efficiency through effective and secure use of technology. This includes a growing adoption of cloud-based computing resources which extend processing capabilities, and associated risks, beyond the Council's network. Hybrid remote and mobile working is now the normal working practice for over 3,000 staff. Such a distributed work force increases the complexity of protecting against cyber and data protection risks.	Failure by Services to adopt and comply with strategies, policies and procedures may result in a failure to adequately ensure the desired levels of cyber-security required to maintain and protect council systems and data. 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. A successful cyber-attack (malicious external or internal action) on the Council's IT environments could also result in significant service disruption, loss of income streams and possible data loss/exposure. Impacts of a cyber-attack could include economic (i.e. inability to collect online payments), societal disruption (i.e. loss of diaries and client appointments), and reputational damage (i.e. loss of public confidence in digital services).	It is recognised that it is not possible for any organisation to expect to be completely protected against continually evolving cyber threats. A threat actor with sufficient motivation, resource and capability will be able to compromise the most secure system. The Council takes a sociotechnical approach to reducing risk by continually developing protective measures through technical, organisational and people-focused controls. Technical controls are implemented in areas such as network defences, secure configuration of systems, user authentication, malware protection, and vulnerability management. These are based on best practice and independently tested on an annual basis to confirm their effectiveness in accordance with compliance schemes. The Council maintains a comprehensive set of policies, standards, guidelines, metrics and reporting mechanisms as part of its information security governance structure. A comprehensive training and awareness programme is delivered to nurture a cyber-aware workforce and culture.	4	4

Status		Risk Score	Heat Map		Change in Score	Approach
Stable		16			No change	Treat

Strategic Risk Action Plan				Date Updated	27-Sep-2023
Analysis of Effectiveness of Controls	**Further Action Required**		**Target Date for Completion**	**Officers Responsible**	**Current Status: RAG**
Incident Detection and Response – Recent cyber-attacks on public sector organisations highlight the need for robust incident detection and response procedures and technologies. The current response procedures been shown to be effective based on incidents experienced so far, however detection capabilities will need to be reviewed and improved.	**27 September 2023:** In progress – A joint procurement of a Managed Security Operation Centre (SOC) service with other local authorities is being taken forward by the Digital Office. Following a change in resource at the Digital Office, progress of the joint procurement has been extremely slow with no procurement timescales currently set. As such the Council will consider alternatives to the national procurement.		31-Mar-2025	Fiona Walker	🟢
	27 September 2023: In progress – Work is ongoing to implement a security information and event management (SIEM) solution to allow log collection and detection by a Managed Security Operation Centre (SOC). A proof of concept with managed SOC provider NCC (National Computing Centre) took place to demonstrate the benefits of a managed SOC service leveraging Microsoft's SIEM product Sentinel. Given the delays to the national SOC procurement project, the Council is also considering other SOC and Manage Detect & Response (MDR) services. The Council has implemented Security Event Manager (SEM) solution to centrally manage security logs from servers and Firewalls. This can be leveraged by any procured SOC or MDR service.		31-Mar-2025	Fiona Walker	🟢
Training and Awareness – The pandemic has impacted on the cyber training programme with the long-term cancellation of all classroom-based training. However, a new online course was launched to compensate for this.	**27 September 2023:** In progress – Face to face training has resumed with sessions being organised to tackle the backlog caused by the pandemic. The Cyber Security Essentials E-Learning course is a mandatory training requirement for all staff with access to Council digital resources. Staff are also encouraged to complete this annually. In addition, the course has been converted into a briefing to provide as a toolbox talk to reach all of our workforce. Phishing simulations have also been restarted and will continue to be ran to test the effectiveness of training and raise awareness.		Ongoing	Fiona Walker	🟢

Risk Code	SRR2324_R05	Risk Title	Transformation	Latest Note Date	11-Sep-2023
Risk Owner		Mark Boyd			

Risk Proximity Factors	Consequences / Impact	Existing Risk Control Measures	Likelihood	Impact
There is an overarching risk that transformation and change management activities, which are core to the future delivery models and long-term financial sustainability of both the Council and Health and Social Care Partnership, fail to deliver.	Failure to deliver transformational change will impact on the Council's financial sustainability, effectiveness of service delivery and delivery of the outcomes set out in the Council Plan 2019-24 and the Local Outcome Improvement Plan (LOIP). Failure to deliver the HSCP Transformation programmes across the Partnership, involving North Ayrshire Council (NAC) and NHS Ayrshire & Arran (NHSAA) services may lead to the identified outcomes not being delivered; resulting in financial instability, reduced performance, deteriorating patient outcomes, and reputational damage within North Ayrshire Health and Social Care Partnership (NAHSCP). Failure to embed cultural transformation activities may lead to difficulties in building future workforce capacity and in ensuring we have an engaged, skilled and knowledgeable workforce to meet service demand.	The transformation programme aligns to the Council Plan and is monitored via the Transformation Board. Workstreams have been developed across Transport and Travel, Accessing our Council, Land and Property and Sustainability. HSCP have an established Transformation Board to closely monitor progress with plans, regular updates on programme to the IJB and regular meetings with the Chief Executive and S95 Officer to review progress and mitigation plans. IJB approved budget and Strategic Plan for 2022-23 which align with financial plans with transformational strategic change ambitions. Cultural transformation activities continue to evolve to support the Council's transformation and improve effectiveness and capability. This includes sharing learning and skills, engagement, design experiments and a whole systems approach to transformation and change. Our workforce planning approach utilises a variety of tools and techniques, such as career development, succession planning, vacancy management, redeployment and early release schemes to ensure our workforce requirements for the future, in terms of skills and capabilities, are planned. Each Head of Service has a workforce plan, and these are monitored six-monthly with continued HR support and guidance to ensure service review and redesign of the workforce is on track.	4	4

Status	Risk Score	Heat Map		Change in Score	Approach
Stable	16	 Likelihood / Impact		No change	Treat

Strategic Risk Action Plan			Date Updated	25-Jan-2023
Analysis of Effectiveness of Controls	**Further Action Required**	**Target Date for Completion**	**Officers Responsible**	**Current Status: RAG**
Existing project level governance and controls remain effective and are constantly reviewed.	**25 January 2023:** Progress on Transformation projects continues to be governed and monitored via the Transformation Board which is chaired by the Chief Executive. Meeting at the end of March will consider the next phase of projects required for delivery to address the significant financial challenges in 2024/25. **11 September 2023:** No further update at this time.	Quarterly	Mark Boyd / Chief Executive and Executive Directors	🟢
Review current governance arrangements and project delivery in view of land and property workstream to seek optimal delivery aligned to the council's net zero ambitions	**11 September 2023:** Governance arrangements via the Transformation Board will be reviewed in respect of land and property workstream.	October 2024	Mark Boyd / Chief Executive and Executive Directors	🟢

Risk Code	SRR2324_R06	Risk Title	Climate Change		Latest Note Date	22-Sept-2023
Risk Owner		David Hammond				

Risk Proximity Factors	Consequences / Impact	Existing Risk Control Measures	Likelihood	Impact
Climate change is expected to continue and worsen in the future if no action is taken, with increases to mean global temperatures, sea level rises and the increasing frequency and severity of weather events such as floods, heatwaves, droughts and storms. More frequent and intense heavy rainfall events increase the risk of soil erosion and flooding. Rises in mean sea level increases risks of coastal erosion, flooding, saltwater intrusion and soil salinisation (risk to agricultural land and freshwater habitats). Severe weather is already affecting public services across Scotland, with operational, reputational, financial and legal consequences. 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. This shift in weather patterns caused by climate change is also affecting biodiversity across Scotland. There is now a biodiversity crisis in Scotland, with only half of the historic land-based biodiversity retained. Protecting and regenerating biodiversity is key to mitigation and adapting to climate change. A decline in biodiversity will exacerbate the climate crisis, whilst climate change will accelerate the rate of biodiversity loss.	Increased frequency of severe weather conditions and flooding events 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. 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. Council requirement to provide immediate response and manage the adverse effects of more frequent and severe weather emergency situations, including support to local communities and businesses. The Council is required to comply with the 'Public Bodies Climate Change Duties' 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. Decreasing biodiversity impacts food production and security through insect pollination in farming and horticulture and our fishing industry, which depends on resilient and productive seas. Biodiversity contributes to wellbeing, providing recreation, relaxation and a sense of place. Healthy biodiversity protects soil from eroding, purifies water and helps prevent and mitigate flooding. The role biodiversity plays in addressing and mitigating the impact of climate change is vital. Globally, when they are functioning well, ocean and land ecosystems remove around 50% of human-made carbon dioxide emissions each year. However, increasing global temperatures places more stress on ecosystems, triggering accelerated warming and extreme weather events.	North Ayrshire Council declared a Climate Emergency in June 2019, committing to act on climate change and reduce carbon emissions. In January 2020 the Council approved the target to become net-zero carbon by 2030, for both Council estate emissions and area-wide emissions. The third iteration of the Environmental Sustainability & Climate Change Strategy 2021-23 provides a road map to achieve the net zero carbon emissions by 2030 target. The next iteration of this strategy is being developed to incorporate action on both the Climate and Nature Emergencies. Climate Change Adaptation has been included as a workstream within the strategy, utilising Adaptation Scotland's Capability Framework to ensure North Ayrshire takes a strong, proactive approach to adapting to climate change. The Council has undertaken Year 1 of the framework, assessing a baseline of activity and implementing an action plan to improve resilience. The Flood Risk Management Plan (2021), and the Ayrshire Local Flood Risk Management Plan have been developed to show how flooding will be managed in the 6-year planning cycle, between 2022 and 2028, building on the success of the previous plan. In addition, actions to mitigate Climate Change risk are held within strategies such as the Core Paths Plan, Outdoor Access Strategy, Local Biodiversity Action Plan, and Weather and Winter Emergencies Plan. Asset management plans are in place which are regularly reviewed for our Roads, Fleet, Housing, Property and Open Spaces. Furthermore, through the Ayrshire Civil Contingencies Team there are emergency planning arrangements in place in the event of severe weather and flooding conditions causing major disruption and damage to the area or to individual communities within it. The Council also complies with the Scottish Biodiversity Duty, to further the conservation of biodiversity. The recently published Scottish Biodiversity Strategy to 2045 aims to halt biodiversity loss by 2030 and becoming Nature Positive. The Council's LBAP will align with these targets and the delivery plan actions, which are currently being consulted on.	4	4

Status	Risk Score	Heat Map		Change in Score	Approach
Stable	16			No change	Treat

Strategic Risk Action Plan			Date Updated	22-Sep-2023
Analysis of Effectiveness of Controls	**Further Action Required**	**Target Date for Completion**	**Officers Responsible**	**Current Status: RAG**
Reducing Carbon Emissions: North Ayrshire Council declared a Climate Emergency in June 2019, committing to act on climate change and reduce carbon emissions. In January 2020 the Council approved the target to become net-zero carbon by 2030, for both Council estate emissions and area-wide emissions. The Council has taken action against climate change since our first Carbon Management Plan in 2006/07, by working to reduce emissions associated with Council services, and using the baseline year of 2005/06 from which to measure progress. Since the baseline year of 2005/06, Council estate emissions have reduced by 68.9%, from 67,719 tonnes of carbon dioxide equivalent (tCO_2e) to 20,940 tCO_2e (a reduction of 854 tCO_2e from the previous year). Area-wide emissions are published by BEIS two years in arrears. Total emissions have reduced across North Ayrshire by 43%, from 1,453 kilotonnes of carbon dioxide ($ktCO_2$) in 2005 to 835 $ktCO_2$ in 2019. To ensure North Ayrshire Council can develop a leading, cross-sector and community led approach we established a Climate Change Steering Group (CCSG) in 2021. The CCSG is chaired by the Cabinet Member for Economy and Climate Change and brings together young people, local businesses and community organisations from across North Ayrshire. Existing controls remain effective and are under review as our response to climate change develops and we progress towards achieving net zero by the 2030 target.	**22 September 2023:** Continuing the Implementation of the 3rd Environmental Sustainability & Climate Change Strategy, which Includes a Roadmap with actions towards achieving the target. The ESCCS 3 contains workstreams: • Affordable Warmth • Green Economy • Transport and Travel • Natural Environment • Sustainable Operations • Carbon Absorption • Climate Change Adaptation, which follows Adaptation Scotland's Capability Framework, to build a climate resilient North Ayrshire. Across seven thematic workstreams (Affordable Warmth, A Green Economy, Transport & Travel, Natural Environment, Sustainable Operations, Carbon Absorption and Climate Change Adaptation), 65 actions have been identified and progressed over the course of the ESCCS 3 period. Updates on progress are provided through the Council's performance reporting system, Pentana, on a quarterly basis. These actions are designed to be directly and indirectly responsible for carbon reduction and deliver other socio-economic benefits. Development of the 4th Environmental Sustainability & Climate Change Strategy (Sustainable North Ayrshire) is underway, including a series of consultation events across each locality and with the CCSG.	31-Dec-2023	David Hammond	🟢

Strategic Risk Action Plan			**Date Updated**	22-Sep-2023
Analysis of Effectiveness of Controls	**Further Action Required**	**Target Date for Completion**	**Officers Responsible**	**Current Status: RAG**
Flood Risk Management Plan: Cycle 2 of the Ayrshire Local Flood Risk Management Plan has been developed and published on 31st December 2022. Studies and modelling will be undertaken to identify and prioritise vulnerable areas where financial damage and risk to life are most likely. There is an ongoing programme of monthly inspections of debris screens which have been installed to prevent vulnerable culverts from blocking and causing flooding. CCTV inspections of culverts are also undertaken to identify blockages and deterioration of assets that might cause flooding. This has been effective in reducing flooding, although there are capacity issues which this process cannot address. The Upper Garnock Valley FPS has been completed and is currently providing flood protection.	**22 September 2023:** We will undertake the actions outlined in cycle 2 of the Ayrshire Local Flood Risk Management Plan. We will continue to look for opportunities to implement Natural Flood Management and we will develop a range of further flood protection measures which can be put forward as schemes for inclusion in cycle 3 of the ALFRMP. We will complete the Millport Coastal FPS and the Mill Burn FPS. Inspections and CCTV surveys of culverts and screens will continue, including prioritised maintenance. Efforts will be made to continue to identify unknown culverts and add them to the ongoing inspection and maintenance process.	30-06-2028	Thomas Reaney	🟢

Risk Code	SRR2324_R07	Risk Title	Community Capacity Building and Empowerment	Latest Note Date	20-Jan-2023
Risk Owner		Rhonda Leith			

Risk Proximity Factors	Consequences / Impact	Existing Risk Control Measures	Likelihood	Impact
Unrealistic timescales for implementation of aspects of legislation of the Community Empowerment Act (Scotland) 2015, such as Community Asset Transfer. Pressure to support community capacity building and the variation of needs within a reducing workforce. Duplication of effort across HSCP and Locality Partnerships to foster community participation and deliver engagement activities. Complying with the complex consultation legislation in service redesign. Rising energy and utility costs relating to property management. Budget savings and pressure on property maintenance budgets.	Where the risk is not managed effectively the potential benefits of community capacity building and empowerment may be lost. Widening inequality gap 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, which constrains the ability to influence the planning and delivery service. Any disconnect between the Council's aspirations, community appetite for increasing ownership of assets and what communities themselves feel able and prepared to commit to can result in community assets reverting back to Council. Accelerating asset transfer risks losing services and facilities. Over-engagement carries disengagement and engagement fatigue. Increased property costs can be a deterrent for organisations engaging and completing the CAT process. Lack of budget to undertake proactive maintenance may result in NAC buildings falling into disrepair detracting organisations from progressing to lease and or ownership of NAC assets.	Ongoing commitment to community empowerment and locality partnerships from CPP. Six locality partnerships and alignment with HSCP locality arrangements. Leadership of the CPP Senior Officers' Group. Enabling approach with community partners and support with third sector interface to build capacity and identify opportunities for growth and sustainability. Reviewed guidance and processes relating to asset transfer, allotment and Community Councils. Participatory budgeting approach local grants, commitment to PB with partners and leading practice in mainstreaming participatory approaches External funding bid help for groups through regular meetings with third sector, funders and funding officers. Membership of The Consultation Institute. Additional investment of £1m for a Community Asset Transfer Start Up Fund, prioritising additional staffing capacity to support CAT in Connected Communities and TACT. A collaboration and shared resource approach across Connected Communities Teams will be taken to ensure the Service deliver on this priority.	3	4

Status	Risk Score	Heat Map		Change in Score	Approach
Stable	12			No change	Tolerate

Strategic Risk Action Plan			Date Updated	12-Oct-2023
Analysis of Effectiveness of Controls	**Further Action Required**	**Target Date for Completion**	**Officers Responsible**	**Current Status: RAG**
Implementation of CEA: Existing controls remain effective and are kept under review.	**23 January 2023:** Strategic CLD Plan 2021-2024 identifies priorities for capacity building and the programme of community support is addressing needs. Community larders and Community Cafes are being supported by the NA Food System and Connected Communities staff to ensure the network can be sustained and develop further. All other actions are being progressed and remain within the target date for completions. **12 October 2023:** No further update at this time.	31-Mar-2024	Rhonda Leith	🟢
Implementation of CEA: Existing controls remain effective and are kept under review to monitor impact and performance.	**23 January 2023:** A New Local Outcomes Improvement Plan for 22-30 was approved by the CPP Board in March 2022. Work is now being undertaken to develop and implement the LOIP action plan to continue to work to improve outcomes for our communities across North Ayrshire. **12 October 2023:** No further update at this time.	31-Mar-2024	Rhonda Leith	🟢
Staff capacity: Existing controls remain effective and are kept under review, Recruitment remains a challenge.	**23 January 2023:** Ongoing review and monitoring on progress of CAT applications. **12 October 2023:** No further update at this time.	31-Mar-2024	Rhonda Leith	🟢
Alignment of engagement: Existing controls remain effective.	**23 January 2023:** Actions are being progressed and remain within the target date for completion. Ongoing focus to ensure the right balance of time and resource to community / stakeholder engagement aligning to the Consultation Institute frameworks. **12 October 2023:** No further update at this time.	31-Mar-2024	Rhonda Leith	🟢
Consultation: Existing controls remain effective and hybrid engagement models have been implemented post covid to encourage and provide greater access to participation.	**23 January 2023:** Actions are being progressed and remain within the target date for completion. Ongoing focus to consultation and engagement. **12 October 2023:** No further update at this time.	31-Mar-2024	Rhonda Leith	🟢

Risk Code	SRR2324_R08	Risk Title	National Care Service	Latest Note Date	13-Oct-2023
Risk Owner		Craig Hatton			

Risk Proximity Factors	Consequences / Impact	Existing Risk Control Measures	Likelihood	Impact
The proposals for a National Care Service represent one of the largest reorganisations in local government since the creation of local authorities in 1995/96. Uncertainty around future delivery models and the scope of the National Care Service.. The arrangements for Children's Services are still to be determined, but if these are removed from the local authority there are risks arising from the arm's length proximity to Education. Tight timescales for implementation by the end of the current Parliamentary term in 2026, when boundaries and service scope are uncertain.	Delays in the implementation of existing priorities and commitments as a result of diverted resource. Potential loss of 'whole service' approach within local government that benefitted from shared leadership and links across essential services. Risk to the ongoing work and service delivery by the Council into Children's Services if these are removed from the local authority.	Engagement within the Health & Social Care Partnership with lead professionals, input by Senior Managers within the HSCP and consideration by the Partnership Senior Management Team on the Scottish Government's proposals for the National Care Service. Responding to national consultations directly and through the appropriate professional bodies and engagement via the National Care Service Forum.	4	3

Status	Risk Score	Heat Map		Change in Score	Approach
Decreasing	12			Likelihood 5→4 Impact 4→3 = 20 → 12	Treat

Strategic Risk Action Plan			Date Updated	13-Oct-2023
Analysis of Effectiveness of Controls	**Further Action Required**	**Target Date for Completion**	**Officers Responsible**	**Current Status: RAG**
Further actions will be identified and undertaken once details are known around the scope of the National Care Service and timescales for implementation. A detailed response plan will be prepared which will detail the preparations required in order to mitigate any risk.	**27 January 2023:** Actions will be identified and progressed in due course. **13 October 2023:** No further update at this time.	31-Mar-2026	Caroline Cameron/Mark Boyd/Craig Hatton	🟢