



North Ayrshire Council  
Comhairle Siorrachd Àir a Tuath

## **Audit and Scrutiny Committee**

A meeting of the **Audit and Scrutiny Committee** of North Ayrshire Council will be held remotely on **Tuesday, 08 March 2022** at **10:00** to consider the undernoted business.

### **Arrangements in Terms of COVID-19**

In light of the current COVID-19 pandemic, this meeting will be held remotely 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>. In the event that live-streaming is not possible, a recording of the meeting will instead be available to view at this location.

#### **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 the Meeting of the Audit and Scrutiny Committee held on 19 January 2022 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 Council Plan Mid-Year Progress Report 2021-22**

Submit report by the Head of Service (Democratic) on progress of the Council Plan priorities (copy enclosed).

#### **4 Best Value Assurance Audit Recommendations Update**

Submit report by the Head of Service (Democratic) on progress against the Best Value Assurance Audit Recommendations (copy enclosed).

- 5 External Audit Plan 2021/22**  
Submit report by the Head of Service (Finance) on the External Audit Plan for 2021/22 (copy enclosed).
- 6 Internal Audit and Corporate Fraud Action Plans: Quarter 3 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 31 December 2021 (copy enclosed).
- 7 Internal Audit Reports Issued**  
Submit report by the Head of Service (Finance) on the findings of Internal Audit work completed between January and February 2022 (copy enclosed).
- 8 Internal Audit Plan 2022-23**  
Submit report by the Head of Service (Finance) on the proposed Internal Audit plan for 2022-23 (copy enclosed).
- 9 Procurement Activity Report (20-21)**  
Submit report by the Head of Service (Finance) providing an update on Procurement activity for the period 2020/21 (copy enclosed).
- 10 Urgent Items**  
Any other items which the Chair considers to be urgent.

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## **Audit and Scrutiny Committee Sederunt**

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Marie Burns (Chair)  
Margaret George (Vice Chair)  
Alan Hill  
Davina McTiernan  
Tom Marshall  
Donald Reid  
John Sweeney

Chair:

Apologies:

Attending:

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**

Marie Burns, Alan Hill, Davina McTiernan, Donald Reid and John Sweeney.

**In Attendance**

C. Hatton, Chief Executive; C. Cameron, Director and P. Doak, Head of Service (Finance and Transformation)(Health and Social Care Partnership); A. McClelland, Head of Service (Education) and L. Taylor, Senior Manager (Communities); Y Baulk, Head of Service (Physical Environment), C. McAuley, Head of Service (Economic Development and Regeneration) and D. Hammond, Head of Service (Commercial)(Place); M. Boyd, Head of Service (Finance) and L. Miller, Senior Manager (Audit, Fraud, Safety and Insurance), A. Craig, Head of Service (Democratic), I. Hardy, Corporate Policy and Performance Officer, A. Little and H. Clancy, Committee Services Officers (Chief Executive's Service).

**Chair**

Councillor Burns in the Chair.

**Apologies**

Tom Marshall.

**1. Declarations of Interest**

There were no declarations of interest by Members in terms of Standing Order 10 and Section 5 of the Code of Conduct for Councillors.

**2. Minutes**

The Minutes of the Meeting of the Audit and Scrutiny Committee held on 16 November 2021 were confirmed and the Minutes signed in accordance with Paragraph 7 (1) of Schedule 7 of the Local Government (Scotland) Act 1973.

**3. Annual Performance Report 2020/21**

Submitted report by the Head of Service (Democratic) on the Annual Performance Report (APR) during the 2020-21 financial year based on the detailed six-monthly Council Plan Progress Reports. The full APR was attached at Appendix 1 to the report. Appendix 2 detailed Performance Indicators from the Council Plan Performance Framework, showing (where available) targets and traffic light symbols to illustrate progress. Estimated statuses for the Council Plan overall actions based on the information available through Council Plan and Supporting North Ayrshire Together reports were provided at Appendix 3 to the report.



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

- An increase in the number of self-service transactions in 2020/21 and alternative methods that had been put in place to allow those without digital connectivity to contact the Council and access services;
- The flexible approach to service delivery that had included home working where possible;
- Physical face-to-face work within communities and with vulnerable groups as and when it had been required and had been safe to do so during the pandemic restrictions;
- £40m worth of financial support provided to businesses during a fast moving and changing environment and the fact it was too early to determine recovery levels within the local economy;
- Delivery of 3,194 pieces of IT equipment such as Chrome Books, iPads, Wi-Fi routers and SIMs provided to pupils to access online learning and the continued use of digital devices by pupils at home;
- The receipt of a further 1,000 devices that would be provided to those who needed it most within the P5 and S2 year groups;
- Planned work to refresh the Wi-Fi infrastructure in schools that would allow these devices to be used in school and at home; and
- A report that would be provided to the next meeting as part of the ongoing Audit work on Procurement Activity with local businesses on the current position and progress of the various different procurement exercises.

The Committee acknowledged the hard work and commitment of staff in ensuring continued service delivery throughout the pandemic.

The Committee agreed (a) to note the information contained within the report; and (b) to otherwise note that the Head of Service (Finance) is to provide a report on Procurement Activity with local business to the Audit and Scrutiny meeting on 8 March 2022 as part of the ongoing internal audit work.

#### **4. Code of Corporate Governance Statement 2021/22**

Submitted report by the Head of Service (Democratic) on the Code of Corporate Governance Statement 2021/22, which outlined how the Council ensured good governance and transparent accountability. The Statement was set out in full at Appendix 1 to the report.

The Committee agreed to approve the Code of Corporate Governance Statement 2021/22, as outlined at Appendix 1 to the report.

#### **7. Internal Audit Reports Issued**

Submitted report by the Head of Service (Finance) on the findings of Internal Audit work completed during September and October 2021. The findings from five audit assignments were detailed at Appendix 1 to the report, together with the respective executive summaries and action plans.

Members asked questions and were provided with further information on:-

- Payroll transaction testing that had identified overtime payments where the overtime had been approved by Managers but the reason for the overtime had not been recorded on the appropriate systems;
- A briefing note that would be circulated to the Committee with further information in respect of the Payroll transaction testing;
- Delays in submitting leaver information that had resulted in overpayment of salaries;
- A review of the Information Asset Register that had found not all services had recorded their CCTV systems in the Register;
- The establishment of a cross-service working group to take forward issues relating to CCTV across the Council, that would undertake an inventory of all CCTV assets in place to ensure that they were all recorded and that appropriate processes for regular updating and review were in place; and
- A progress report to a future meeting of the Committee, that would include information on capital replacement of CCTV systems.

The Committee agreed (a) that the Executive Director (Place) provide a report on the progress of the CCTV working group, including information on capital replacement of CCTV systems; (b) that the Head of Service (Finance) provide a briefing note to the Committee with further information in respect of the Payroll transaction testing; and (c) to note the outcomes from the Internal Audit work completed as set out in the report.

The meeting ended at 10.45 a.m.

## NORTH AYRSHIRE COUNCIL

8th March 2022

### Audit and Scrutiny Committee

<b>Title:</b>	<b>Council Plan Mid-Year Progress Report 2021-22</b>
<b>Purpose:</b>	To advise the Audit and Scrutiny Committee on progress of our Council Plan priorities.
<b>Recommendation:</b>	That the Audit and Scrutiny Committee agrees to: a) Note the Council Plan Mid-Year Progress Report as set out at appendix one; and b) note the status of the Council's performance indicators and actions at appendices two and three.

#### 1. Introduction

- 1.1 The Council Plan 2019-24 Progress Update (Mid-Year 2021-22) and accompanying appendices provide detailed information on the progress being made towards our strategic priority outcomes and includes key activities, areas of focus, case studies and best in class examples. It provides an overview of performance in the six months up to 30<sup>th</sup> September 2021.

#### 2. Background

- 2.1 The Council Plan 2019-24 was approved by Council on 26 June 2019 and sets out our vision and priorities for the next five years.
- 2.2 The Council Plan 2019-24 Progress Update (Mid-Year 2021-22) (Appendix 1) provides details of our progress for each of the priorities – Aspiring Communities, Inspiring Place and a Council for the Future. The update also provides key highlights, areas of focus, case studies and best in class examples.
- 2.3 As we enter a period of recovery and renewal and our response to the pandemic and our recovery become embedded in our activities, Covid-19 support activity is now contained within the Council Plan Progress Reports rather than reported separately.
- 2.4 The layout of the report has changed slightly and now uses formatting originally created for our Supporting North Ayrshire reports (update on our response to the Covid-19 pandemic reports). This layout complements our Annual Performance Report layout and ensures the report is as reader friendly as possible. In addition:
  - The “Key Highlights” sections are now named “Key Activities” to incorporate updates on areas where teams are experiencing challenges as well as positive outcomes. This is in line with the 2021 Accounts Commission Direction.

- Summaries of overall Council Plan actions are included in the Performance Summary section. Sub-action detail is only included where a sub-action is causing an action to be adrift of target.
- Summaries of Council Plan indicators and actions are presented as pie charts for clarity.

### **3. Performance Summary**

#### **3.1 Key Activities**

- We agreed a new model for the provision of libraries, halls and community centres and, building on learning from the pandemic, further development of our community hubs.
- 2.63% of our budget is being allocated through participatory budgeting.
- Our Community Investment Fund (CIF) received an additional £1million in funding, with the potential of a further £2million subject to a balanced budget in 2021/22.
- On average, for each £1 of CIF granted to communities £2.80 has been leveraged from additional funding.
- Our £31.3million Additional Supports Needs school Lockhart Campus opened in August.
- Our first Cost of the School Day Conference attracted over 100 online participants including many of our young people.
- We successfully rolled out free school meals to our Primary Four pupils.
- The percentage of households homeless for more than six months has reduced from 76% prior to the pandemic to 22%.
- We advertised 450 new jobs for young people as part of one of the largest Kickstart Programmes in Scotland and provided a supplement to ensure payment of the living wage.
- A £1million Community Asset Transfer Start Up fund was approved by Cabinet as part of our Recovery and Renewal Investment proposals.
- Our workstyles were reviewed based on learning from the pandemic and relaunched, with each post allocated one of four workstyles: 'Inbuilding', 'Mobile', 'Agile' or 'Home'.
- We introduced a pre-order system across primary and secondary school catering which will significantly reduce food waste across all our production kitchens.

#### **3.2 Areas of Focus**

This report contains areas of focus as at 30<sup>th</sup> September 2021. Many of these areas are already progressing. As at the end of September we stated we would:





- Work with Locality Partnerships to consider the work already underway against the local priorities and further opportunities. This will be supported by the £1million increase to the Community Investment Fund.
- Support our young people to participate in the Scottish Youth Parliament Elections.
- Complete refurbishment works on our Early Years Centres.
- Produce a draft Ayrshire Regional Skills Investment Plan.
- Recommence Older People's Day Services.
- Resettle homeless households with the highest level of complex needs into a Housing First Tenancy with a bespoke package of support to meet their needs.
- Finalise our Island Plans with our communities and present to Cabinet for approval.
- Roll-out the installation of new play equipment and street furniture as part of a £900,000 public realm investment.
- Work with partners to implement our tree planting programme, including as part of the major regeneration project at Lochshore.

- Prepare for the Local Government Elections scheduled for May 2022.
- Actively participate in the Scotland-wide consultation on the National Care Service Bill, considering its impact on our services and residents.
- Prepare for the introduction of the Accounts Commission's 2021 Direction on public performance reporting from April 2022.
- Prepare for a Council-wide business continuity exercise in October.
- Assess the potential for further advertising opportunities to support local businesses, following the successful roundabout advertising and floral bedding pilots.
- We will continue to take learning from the pandemic to support our transition to agile working as part of Our Future Working Environment programme.
- We will encourage Ayrshire Integrated Joint Boards to sign the Ayrshire Community Wealth Building Charter as part of the Charter's one year anniversary.

#### 4. Performance Indicators

- 4.1 Appendix 2 details Performance Indicators from the Council Plan Performance Framework, showing (where available) targets and a traffic light (**Red**, **Amber**, **Green**) symbol to show whether: the target level of performance has been achieved (**Green**); is slightly adrift of target (**Amber**); or is significantly adrift of target (**Red**).
- 4.2 Analysis of the indicators is outlined in Table 1 below. Where data is not available for Quarter Two 2021-22, the most recently available data up to the annual figure for 2019-20 is used. 83.9% of indicators where the status is known are on target or slightly adrift of target as at 30<sup>th</sup> September 2021. This is comparable to the same period last year, when 84.6% of indicators had this status (though fewer statuses were known).

**Table 1**

Summary of Performance Indicator Status		
Traffic Light / RAG Status	Q2 2021-22	Q2 2020-21
 on target	20 (64.5%*)	21 (80.8%**)
 slightly adrift	6 (19.4%*)	1 (3.8%**)
 significantly adrift	5 (16.1%*)	4 (15.4%**)
 status unknown or data only	3 (8.8% of all Council Plan indicators)	8 (23.5% of all Council Plan indicators)

\*Of the 31 indicators where status is known

\*\*Of the 26 indicators where status was known

#### 4.3 Indicator Amendment - CP\_27 Street Cleanliness Index - % Clean (LGBF)




- 4.4 Data for 2019/20 had incorrectly been entered against the 2020/21 time period and has been removed. Data for 2020/21 will be available at the next Local Government Benchmarking Framework (LGBF) data release in early 2022.

#### 5. Delivery Plan

- 5.1 Appendix 3 details the actions from the Council Plan Delivery Plan. There are 39 overall actions within the Council Plan supported by 98 sub-actions. The status of the sub-actions informs the overall action status.

- 5.2 At Mid-Year 2021-22 all actions are either on target or slightly adrift of target compared to 95.1% at Year End 2020-21 (No Council Plan Delivery Plan sub-actions were established due to the pandemic during 2020-21 so a mid-year comparison is not possible. Year-end status was based on estimates by the Corporate Policy, Performance and Elections Team.)

**Table 2**

<b>Summary of Overall Action Status</b>		
<b>Traffic Light / RAG Status</b>	<b>Q2 2021-22</b>	<b>2020-21 (Year End)</b>
 on target	39	34
 slightly adrift	0	5
 significantly adrift	0	1
X off programme	0	1

## **6. Proposals**

- 6.1 That the Audit and Scrutiny Committee agrees to: a) Note the Council Plan Mid-Year Progress Report as set out at appendix one; and b) note the status of the Council's performance indicators and actions at appendices two and three.

## **7. Implications/Socio-economic Duty**

### **Financial**

- 7.1 There are no financial implications.

### **Human Resources**

- 7.2 There are no human resource implications.

### **Legal**

- 7.3 This report confirms the arrangements for the Council's compliance with its duties under the Local Government Act 1992 and the Local Government in Scotland Act 2003 and commitment to improving public performance reporting.

### **Equality/Socio-economic**

- 7.4 There are no equality/socio-economic implications.

### **Environmental and Sustainability**

- 7.5 There are no environmental and sustainability implications.

## **Key Priorities**

- 7.6 This report helps to demonstrate the Council's delivery of its strategic priorities.

## **Community Wealth Building**

- 7.7 There are no community wealth building implications.

### **8. Consultation**

- 8.1 Feedback from the Executive Leadership Team (ELT) informed the content of this report.

Aileen Craig  
Head of Service (Democratic)

For further information please contact **Isla Hardy, Team Manager (Policy and Performance)**, email: [IslaHardy@North-Ayrshire.gov.uk](mailto:IslaHardy@North-Ayrshire.gov.uk).

**Background Papers**  
Council Plan 2019-24





## Council Plan 2019-24 Progress Update

Mid Year 2021-22



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The Corporate Policy, Performance and Elections Team welcome any feedback you may have. We strive to make our Council and reports as accessible as possible and appreciate opportunities to discuss how this can be achieved. For further information please contact:

**The Corporate Policy, Performance and Elections Team**  
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## Our Performance at a Glance

**Our Cost of the School Day Conference** attracted **100 participants** including our young people

**2.63% of our budget** allocated through participatory budgeting – highest level to date

**Nine food pantries** available to access good affordable food and five more planned

**140 engagements with Better Off Hubs** – exceeding annual target of 100 in 6 months

**Our £31.3million Lockhart Campus opened** for children and young people with additional support needs



**Gold 'Food for Life Served Here' accreditation received for our 8th year**

**23% increase in referrals to our Community Mental Health Team** compared to last year with services prioritising to meet needs

**Community Investment Fund increased by £1million**



**51** of our corporate and education sites had their **Wi-Fi upgraded**

**Percentage of households homeless for more than 6 months reduced from 76% to 22%**

**We managed one of the largest Kickstart Programmes in Scotland, with approximately 450 jobs advertised in the summer**

## Welcome

*As we enter our period of recovery and renewal our response to the Covid-19 coronavirus pandemic is being absorbed into our services' daily activities. As a result, this report summarises our performance against our Council Plan priorities and how we are continuing to work with our partners and communities to support our residents and businesses as restrictions ease.*

*Between April and September 2021, we have made real progress against our priorities. Our Community Wealth Building Strategy is driving our approach across our services as it marks its one-year anniversary, work including supporting local suppliers, is detailed within this report. We are delighted to welcome our children and young people to our £31.3million additional supports needs school Lockhart Campus in Stevenston. We have concluded our extensive consultation and review of libraries, halls and community centres and are continuing to develop our Community Hubs to ensure they meet the needs of our communities. Our first Cost of the School Day conference took place in June with 100 participants and feedback will be used to inform our plans to tackle child poverty.*

*Following a pilot as part of our Rapid Rehousing Transition Plan, we have reduced the percentage of households homeless for more than six months from 76% to 22%. In addition, our housebuilding programme continues, stretching across our localities.*

*We realise that our island communities can face very specific challenges and we have undertaken significant consultation with our island communities to confirm their priorities to create bespoke Island Plans. These plans will be valuable not only in terms of how we deliver our services, but also for island communities and businesses to use to leverage additional specialist funding to meet their needs.*

*By continuing to work together we really can create a North Ayrshire that is 'Fair for All'.*

### Our Vision

*A North Ayrshire that is 'Fair for All'*

### Our Mission

*Working Together to improve well-being, prosperity and equality in North Ayrshire*

### Our Priorities

#### **Aspiring Communities**

- ◆ Active and strong communities
- ◆ Children and young people experience the best start in life
- ◆ Inclusive, growing and enterprising local economy
- ◆ Residents and communities enjoy good life-long health and well-being
- ◆ Residents and communities are safe

#### **Inspiring Place**

- ◆ Well connected with effective infrastructure
- ◆ Homes that meet residents' needs
- ◆ Vibrant, welcoming and attractive environment
- ◆ A sustainable environment

#### **A Council for the Future**

- ◆ An accessible Council that puts residents and communities at the heart of what we do
- ◆ An efficient Council that maximises resources and provides value for money
- ◆ A valued workforce that delivers high quality services
- ◆ A powerful and respected voice

# Aspiring Communities

## Key Activities

### Active and Strong Communities

We agreed a new model for the provision of libraries, halls and community centres and further development of our community hubs. This followed consideration of our ongoing Community Hub response to the Covid-19 pandemic and extensive consultation in 2019 and spring 2021, which resulted in plans being reviewed based on feedback from our communities.

Our Community Support Hub model has been central to our pandemic response. Hubs are established across our localities to offer information and support. Building adaptations and team relocations are now complete at Kilwinning, Stevenston and Largs Libraries as well as Redburn Community Centre. Our teams are continuing to work on establishing the wider network.

To complement our Community Hub work we are still maintaining a range of online resources for local opportunities and support. This includes Virtual Community Centres on Facebook as well as dedicated groups for Funding and Community Capacity and six Locality Partnership groups. Our Council and Community Planning Partnership websites provide a range of resources. We have launched the first edition of 'Irvine Chit Chat' a pilot local newsletter with the potential to build up to a fuller directory of services and supports. Other thematic directories continue to be built including community mental health and wellbeing, green health and internal schools support.

As at 30th September, 2.63% of our budget is being allocated by our residents, well above our 1.1% target this quarter. This is the highest proportion since we began monitoring participatory budgeting and is due to increased officer awareness of participation and capital projects led by our communities, such as Lochshore.

Five of our six Locality Partnerships have agreed refreshed priorities following extensive research on local issues including demographic, health and financial profiles and a 14-week public consultation.

Our online consultation platform Your Voice Your View has been central to consultation and public engagement, especially due to restrictions. It has been used for the review of Halls, Centres and Libraries, Locality Partnership priorities and the development of our new Community Learning and Development Plan approved by Cabinet in September.

Our [Community Learning and Development Plan for 2021-24](#) sets out how we will support each of our localities by providing digital learning and career support, address poverty including food insecurity and by doing so improve the life chances of our residents.

Our community food provision continues to be strengthened and currently includes a network of nine pantries/larders. The pantries provide residents with access to a range of food in a supermarket like environment for a nominal payment, ensuring access to affordable food with dignity. Five additional pantries are being planned.

### Community Investment Fund

Our Community Investment Fund (CIF) supports community led projects across North Ayrshire. In June approval was given to increase the fund by £1million to support recovery and renewal in our communities with consideration being given to an additional £2million later this year.

An overview of CIF projects to date shows Locality Partnerships have awarded £1,272,409. This has enabled communities to leverage an additional £3,623,749 of additional funding from other sources. On average, for each £1 of CIF granted to communities, £2.80 has been awarded from additional funding. Recent awards include:

- Irvine Youth Forum were awarded £100,000 to establish a Youth and Community Skills Hub in Bridgegate, Irvine.
- Kilwinning Rangers Juniors and Kilwinning Rangers Youth Club awarded an additional £15,000 for their multipurpose youth and community hub.
- £75,000 released from previously agreed £200,000 to assist with building works at Millport Town Hall.
- Kilwinning Community Events awarded £45,000 to further develop McGavin Park with an assault course.
- Kilwinning Community Football Academy awarded £45,000 to contribute to a 4G all weather replacement pitch surface.
- Garnock Valley Men's Shed were awarded £20,000 for a replacement heating system that is intuitive and only heats rooms as required.





## Children and young people experience the best start in life

Our first Cost of the School Day conference took place online on 11th June 2021 with over 100 participants including our young people, teams and partner organisations. Feedback from the day will inform a focussed action plan to address issues raised and ensure the cost of the school day is not a barrier to participation in school for any of our young people.

We have appointed a Quality Improvement Officer specifically to lead improvements for our Care Experienced Children and Young People. This supports our statutory duties relating to the education needs, provision and outcomes for care experienced children and young people including: Reviewing and improving current practice to ensure the best possible outcomes for children and young people who are care experienced; supporting schools and partner services to close the care experienced poverty related attainment gap; and raising the educational attainment and achievement of care experienced children and young people.

Capital investment on the refurbishment and extension of our early years estate and outdoor learning spaces is ongoing to support access to 1140 hours of free childcare per year. Currently 35 of our 41 early years classes and centres scheduled for improvement works have been completed.

We developed an Outdoor Play Strategy for our Early Learning Centres (ELC) which is now included within

the ELC Standard Design Brief and is referred to for our new build Early Years Centres and Primary Schools.

Year seven Scottish Attainment Challenge outcomes and project plans have been established with a focus on reducing the poverty related attainment gap in literacy, numeracy, health and wellbeing. Schools continue to implement a range of initiatives and interventions through Pupil Equity Funding to reduce attainment gaps at school level.

## Our [Parental Involvement and Engagement Framework](#)

has been launched and shared with schools and Parent Councils. It aims to ensure all parents and families are involved in their child's education and learning, are active participants in school, can support their child's learning and are encouraged to express their views on education.

Schools and parents are beginning to work more collaboratively to set improvement priorities through a variety of approaches including parent focus groups. Though this has been limited due to current Covid-19 restrictions, our Family Learning Team are already taking forward improvements following requests from Parent Council groups to establish community uniform swap-shop networks. In addition, 19 families have accessed one to one support from our Family Learning Team which involved setting their own outcomes and creating workplans. So far 15 plans have been completed.

## [Mental Health and Wellbeing](#)

To support the mental health and wellbeing of our children, particularly due to the impact of Covid-19, we have set up a Community Mental Health and Wellbeing steering group and are creating and enhancing community wide supports for children, young people and families. This is in line with the aims of the Community Mental Health Supports and Services Framework. We have implemented programmes which address the root causes of poor

mental health, particularly those resulting from the pandemic and are looking to implement "A whole school approach framework" for schools to support children and young people's mental health and wellbeing.

Our [Nurturing North Ayrshire's Recovery Professional Learning programme](#) was successfully completed to ensure our teams could fully understand the impact of lockdown on our children and young people and offer support. Nurture has proved to be very effective in supporting our young people, with nurture groups in North Ayrshire re-established in almost all settings and partnership working continuing to be a key feature of Nurturing North Ayrshire practice.

We are currently promoting the Scottish Youth Parliament Elections and supporting our young people and candidates with advice and training. The two-yearly elections are due to take place from 8th to 12th November.

### *Food Provision*

In August we successfully expanded the provision of universal free school meals to primary four pupils across North Ayrshire. Planning commenced in early June to assess staffing, equipment and meal requirements for the phased roll out across all primary school children due for completion in August 2022. Coordinated site visits took place across the entire school estate in September to assess the impact on dining capacities, kitchens and existing spaces in schools. These visits will inform funding bids to be submitted to the Scottish Government.

We are now providing the new Scottish Milk and Health Snack scheme, lunches and light tea for all children at our Early Years Centres. Additional Facilities Management employees have been recruited to accommodate the additional Early Years sites and the roll out of universal school meals.



### *School Leavers*

Our teams in Connected Communities and Economic Development together with the wider Local Employability Partnership are working collaboratively to ensure that all our young people who have left or are leaving school are well supported. Work is ongoing to ensure that our young people who left school during the summer have moved into positive destinations such as work or further education and our winter school leavers are prepared for their transition into their post-school environment.

Our young people with additional support needs (ASN) require tailored support when leaving the school environment. Our schools continue to liaise with appropriate post-school agencies, Skills Development Scotland, Ayrshire College, the wider further and higher education sector and our Employability Service. Transition planning for our young people with ASN is instigated a minimum of 12 months in advance of their statutory leaving date to ensure that progression pathways are well planned and involve all necessary partners.

### *Inclusive, growing and enterprising economy*

In June we received Cabinet approval of a £1million investment to assist start-up and early-stage business growth and support our economic recovery.


To mark one year since the launch of our Community Wealth Building (CWB) Strategy we held an update event for Elected Members. Employees from teams directly involved with the CWB Strategy provided updates on activities and 21 Elected Members attended.

Five businesses are being supported with Employee Ownership Transition (EOT)/cooperative development strategies. This is a key element to our Community Wealth Building Strategy to develop a wellbeing economy. In addition we are working in partnership with Cooperative Development Scotland to upskill our business advisors on plural ownership models.

To ensure our recruitment process is as inclusive as possible we have introduced the "See Me CV" initiative on a pilot basis for Modern Apprentices. It involves uploading a video CV to enhance recruitment accessibility and supports our aim of being a Disability Confident Employer. The first job advertisements were published in late March, with closing dates in April.

Following our launch of one of the largest Kickstart Programmes in Scotland, approximately 450 jobs were made available to young people during the





summer. A supplement was applied to the programme to ensure payment of the Living Wage.

Implementation began of the £3million Ayrshire Growth Deal Community Wealth Building Fund in April 2021 including the recruitment of a Fair Work Ayrshire Programme Manager and Business Locality Officers.

### *Supporting Local Procurement*

Local procurement, sourcing services and supplies from local providers, is key to supporting our economy and is central to our Community Wealth Building (CWB) Strategy. We participated in an Ayrshire-wide Meet the Buyer event in April to promote upcoming procurement opportunities and support our local businesses to bid for public sector contracts. A Connected Leadership procurement learning event was held in May and 27 managers participated in the session.

To ensure the availability of services and supplies locally is visible, our Corporate Procurement and Business Development teams have implemented an improved process which allows deeper market and locality engagement before commissioning work.

Procurement contracts can result in community benefits in addition to the services or supplies being provided. We launched our 'Community Wish List' in September to enhance community involvement and maximise opportunities for community benefits from single supplier contracts. This is an online database of our community and third sector needs which can be shared as part of the Invitation to Tender (a key element of the procurement process which outlines our requirements). As a result, businesses can choose relevant 'wishes' as part of their tender application, to be delivered as part of their contract if successful. A formal launch is planned as part of Challenge Poverty Week in October.

### **Residents and communities, enjoy good, life-long health and wellbeing**

Our two new, purpose-built respite facilities for adults and young people with additional support needs were opened. Red Rose House and Roslin House are situated next to the new Lockhart Campus in Stevenston. Each have eight ensuite bedrooms which open out into landscaped gardens. They provide a range of activities that enable guests to enjoy short respite breaks as part of their care and support plans.

The move to re-design older people's services through the Home First approach has progressed significantly over the last two quarters. A new team manager has been appointed, a new Social Worker has joined the

team and two Occupational Therapy Assistant roles were advertised.

Recruitment within our Care at Home service has been ongoing throughout 2021 to increase the Care at Home capacity to cope with current levels of service demand. Nationally recruitment of social care employees is being highlighted as a significant challenge and this is being seen in North Ayrshire. In addition to attracting new social care employees, we are focussing on the retention of our existing workforce. An additional 79 new posts were identified for recruitment in late 2020 however to date approximately 50% of these have been filled.


The Integration Joint Board (IJB) approved a plan for restarting Older People's Day Services in August and planning for remobilisation has commenced, with anticipated reopening expected in early 2022.

To support our prioritisation of integrated island services including unscheduled care, we have recruited a nurse practitioner to Arran to assist in this development.

Our Health and Social Care Partnership Charging Policy has been implemented. Unpaid carers will also no longer be charged for residential respite. We are continuing our Self-Directed Support (SDS) redesign and implementation of carers assessments. A new implementation plan was developed in 2020/21, however we expect further guidance from the Scottish Government due to the review of adult social work which included SDS and carers.

Our Active Communities Strategy is progressing, a new orienteering course at Eglinton Country Park has been launched and positive discussions regarding a STEM Trail on Cumbrae are underway. KA Leisure, who run our leisure facilities, have restarted their walking groups and increased access to facilities. Better Places Funding has been used effectively at Eglinton Country Park to help mitigate the effects of increased visitors.

Our Better Off Hub has officially launched. The hub, which provides holistic financial advice to our residents to improve their situation long-term has seen the number of referrals increasing. Since 1st April we have received 197 referrals of which 140 residents have had an online or face to face consultation. This is many more than we had anticipated, based on our original Better Off programme in the Three Towns, we had estimated 100 residents would engage with us in the first year,



rather than 140 in the first six months, so it reflects the demand for this service.

When face to face meetings have not been possible, many of our clients have benefitted from free digital devices from Connected Scotland, via our Community Learning and Development Team, to have consultations online. Difficulty in recruiting has put some services under pressure, however we are establishing new referral pathways and hope to recruit assistance in October.

Our Community Mental Health Team has undergone significant redesign in the last 12 - 18 months, integrating health and social care services and introducing primary care practitioners to general practice, Ayrshire College and Housing First. We have developed new care pathways within the service itself, and interface pathways with Alcohol and Drug, Perinatal and Unscheduled Care Mental Health Services.

There is significant demand on mental health services prior to Covid -19 and currently, with a 23% increase in referrals to our Community Mental Health Team between June and September, compared to the same period last year. The service is focussing on prioritising those in need of specialist mental health services and how these needs can be best met.

Our Children and Adolescent Mental Health Services (CAMHS) is currently going through a period of redesign and reconfiguration using the National Specification for CAMHS, forthcoming National Neurodevelopmental Specification and the recommendations from the review of Community Eating Disorders Services. Core to the approach is the CAMHS Extreme Team, a method of bringing partners together regularly in a highly focussed environment to drive change. The full CAMHS model will be operational for June 2022.

### **Residents and communities are safe**

To support our early intervention and prevention work, six of our employees took part in an accredited programme with the Safer and Together Institute. This approach keeps a child safe and together with their non-abusive parent in cases of domestic violence, while working alongside perpetrators to reduce risks of harm. As a result, training has begun on a multiagency basis alongside Women's Aid. Additionally, training for trainers has commenced, supporting further roll-out of the model from next year.

During lockdown there were concerns that women and girls were at an increased risk of domestic abuse.

Our Safer North Ayrshire Partnership (SNAP) in partnership with East and South Ayrshire have developed a Pan-Ayrshire Multi Agency Domestic Abusive Conference Process (MARAC).

Representatives from statutory and non-statutory agencies collaborate and discuss individuals at risk of serious harm due to domestic abuse. In addition, a Safe Space initiative has been developed to establish safe places in our communities, such as designated shops, where women can reach out for help. Training has been delivered to Specsavers staff and we are looking to roll out Safe Spaces to dental practices.

SNAP also began delivering the Safer Shores Plan when the warm summer weather suggested increased tourism to Irvine Beach. This ranged from a consistent communications plan across all partners for public safety messaging, regular meetings to allocate resources, increased scrutiny of travel including management of alcohol and sharing intelligence between our Council (including CCTV footage), Police Scotland and traders. As a result over 1,000 litres of alcohol was seized by British Transport Police and ScotRail on one day (though not all destined for North Ayrshire) and low level crime and antisocial behaviour was dealt with swiftly.

We have embarked on a project with Health Improvement Scotland for Reducing Harm and Improving Care for people experiencing Homelessness who require alcohol and drug services within North Ayrshire. This is to allow us to identify and understand where prevention activities could intervene within Health systems to reduce the risk of crisis and subsequently homelessness.

During 2020-21 we undertook a pilot as part of our Rapid Rehousing Transition Plan to allocate all social rented lets in North Ayrshire to homeless households or those with a strategic need for housing. This included prioritising households with children (recognising the impact of homelessness on childhood trauma) and women experiencing domestic violence. Prior to the pandemic 76% of households were homeless for more than six months. This has significantly reduced to 22% as at September 2021.



## Case Study – Lockhart Campus

Our new Additional Supports Needs (ASN) school began welcoming our children and young people in August. Pupils were gradually introduced to the school over a number of days to enable them to get used to their new and exciting surroundings. Gradual acclimatisation is key to ensuring our ASN young people feel comfortable and safe during periods of change. Understanding the importance of this and the restrictions posed by Covid-19, the Project Team worked with our IT team back in November 2020 to initiate this gradual introduction. They created a virtual reality 360 degree experience for our pupils, which gave our young people the ability to navigate and see their school for the first time.

The £31.3million school at Stevenston, next to Auchenharvie Academy, replaced James McFarlane, Haysholm, Stanecastle and James Reid schools. A very attractive and welcoming building, Lockhart Campus offers a range of classroom settings, a swimming pool, hydrotherapy pool, sensory rooms and a soft-play area. There are also outdoor learning spaces including external classrooms. All providing our children with a range of educational and developmental support. With such an important facility available to North Ayrshire, our Health and Social care colleagues will also have access to the facilities to enable them to deliver first-aid, therapy and other treatments.

Lockhart Campus will have significant positive impacts on our children and young people and we wish them all the best in their new school.





# Aspiring Communities

## *Areas of Focus*

Over the next six months we will focus on the following areas:

### Active and Strong Communities

- ◆ We will work with Locality Partnerships to consider the work already underway against the local priorities and further opportunities. This will be supported by the £1million increased investment in the Community Investment Fund.
- ◆ We will develop a participative democracy strategy, which will cover the various ways that local people can have their say, take part, share decisions and take on community leadership and ownership.
- ◆ We will support our young people to participate in the Scottish Youth Parliament Elections.
- ◆ We will develop our Tenant Led Budgeting approach for approval before being presented to the North Ayrshire Network.
- ◆ We will increase our use of “Your Voice, Your View” online consultation platform.

### Children and young people experience the best start in life

- ◆ We will complete refurbishment works on our Early Years Centres.
- ◆ We will continue to roll out of universal free school meals, with Primary 5 children in January 2022 and Primary 6 and 7 in August 2022. We will submit a funding bid for capital work to accommodate the expected increase in school meal uptake.
- ◆ We will plan for the implementation of catering responsibilities within the Scottish Government’s Programme for Government including a universal school milk scheme, breakfast provision and holiday meals programme.

### Inclusive, growing and enterprising economy

- ◆ We will produce a draft Ayrshire Regional Skills Investment Plan.
- ◆ We will encourage Ayrshire Integrated Joint Boards to sign the Ayrshire Community Wealth Building Charter as part of the Charter’s one year anniversary.

### Residents and communities, enjoy good, life-long health and wellbeing

- ◆ We will recommence Older People’s Day Services.
- ◆ We will establish routine face to face appointments at our Better Off Hubs in addition to existing online options, establish additional referral pathways and recruit assistance to help meet higher than expected demand.
- ◆ We will support an additional five community larders with our communities and partners to ensure food provision for our residents.

### Residents and communities are safe

- ◆ We will deliver a robust programme throughout the 16 Days of Activism on violence against women and girls, which runs from 25 November until 10 December 2021. The North Ayrshire theme this year is ‘young people and healthy relationships’, targeting schools in particular.
- ◆ We will resettle homeless households with the highest level of complex needs into a Housing First Tenancy with a bespoke package of support to meet their needs.
- ◆ We will present a Tenant and Residents’ Domestic Abuse policy to Cabinet for approval.



## Inspiring Place

### Key Activities

#### Well connected with effective infrastructure

Our Active Travel and Transport Team have secured funding from a range of sources for the continued implementation of active travel and transport priorities across North Ayrshire. These projects are currently in development and on target for completion within the funders' timescales:

- ◆ Brodick to Corrie Cycle Path - £40,000 for design development.
- ◆ Bus Corridor Improvements - £150,000 for improvements to bus stop infrastructure.
- ◆ Bus Route Congestion Reduction Measures - £100,000 for the continued implementation of an Urban Traffic Control system to support bus priority on the Route 11 Service.



- ◆ Irvine Cycle Friendly Town - £250,000 for continued implementation of the Study recommendations
- ◆ Bus Partnership Fund - £200,000 for extension of the Bus Routes Congestion project and to investigate the potential for bus lane extension at Pennyburn Roundabout
- ◆ Travel Smart - £126,000 for the continued implementation of the Travel Smart behaviour change project and Trinity Active Travel Hub activities

We have successfully obtained a grant of £150,000 from Sustrans for the improvement works to the cycle path network carried out by Streetscene. This created additional seasonal employment to carry out the required work. In addition a grant of £56,000 was successfully obtained from Nature Scotland to help manage increased visitor demands.

Our levels of occupancy within our industrial estate remains high and a tenant has been secured for the newly constructed unit at Kyle Road in Irvine. Occupancy in office and retail premises is more challenging, in-line with local and national challenges in these sectors. The Transformation Team have prepared an Estates Transition Position Statement regarding the proposed changes to the management arrangements for the commercial portfolio.

A £1million Community Asset Transfer Start Up Fund was approved by Cabinet as part of the Recovery and Renewal Investment proposals in June. It will support Community Wealth Building through increased community ownership of land and assets. Since April two Community Asset Transfers have been agreed by Cabinet:

- ◆ Pirnmill Community Centre on Arran will transfer to Pirnmill Villlage Association who have been successfully operating the community centre for 30 years under a lease agreement.
- ◆ Raise Your Voice with Ardeer (RYVA) have secured the asset transfer of land at Stevenston shorefront to construct a brand new community owned building for activities for residents and visitors.



Our Roads Asset Safety Inspection Policy has improved our effectiveness through improved resource allocation and specifications. For example, an intensive road defect repair programme was undertaken in April/May this year to prevent further deterioration particularly in our residential streets and reduce the requirement for reactive repairs. This enabled the internal operations team to then focus on the planned works programme which benefitted from an additional £1million investment this year to help improve the condition of our network.

### *Ayrshire Growth Deal*

**Ardrossan North Shore** - Our Council approved support investment in the site infrastructure as part of our Ardrossan Coastal Quarter investment programme. Preparation of technical designs will allow issue of enabling works tender package in November 2021.

**Develop Marine Tourism** – Technical works to identify the viability of marinas is underway in Arran and Cumbrae and development work is taking place with our island communities to investigate operating models and sustainable business plans.

**Hunterston Strategic Development Area** – We are working to unlock the strategic capacity of Hunterston, its assets and investments, to maximise its impact across energy, circular economy and blue economy sectors, and this has secured leading expertise capacity through universities to assist developing a strategic proposition for Hunterston.



**Great Harbour** – Our Outline Business Case was approved by the Scottish Government in June and we aim to appoint our design team in October 2021 which will allow the further development of project principles, design and cost information.

## Homes that meet residents' needs

Despite the impact of both the Covid-19 pandemic and our exit from the European Union on labour and materials, to date the Strategic Housing Investment Plan (SHIP) has delivered 521 new Council homes

Our housing development work is as follows:

- ◆ **Irvine and Kilwinning** – Works are currently on site for 233 homes within Irvine and Kilwinning at the Towerlands, Dalrymple Place and Harbourside, Irvine sites and at St Michael's Wynd in Kilwinning. 29 of these homes have been handed back to Housing Services to date.
- ◆ **Garnock Valley** – The former Garnock Academy site has been increased to 50 houses to provide replacement homes for the Garnock Valley regeneration projects at Laburnum Avenue, Beith and Newhouse Drive, Kilbirnie. The Laburnum Avenue site can deliver approximately six new homes whilst the Newhouse Drive site can accommodate around seven new homes.
- ◆ **Three Towns and Arran** – 131 new homes are planned for the Three Towns area in Springvale and James Reid, Saltcoats, Afton and Caley Court in Stevenston, James McFarlane in Ardrossan and Brathwic Terrace in Arran. Works are currently on site at Brathwic Terrace, Arran and Springvale, Saltcoats. Works commenced on site at Caley Court in summer 2021.
- ◆ **North Coast & Cumbrae** – 179 new homes are being developed over four sites in the North Coast and Cumbrae, including a new supported accommodation complex and two new sheltered housing complexes in Flatt Road and St Colm's Place. The 18 homes developed at St Beya Gardens, Cumbrae were completed during summer 2021. 74 of the 123 houses at Flatt Road, Largs have been handed back to Housing Services to date.

Our standard house types have been reviewed by Housing Services' Occupational Therapists to ensure that they can adapt to our residents' changing needs as far as is practicable. Discussions are held with our Registered Social Landlord (RSL) partners at the development phase to give consideration to any bespoke housing that may be required for housing applicants with complex accessibility needs.

## Vibrant, welcoming and attractive environment

Following Cabinet approval in June, plans have been finalised for expenditure of a £900k investment in our play parks, street furniture and general open space infrastructure. We have seen more people reconnect with nature following the pandemic, and the rise in domestic tourism particularly at our coastal locations has been well documented. The planned improvements will therefore benefit our residents and visitors to North Ayrshire.

A Community Wealth Building Estates Officer was appointed to the Business Support and Development team in summer 2021 to analyse our commercial property estate to ensure it supports the growth and aspirations of local businesses.

Construction of the Garnock Visitor and Community Hub at Lochshore (site of former steelworks) commenced in June 2021.

We have submitted applications for £45million of funding through the UK Government's Levelling Up Fund for the upgrade of the B714 and acceleration of the regeneration of the North Shore and Lochshore sites.

We have applied to the UK Government's Community Renewal Fund (CRF) for a pilot project to develop Place Frameworks for Saltcoats and Largs. If successful it will build on earlier engagement that identified local needs and look at potential solutions to ensure we can work with communities to create attractive and successful places.

We have engaged with our tenants in areas where regeneration projects are taking place, issuing newsletters and asking for feedback on what improvements tenants would like to see in their area. A questionnaire has been issued to all residents of our first two Sheltered Housing refurbishments, asking what improvements they would like.

We have made two successful bids totalling £163,000 to the Better Places Fund for new bins, litter packs, enforcement team resource and upgrades to Eglinton Park. A bid has also been submitted to the Rural Tourism Infrastructure Fund and we've successfully made it through to Round Two of this process.



### *Our Islands*

To build on previous engagement and inform the development of Island Plans, a comprehensive and in-depth engagement process has taken place with communities on both islands during August and September 2021 to identify if previous priorities are still relevant and what changed or new priorities and actions are required to support island recovery and renewal.

We have undertaken an economic profiling exercise for the Cumbrae economy, with community and Elected Member consultation. Both this profile and [The Impact of Covid-19 on the Arran Economy Fraser of Allander report](#) provide a baseline that can be updated to inform our evidence-based approach to policy.

We have submitted an ambitious bid to the UK Government's Community Renewal Fund for an Islands Green Programme which will: Support resilience and competitiveness of island businesses; accelerate the path to net-zero islands and support decarbonisation; and improve island connectivity for low carbon, active and sustainable travel on the islands.

Development work is taking place with the island communities to investigate marina operating models and sustainable business planning processes. Additional investment opportunities are being explored to support the Ayrshire Growth Deal (AGD) marina projects and at other potential sites to support the wider marine tourism sector across North Ayrshire. This work is aligned to AGD timescales.

## A sustainable environment

Our third consecutive Environmental Sustainability and Climate Change Strategy 2021-23 was approved by Cabinet in May 2021 and provides a roadmap of actions to achieve net-zero carbon status across North Ayrshire by 2030. In addition, our Electric Vehicle Strategy 2021-2025 was also approved which will help reduce carbon emissions, improve local air quality, health and wellbeing.

Implementation of our Tree Planting Strategy continues to gather pace. Proposals to plant over 20,000 trees this growing season are underway, including at Lochshore, across our school estate, and various other locations. This will bring a range of benefits including carbon absorption, new habitats to support biodiversity, and sustainable flood risk management.

Our Waste Service has been exploring the potential scope of a 'remakery' project to support an increase in re-use and repair within North Ayrshire that also aligns to the principles of Community Wealth Building, the Zero Waste Strategy and contributes to the development of a circular economy.

Initial bids for funding to the national Recycling Improvement Fund have been submitted to improve waste infrastructure, signage and separation options within household waste recycling centres, including improving opportunities for reusing more bulky waste. The results of the bid submissions are expected in late October 2021.

Waste Resources and Economic Development are supporting the third sector to potentially establish a green waste composting project as part of a pilot Public Social Partnership on Arran. Zero Waste Scotland recently hosted a workshop with a range of local community, third sector and business representatives to discuss an on-island community garden waste composting facility. We will develop a business case to confirm whether the project is viable.

Household Recycling performance for April to June 2021 increased to 59.6% compared to 54.1% for the same period last year (which included the Covid-19 lockdown period). This is strong performance as we are still dealing with higher volumes of household waste while our residents continue to work from home where possible. We are almost back to our pre-pandemic level of 61.2% for the same period in 2019/20.

We have introduced a new pre-order system across primary and secondary school catering which will result in food only being prepared and cooked if it has been ordered and will lead to a reduction in food waste across all production kitchens.

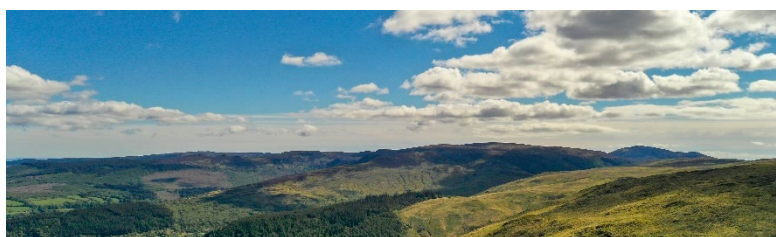
Development of our district heating schemes is progressing. Installation at Flatt Road is ongoing with multiple properties live on the network. Part of the Irvine Harbourside development will be served by a small district heating network.

As at the end of September, we have completed solar panel installations for 437 of 500 of our Council houses. In 2021 we have received 307 referrals, though some were withdrawn by residents or were for unsuitable properties.

The Upper Garnock Valley Flood Protection Scheme is currently under construction and due for completion in spring 2022. The Millport and Mill Burn Schemes have both been confirmed and are moving towards tender stage with construction expected to begin on both in 2022. Various flood risk studies and three schemes have been proposed for the second cycle of the Ayrshire Flood Risk Management Plan and the Strategy document is currently being consulted on.

Despite increased demand through coastal tourism our street cleansing serviced has received an excellent final Local Environment Audit and Management System (LEAMS) score for 2020 / 21 which was verified by Keep Scotland Beautiful during September provided a final score of 91.3%. The results of the report show significant improvements in reduction of dog fouling, fly tipping, fly posting and graffiti despite the pandemic.

A pilot providing opportunities for local businesses to advertise on roundabouts has been established. Following road safety audits, 24 locations in Irvine have been approved and have received planning consent for advertising. This initiative provides a low cost and effective mechanism for local businesses to advertise in key locations, supporting our Community Wealth Building approach and the economic recovery from the pandemic.







## Case Study – The Future is Bright – Solar PV Farms

Following approval in January of a solar photovoltaic (PV) farm at the former landfill site at Nethermain, Kilwinning, the tender specification has been published which is a key step in awarding the contract for construction on the former landfill site.

This project is central to our Environmental Sustainability and Climate Change Strategy 2021-2023 and when complete is expected to generate 34% of our Council's energy needs, reduce CO<sub>2</sub> by 501 tonnes per year and provide a financial surplus of approximately £13million that can be reinvested in North Ayrshire.

Yvonne Baulk, Head of Service (Physical Environment), said: "We are very excited by the plans to transform what is currently a vacant, former landfill site into a state-of-the-art facility providing clean energy and reducing our carbon emissions.

"In the last few years, we have taken great strides as a Council to lead by example in efforts to curb climate change and have reduced our own carbon emissions by more than 28% through a wide range of carbon reduction projects.

In addition, we are exploring the development of a further solar PV farm at the former landfill site at Shewalton. This proposal, as part of our Recovery and Renewal Approach, would reduce CO<sub>2</sub> by 358 tonnes each year and is expected to generate income of £642,000 annually."

The plans demonstrate how we can use landfill sites of our past, to generate our future.



## Inspiring Place

### *Areas of Focus*

Over the next six months we will focus on the following areas:

#### Well connected with effective infrastructure

- ◆ We will prepare Capital investment programmes for Structures, Network and Lighting for 2022/23 in line with our Roads Asset Management Plan (RAMP).
- ◆ We will procure and implement a new Wi-Fi supplier in 15 libraries, the Harbour Arts Centre, Heritage Centre and Eglinton Country Park.
- ◆ We will appoint a Digital Renewal Manager to support the development of digital infrastructure and digital economic transformation in North Ayrshire.
- ◆ Great Harbour - We will engage with stakeholders, including our residents and progress initial investment in the Harbourmasters Office subject to advice from our conservation architect as well as design and cost information.
- ◆ Marine Tourism – We will engage with partners regarding potential revisions to Ardrossan marina facilities due to additional works required.

#### Homes that meet resident's needs

- ◆ We will seek Cabinet approval of our Strategic Housing Investment Plan (SHIP) 2022-27.
- ◆ We will purchase another two empty homes meet our target of bringing four homes back into the affordable housing supply during 2021-22.

#### Vibrant, welcoming and attractive environment

- ◆ We will finalise our Island Plans with our communities and present to Cabinet for approval.

- ◆ We will roll-out installation of new play equipment and street furniture as part of a £900,000 public realm investment.
- ◆ We will launch and progress applications for a new Property Re-purposing Grant Fund. The fund will support feasibility work to assist land and assets being regenerated for environmental, economic or social purpose and aligned with Community Wealth Building aims.
- ◆ We will progress proposals for a new Volunteering Strategy for Streetscene and 'Adopt-a-spot' litter picking initiative.

#### A sustainable environment

- ◆ We will progress the development of both Nethermains and Shewalton Solar PV farms, representing an investment of up to £12million.
- ◆ We will work with Zero Waste Scotland and the third sector on Arran to conduct a feasibility study on the viability of a community composting facility on the island.
- ◆ We will develop an internal communications plan linked to our Environmental Sustainability and Climate Change Strategy 2021-2023 to encourage our workforce to be 'Plastic Smart'.
- ◆ We will develop funding proposals for Scottish Government's Recycling Improvement Fund, which align and support delivery of our Zero Waste Strategy.
- ◆ We will work with our partners to implement our tree planting programme, including planting as part of the major regeneration project at Lochshore.
- ◆ We will introduce a pilot recycling system aligned to household waste recycling in seven of our schools, including dedicated plastic bottle and can recycling (a common source of litter around our schools) and promote the 'Ob-litter-ate' anti-litter campaign at Largs, Auchenhavie and Greenwood Academies.





## A Council for the Future

### Key Activities



#### An accessible Council that puts residents and communities at the heart of what we do

We began the phased reopening of our face-to-face services, initially with Kilbirnie and Irvine Libraries in May. This was followed by our Customer Services Centres in Bridgegate, Irvine and Saltcoats Town Hall in August. All our open buildings have appropriate Covid-19 safety measures in place. We have maintained service contact through online methods and telephone contact and continue to encourage our residents to use these methods where possible.

We have supported KA Leisure (who manage our leisure facilities) to implement the Recovery and Renewal Plan. Financial recovery planning is being progressed and discussions are focussing on the 2022/23 budget forecast.

As we enter a period of recovery and renewal, our Community Facilities and Information and Culture teams have supported community organisations to begin their activities again in a Covid-safe way, through the development of restart toolkits, advice and insurance information.

To progress our Digital Strategy, we have engaged with our residents including our children and young people as well as our employees. Further engagement is planned with our Youth Cabinet and Elected Members.

We delivered a Covid-safe [Scottish Parliament Election](#) on 6th May with a turnout of 64.7% for Cunninghame North constituency (37,343 votes cast) and turnout of 58% for Cunninghame South (30,214). We also delivered the [Dalry and West Kilbride By-Election](#) on 12th August with a turnout of 36.3% (3,770 first preferences).

#### An efficient Council that maximises resources and provides value for money

Our Intranet site, known as Connects, migrated to SharePoint in August and is receiving positive feedback from teams with an official launch due in October. This new platform provides immediate access to internal information including policies, team information and processes, in a much more user-friendly way. As a result, it will increase efficiency across our Council.

We are continuing to rollout a new cloud based wireless network solution which will improve our IT network speeds, crucial to our operations. Currently 51 corporate and educational sites have had their wireless network upgraded. In addition, we are upgrading our wide area network (WAN) which will improve internet capability and access to cloud-based services, further improving our efficiency.

We have developed a new 'Benefits Realisation Framework' which acts as a monitoring tool to assist with medium-long term financial planning. The monthly Transformation Board meeting alternates between the Council Plan priorities of Inspiring Place, Aspiring Communities and A Council for the Future. It monitors ongoing project delivery and contributes to the development of new projects.

Incident response and business continuity plans have continued to be developed and tested so we are as prepared as possible for any cyber-attacks. This included testing our incident response plans using a major ransomware event scenario. We are preparing for a Council-wide business continuity exercise in October.

Using technology we can more efficiently improve the condition of our Council estate, condition surveys can now be undertaken using a touch screen laptop on site. As a result, information can be updated in real time, significantly reducing any delay in the data that informs our investment decisions.

## A valued workforce that delivers high quality services

Our Workstyles have been reviewed and re-launched and each post has been allocated one of four workstyles: Inbuilding, Mobile, Agile and Home. These recognise the importance of maintaining a working style that supports the wellbeing of our workforce and ensures service delivery. Our job advertisements now include the workstyle for the post which will be a key element in ensuring we remain an employer of choice.

Our Connected Leadership Programme, aimed at strategic leaders held a number of events to increase knowledge and skills on a variety of topics including Business Continuity Management, Cyber Security and Managing Emotional Wellbeing. A full programme is planned for the remainder of the year and planning has already commenced for 2022. The sessions are being well received by Senior Managers.

Wellbeing support for our school teams is crucial to ensure that we are able to meet the needs of our children and young people. We are delivering a comprehensive career-long professional learning programme and have delivered wellbeing sessions to probationer teachers. We publish a termly Mental Health and Wellbeing Bulletin and have provided our education teams with access to an e-learning module "Looking after Yourself". In addition we are providing

coaching and support with implementation of updated curricular resources.

Our Livewell/Workwell programmes continue to provide support and guidance to our workforce through sessions on Bereavement, Trauma and Grief Awareness, Managing Emotional Wellbeing and Prostate Cancer Awareness in addition to extensive resources available through our intranet. Our Occupational Health provided resources through their Wellbeing Calendar, including Bowel Cancer Awareness, Women's Health Awareness, Sun Awareness, Benefits of staying hydrated and Know your Numbers (healthy blood pressure).

We have publicised the 2021/22 NHS Flu Vaccination programme which has been extended this year meaning a significant proportion of our employees are now eligible to receive this.


## A powerful and respected voice

The Community Wealth Building Commission has held a discussion on priorities for a Scottish Community Wealth Building Act.

We are currently responding to a number of national consultations around the National Care Service, 2021 Direction and Scottish Government Island Bond (see [Areas of Focus](#) below).







## A Council for the Future

### *Areas of Focus*

Over the next six months we will focus on the following areas:

#### **An accessible Council that puts residents and communities at the heart of what we do**

- ◆ We will explore the 'Access to Our Council' initiative, which aims to streamline the process for initial contact and enhance collaboration across services.
- ◆ We will prepare for the Local Government Elections scheduled for May 2022.

#### **An efficient Council that maximises resources and provides value for money**

- ◆ We will contribute to the consultation and prepare for the introduction of the Accounts Commission's 2021 Direction for April 2022. The Direction outlines how we will continue to demonstrate our statutory duty of Best Value for our residents.
- ◆ We will establish a hybrid format of in person and virtual attendance across all our committees in line with Covid-19 regulations.
- ◆ We will launch the Workforce Information tool for managers using Microsoft Power BI. This will give managers a detailed overview of their teams, including overtime, absence management as well as learning and development.
- ◆ We will prepare for a Council-wide business continuity exercise in October.
- ◆ Following the successful roundabout advertising and floral bedding pilots, we will assess further advertising opportunities to support local businesses by using our public realm assets in a creative and innovative way.

#### **A valued workforce that delivers high quality services**

- ◆ We will support our teams to deliver services by improving our network bandwidth, specifically through our Wide Area Network (WAN) Project which will separate school and corporate internet access and specifically target schools with poor connectivity to improve performance. In addition, Wi-Fi across all schools and corporate locations will be improved.
- ◆ We will continue to take learning from the pandemic to support our transition to agile working as part of Our Future Working Environment programme.
- ◆ To recognise the wide impact cancer can have, we will research and develop guidance to support employees diagnosed with the illness.

#### **A powerful and respected voice**

- ◆ We will actively participate in the Scotland-wide consultation on the National Care Service Bill, considering its impact on our services and residents.
- ◆ We will finalise our response to the Scottish Government's Island Bond consultation following engagement with services. The consultation looks at developing policy on offering bonds of up to £50,000 to families and young people to address depopulation of islands.
- ◆ We will actively contribute through our Community Wealth Building Commission, to priorities for a Scottish Community Wealth Building Bill.
- ◆ We will liaise with COSLA, Scottish Government and Zero Waste Scotland to discuss and feedback on proposals for inclusion in a new Waste Route Map for Scotland.

## Performance Summary

Where performance indicator information is pending, the most recent status up to 2019/20 year end is used. Indicators and actions adrift of target and not previously reported are detailed on the next page.

### Legend

On Target

Slightly Adrift of Target

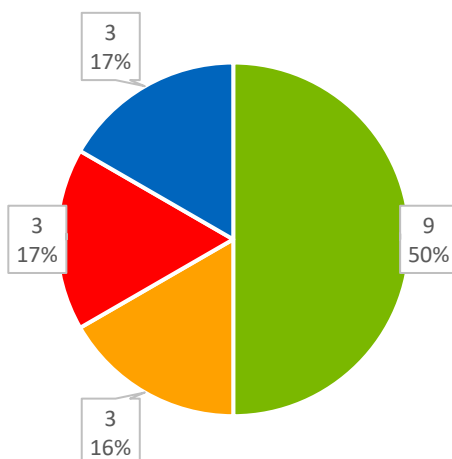
Significantly Adrift of Target

Status Unknown / Data Only

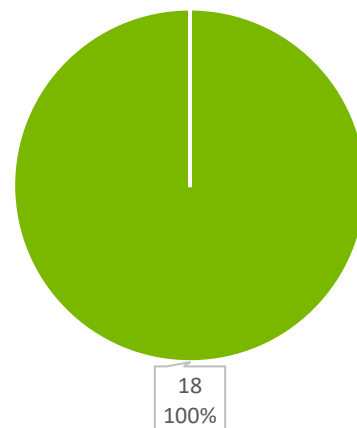
### Aspiring Communities

- ◆ Active and strong communities
- ◆ Children and young people experience the best start in life
- ◆ Inclusive, growing and enterprising local economy
- ◆ Residents and communities enjoy good life-long health and well-being
- ◆ Residents and communities are safe

#### Performance Indicators



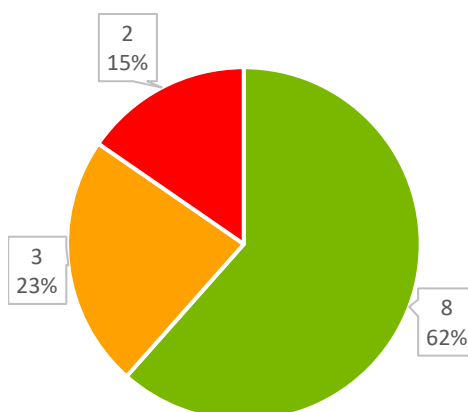
#### Actions



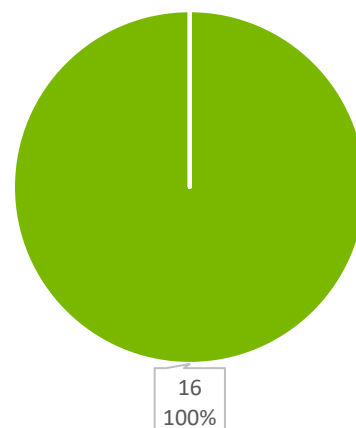
### Inspiring Place

- ◆ Well connected with effective infrastructure
- ◆ Homes that meet residents' needs
- ◆ Vibrant, welcoming and attractive environment
- ◆ A sustainable environment

#### Performance Indicators



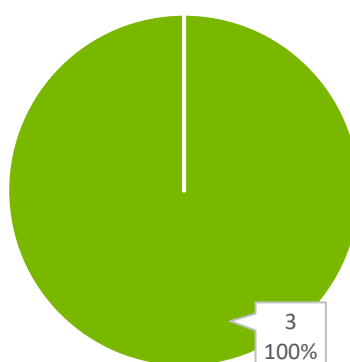
#### Actions



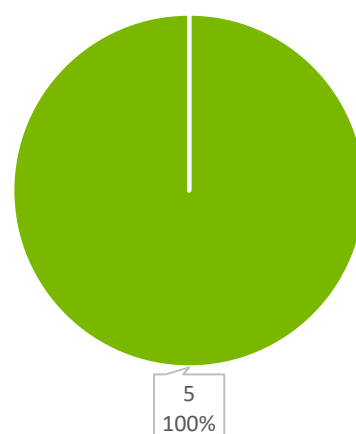
### A Council for the Future

- ◆ An accessible Council that puts residents and communities at the heart of what we do
- ◆ An efficient Council that maximises resources and provides value for money
- ◆ A valued workforce that delivers high quality services
- ◆ A powerful and respected voice

#### Performance Indicators



#### Actions



## Performance Indicators Adrift of Target

### *Aspiring Communities*

#### ● **CP\_10a Percentage of procurement spent on local enterprises**

The percentage of procurement spent on local enterprises for 2020/21 has been confirmed as 21.39% against a target of 23.5%. This is the highest percentage of spend since 2017/18 (23.04%). As outlined under our [Aspiring Communities priority](#), sourcing services and supplies from local providers is key to supporting our economy and central to our Community Wealth Building (CWB) Strategy. We participated in an Ayrshire-wide Meet the Buyer event in April to promote upcoming procurement opportunities and support our local businesses to bid for public sector contracts. A Connected Leadership procurement learning event was held in May and 27 managers participated in the session. In addition, to ensure the availability of services and supplies locally is visible, our Corporate Procurement and Business Development teams have implemented an improved process which allows deeper market and locality engagement before commissioning work.

#### ● **CP\_13 Percentage of children with BMI centile >91 at 27 month review**

The percentage of children with BMI centile > 91 at 27-month review was 14.68%. This is breaching the target of 10.5%. Please note that due to data validation processes, this indicator is reported one quarter in arrears, therefore this information is representative of Quarter 1. Tackling obesity is a complex problem requiring a whole system response. A number of measures continue to be in place within Universal Early Years, supported by colleagues in NHS Ayrshire and Arran dietetics. Infant feeding, including age and stage appropriate weaning, remain a key aspect of health visiting practice. Health Visitors are supporting families with appropriate advice and signposting, including requesting assistance from the Early Years Support Team and referring to Jumpstart Tots (child health weight programme for under five-year-olds and their families).

### *Inspiring Place*

#### ● **CP\_22 Number of electric vehicle charging points publicly available**

The number of publicly available electric vehicle (EV) charge points within North Ayrshire is 47 (28 council owned and 19 private). Our Electric Vehicle Strategy 2021-25 was approved by Cabinet in May. Priority 1 is "Development of a network of strategically located EV charge points" and includes plans to map out potential charging infrastructure locations by March 2022 as well as identify funding opportunities to support this. We install publicly accessible charge points by utilising Transport Scotland's Local Authority Installation Programme (LAIP) funding. The 2021-2022 allocation is lower than in previous years, allowing installation of three charge points in North Ayrshire this year. We will continue to investigate additional funding sources and encourage the private sector to install EV charge points for public use.

## Indicator Amendments

**CP\_27 Street Cleanliness Index - % Clean (LGBF)** – Data for 2019/20 had incorrectly been entered against the 2020/21 time period and has been removed. Data for 2020/21 will be available at the next Local Government Benchmarking Framework (LGBF) data release in early 2022.

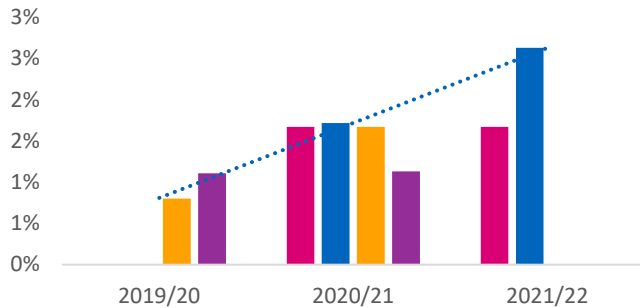
## Actions Adrift of Target

No actions are adrift of target.

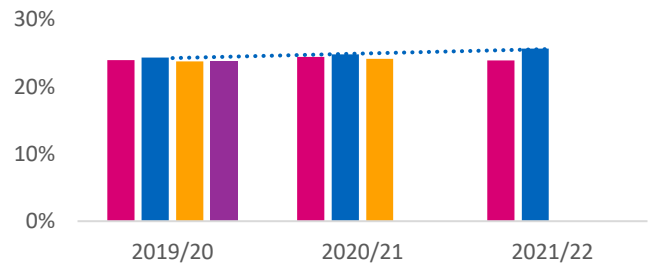
## Trend Charts

Key: Q1 Q2 Q3 Q4 Trend

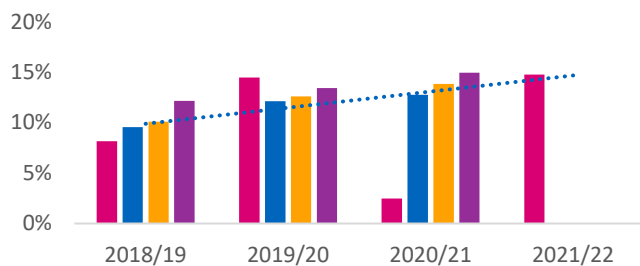
CP\_02 % of Council budget directed via participatory methods



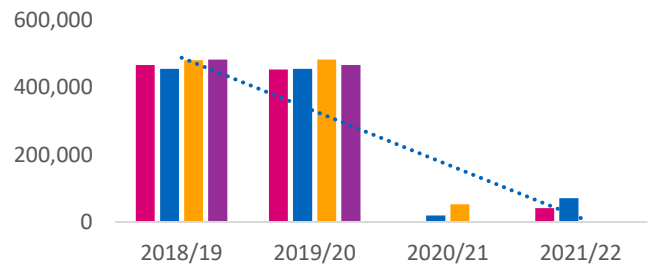
CP\_12 Percentage of learning disability service users accessing employment support activities



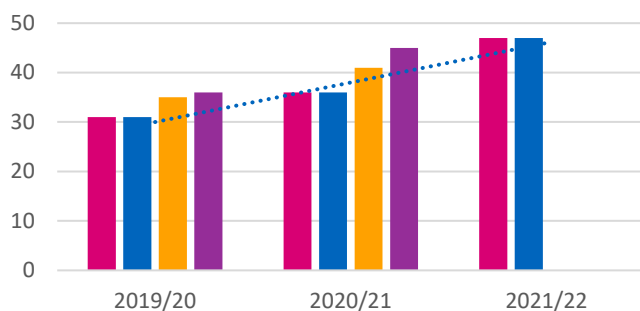
CP\_13 Percentage of children with BMI centile >91 at 27 month review



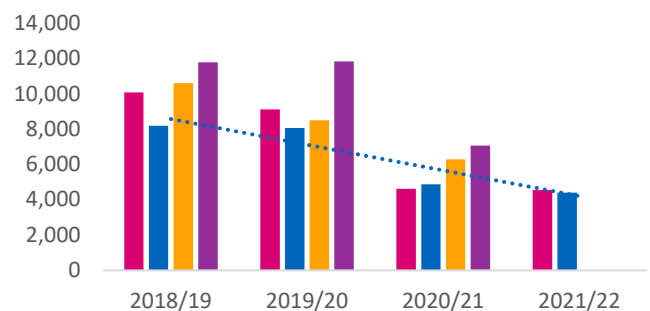
CP\_15 Number of attendances at indoor sports & leisure facilities (excluding pools)



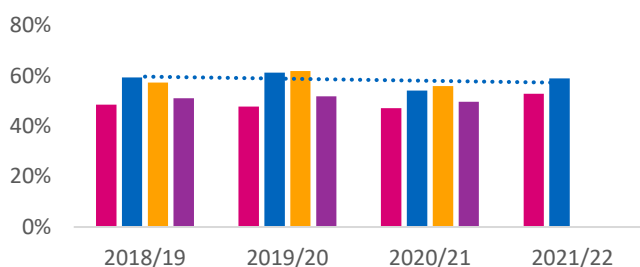
CP\_22 Number of electric vehicle charging points publicly available



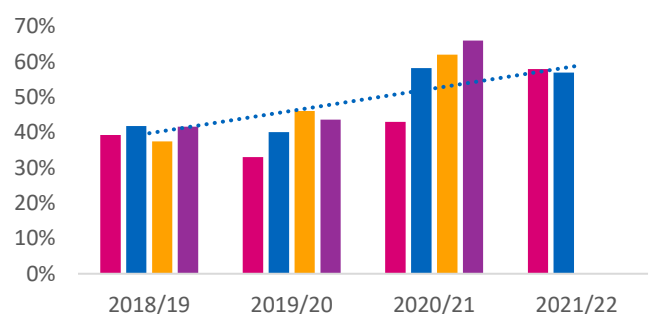
CP\_29 Overall carbon emissions (tonnes)



CP\_31 % of total household waste that is recycled (calendar year as per SEPA) (LGBF)



CP\_33 % of Self Service Transactions





## Best In Class

This section outlines how we are working with others to learn and continually improve our services.

### Sharing Learning

Our Chief Executive met with the Chief Executive of Midlothian Council, our GIS and Analytics Team and Corporate Performance Team to discuss our use of Power BI data analysis software to manage internal data and our public facing Performance Dashboard. This has been followed by sessions with performance teams at Midlothian Council and Aberdeenshire Council to share our learning and we are planning to meet with Angus Council in November.

Our very positive Best Value Assurance Report published last year has prompted attention from other local authorities. Glasgow City Council and Aberdeenshire Council met with our Corporate Performance Team to learn from our performance management approach. In particular [Our Performance Strategy](#) launched in March has been heavily influential in the development of [Aberdeenshire Council's Performance Framework](#).

Our Community Planning team met with representatives from South and East Ayrshire Community Planning Partnerships to discuss pan Ayrshire opportunities and share developments and best practice in locality planning, consultation, and communication across partners.

### Areas Being Explored

Due to increased interest in the use of Power BI, contacts with other local authorities across Scotland are being strengthened. Following the provision of informal support to other authorities, our GIS and Analytics Team and Corporate Performance Team aim to learn how other councils build on our initial guidance so we can develop our own services further.

### External Inspections and Self-Assessment Activity

Following assessment by Keep Scotland Beautiful, Newton Beach, Millport has been awarded the Scotland's Beach Award for the 10<sup>th</sup> year. This award takes into account access, facilities and safety, local environmental quality, community and heritage.

### Accreditations

We have again achieved certification to the Public Services Network (PSN) security standard. This accreditation is awarded following an independent assessment by the UK Government Cabinet Office and demonstrates that we meet the required information assurance and cyber security standards.

We have retained the Gold 'Food for Life Served Here' accreditation for our 8<sup>th</sup> year. It has been awarded to all 50 of our Primary Schools, 15 early years centres and Arran High School. Awarded by the Soil Association Scotland, it shows we are making it easy to choose good food that is environmentally sustainable, ethical and local.



## What Our Customers Say

This section captures a range of feedback from our residents and business representatives who have contacted us recently.

I wish to commend a council worker in the Girdle Toll area. He volunteered to litter pick in his local area. He is doing a fantastic job in this area, he's out every day, keeping it clean and tidy. He deserves some kind of recognition for his efforts.

*(North Ayrshire Resident)*

I had a plumber visit the property today to carry out some work. His workmanship was outstanding, he was also very polite and courteous. Tidied up after himself and you wouldn't even have known work had been carried out in the property. He communicated with me from start to finish on what he would be doing and how long it would take. He is a credit to the Council and I would like for his bosses to recognise what an asset he is.

Thanks.

*(North Ayrshire Resident)*

I would just like to say that a year ago I found myself in the unfortunate position of becoming homeless as I lost my house through my ex-husband's behaviour. I was put in touch with the Homeless Team who were amazing. They got me through the process at all stages.

I have a daughter who has special needs and this was a very difficult time for her as she didn't fully understand what was happening. We now have a lovely house which we are so looking forward to moving into in the next coming weeks. I just want to let you know they were absolutely wonderful with me and I think they deserve some recognition for doing the job.

*(North Ayrshire Resident)*

I would like to express my thanks to Paul and Jim of the Streetscene Team who came to my aid yesterday afternoon when my car broke down on Main Street, Largs. They were very understanding of the situation and immediately started to direct traffic around my car (which due to the fault could not be moved) and explained the situation to other drivers and passers-by. They were a very calm presence in an otherwise very stressful situation. I do not know what I would have done without them.

*(North Ayrshire Resident)*

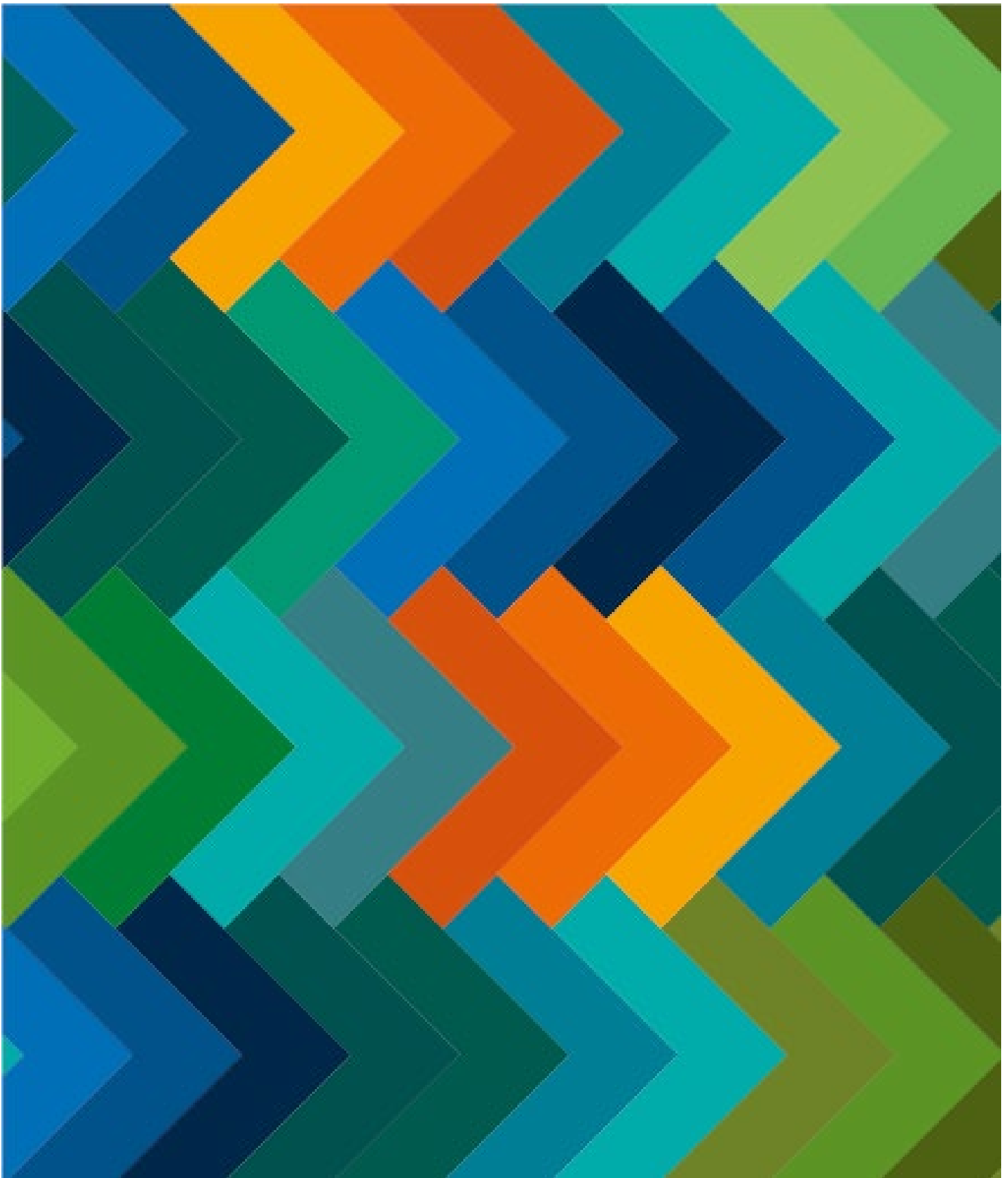
Hi, I live in Saltcoats and following recent groundworks being completed a few weeks ago, there are still barriers and chipboard abandoned on the grass. It looks awful and I'm worried children will begin to play with the items.

*(North Ayrshire Resident)*

Thank you for contacting us. We contacted our contractors as soon as we received your complaint. They arrived on site the next day to uplift all of the items.

*(North Ayrshire Council Representative)*










For further information please contact:

**The Corporate Policy, Performance and Elections Team**  
Tel: 01294 324648  
Email: [NorthAyrshirePerforms@north-ayrshire.gov.uk](mailto:NorthAyrshirePerforms@north-ayrshire.gov.uk)






















































## Appendix 2 – Council Plan Performance Indicators







(Data available as at Quarter Two 2020-21)

PI Status	
	Significantly Adrift of Target
	Slightly Adrift of Target
	On Target
	Data Only
	Data Not Available





















### Priority - Aspiring Communities

Code & Short Name	2018/19			2019/20			2020/21			Q2 2021/22		
	Value	Target	Status	Value	Target	Status	Value	Target	Status	Value	Target	Status
CP_01 Percentage of population who are involved in local decision making (see description)	51%			45.53%			6.67%			50.92%		
CP_02 Percentage of Council budget directed via participatory methods	0.62%			1.11%	0.89%		1.13%	1.2%		2.63%	1.1%	
CP_03 Percentage of residents who agree they have access to opportunities to participate in their local community	47%			47%	47%		47%	47%		Measured Annually		
CP_04 Percentage of children achieving their developmental milestones at the time the child starts primary school	78%			Data was not collected for 2019/20 academic year due to Covid-19.	79%		Data not currently available	80%		Measured Annually		
CP_05 Average total tariff score of pupils living in SIMD 30% most deprived areas	638.1	715		685.8	718		Data not currently available	724		Measured Annually		
CP_06 Average tariff score: All Leavers	780.7	885		857.4	895		Data not currently available	900		Measured Annually		

Code & Short Name	2018/19			2019/20			2020/21			Q2 2021/22		
	Value	Target	Status	Value	Target	Status	Value	Target	Status	Value	Target	Status
CP_07 Percentage of school leavers entering positive destinations (LGBF)	94%	95.7%		92.5%	96%		Data not currently available	96.2%		Measured Annually via Local Government Benchmarking Framework. Data due in February.		
CP_08 Percentage of children living in poverty (after housing costs)	27.1%	-		27.9%	26.5%		Data not currently available	26.5%		Measured Annually		
CP_09 Percentage of working age population in employment	69.7%	64.7%		70.2%	70%		69%	64.7%		Q1 data showed 67.8% as at end of June. Q2 data available in January.		
CP_10a Percentage of procurement spent on local enterprises	20.31%			19.98%	23%		21.39%	23.5%		Measured Annually		
CP_11 Percentage of people earning less than the living wage (LGBF)	24.3%			16%	24%		Data not currently available	23%		Measured Annually via Local Government Benchmarking Framework. Data due in February.		
CP_12 Percentage of learning disability service users accessing employment support activities	23.88%	30%		23.84%	30%		0%	25%		25.69%	25%	
CP_13 Percentage of children with BMI centile >91 at 27 month review	9.98%	10.5%		13.19%	10.5%		11.59%	10.5%		Q1 data showed 14.68%. Q2 data available in January.		
CP_14 Percentage of households in fuel poverty		26%		28%	25.5%		28%	28%		Measured Annually		
CP_15 Number of attendances at indoor sports & leisure facilities (excluding pools)	1,886,930			1,859,843	1,964,100		71,913	736,915		70,505		
CP_16 Percentage of people aged 65 and over with long-term care needs who receiving personal care at home (LGBF)	66.68%	65.6%		69.42%	66%		Data not currently available	66%		Measured Annually via Local Government Benchmarking Framework. Data due in February.		

Code & Short Name	2018/19			2019/20			2020/21			Q2 2021/22		
	Value	Target	Status	Value	Target	Status	Value	Target	Status	Value	Target	Status
CP_17 Emergency Admissions (Number)	20,933	20,257		19,150	20,257		16,283	20,257		Currently measured annually. Quarterly data will be available from Q4 onwards.		
CP_18 Percentage of new tenancies to applicants who were assessed as homeless sustained for more than a year	81.48%	82%		84.07%	82%		92.48%	85%		Measured Annually		











## Priority – Inspiring Place

Code & Short Name	2018/19			2019/20			2020/21			Q2 2021/22		
	Value	Target	Status	Value	Target	Status	Value	Target	Status	Value	Target	Status
CP_19 Proportion of operational buildings that are suitable for their current use (LGBF)	91.01%	92%		90.89%	93%		Data not currently available	93%		Measured Annually via Local Government Benchmarking Framework. Data due in February.		
CP_20 Overall percentage of road network that should be considered for maintenance treatment	38.1%	39.3%		37.3%	38.1%		37.1%	38.1%		Measured Annually		
CP_21 Proportion of properties receiving superfast broadband (LGBF)	93.7%			94.1%	97%		Data not currently available	97%		Measured Annually via Local Government Benchmarking Framework. Data due in February.		
CP_22 Number of electric vehicle charging points publicly available	25	25		36	30		45	42		47	60	
CP_23 Number of new build Council housing units reaching completion (cumulative)	296	296		381	351		437	755		Measured Annually		
CP_24 Number of empty homes brought back into use (cumulative)	295	60		594	500		594	600		Measured Annually. Quarterly data will be available for 2022/23.		
CP_25 Percentage of Council dwellings that meet the Scottish Housing Quality Standard (LGBF)	99.19%	99.4%		99.36%	99.4%		98.83%	99.5%		98.53%	99.5%	
CP_26 Tourism Visitor Numbers	1,519,260			1,599,400	1,534,968		Data not currently available			Measured Annually		



Code & Short Name	2018/19			2019/20			2020/21			Q2 2021/22		
	Value	Target	Status	Value	Target	Status	Value	Target	Status	Value	Target	Status
CP_27 Street Cleanliness Index - Percentage Clean (LGBF)	94.5	94	✓	94.6	94	✓	Data not currently available	94	?	Measured Annually via Local Government Benchmarking Framework. Data due in February with provisional internally calculated data available at Q3.		
CP_28 Hectares of vacant & derelict land in North Ayrshire	1,279	1,269	✓	1,180	1,244	✓	1,204	1,194	✓	Measured Annually		
CP_29 Overall carbon emissions (tonnes)	40,666	45,137	✓	37,508	39,320	✓	22,846	35,127	✓	4,411	4,568	✓
CP_30 Total installed capacity of low carbon heat and electricity generation across the Council's estate	9,682	9,600	✓	9,700	9,700	✓	10,720	9,800	✓	Currently measured annually. Quarterly data will be available from Q4 onwards.		
CP_31 Percentage of total household waste that is recycled (calendar year as per SEPA) (LGBF)	54.6%	54.5%	✓	56.3%	59%	⚠	52.1%	52.1%	✓	59.6%	55.5%	✓

## Priority – A Council for the Future

Code & Short Name	2018/19			2019/20			2020/21			Q2 2021/22		
	Value	Target	Status	Value	Target	Status	Value	Target	Status	Value	Target	Status
CP_32 Percentage of Customers delighted with the overall Customer Service	81%	77%		81%	77%		Not measured due to the pandemic	77%		Measured Annually		
CP_33 Percentage of Self-Service Transactions	40.09%	35%		41.26%	40%		58%	45%		57%	50%	
CP_34 Employee Engagement Level - Council Wide	No survey planned	70%		70.67%	70%		Next survey planned for 2022/23	70%		Next survey planned for 2022/23.		

# Council Plan Action Tracker

\*2021 status based on information available rather than specific sub-actions.

\*\*Council Plan Delivery Plan was in development during Q1.

Priority	Outcome	Ref #	Existing Overall Action	2019-20				2020-21*	2021-22				2022-23				2023-24			
				Q1	Q2	Q3	Q4	Year End Estimate	Q1**	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Aspiring Communities	What we' ll do to make active and strong communities	CP_01	We will build stronger relationships between the council, communities and partners.	✓	✓	✓	✓	✓		✓										
		CP_02	We will co-produce a local charter with our communities which sets out the things we jointly commit to do for each other, to help each other create a better North Ayrshire.	✓	✓	✓	✓	✓		✓										
		CP_03	We will extend our participatory approach, offering communities more opportunities to lead in local decision-making.	✓	✓	✓	✓	✓		✓										
		CP_04	We will support communities to achieve what's important to them through strong local networks.	✓	✓	✓	✓	✓		✓										
	What we' ll do to ensure our children and young people experience the best start in life	CP_05	We will expand our early learning and childcare provision to make sure all eligible children are able to access 1140 hours of free care each year.	✓	✓	✓	✓	✓		✓										
		CP_06	We will support our children and young people to become successful learners, confident individuals, effective contributors and responsible citizens.	✓	✓	✓	⚠	✓		✓										
		CP_07	We will offer opportunities to our young people and their families to play a more active role in school life and encourage more participation in learning opportunities.	✓	✓	⚠	✓	✓		✓										
		CP_08	We will work with all young people to build their resilience, supporting their mental health and physical well-being.	⚠	✓	✓	✓	✓		✓										

\*2021 status based on information available rather than specific sub-actions.

\*\*Council Plan Delivery Plan was in development during Q1.

Priority	Outcome	Ref #	Existing Overall Action	2019-20				2020-21*	2021-22				2022-23				2023-24			
				Q1	Q2	Q3	Q4	Year End Estimate	Q1**	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	What we' ll do to have an inclusive, growing and enterprising local economy	CP_09	We will work with schools, colleges, universities, businesses and partners to deliver education, skills and training, helping people into work and sustaining employment.																	
		CP_10	We will make sure that everyone has the ability and knowledge to participate in the digital world.																	
		CP_11	We will support our local businesses to become more innovative and competitive.																	
		CP_12	We will promote fair employment practices.																	
		CP_13	We will develop and implement a Community Wealth Building (CWB) strategy.																	
	What we' ll do to make sure North Ayrshire residents and communities	CP_14	We will continue our work with partners, including the Scottish Government, to explore the feasibility of a Scottish Basic Income Pilot.						Complete											
		CP_15	We will let people decide how best to manage their own care needs and support people to live in their own homes for as long as possible.																	
		CP_16	We will work with individuals and communities to support positive lifestyle choices which improve health and wellbeing.																	
	What we will do to ensure North Ayrshire	CP_17	We will work with partners to support our vulnerable residents and communities.																	
		CP_18	We will extend the 'Housing First' pilot to address homelessness.																	



\*2021 status based on information available rather than specific sub-actions.

\*\*Council Plan Delivery Plan was in development during Q1.

*2021 status based on information available rather than specific sub-actions. **Council Plan Delivery Plan was in development during Q1.				2019-20				2020-21*	2021-22				2022-23				2023-24				
Priority	Outcome	Ref #	Existing Overall Action	Q1	Q2	Q3	Q4	Year End Estimate	Q1**	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Inspiring Place	What we’ Il do to make North Ayrshire well-connected with effective infrastructure	CP_19	We will provide well-maintained, integrated travel and transport networks, supporting alternative and sustainable transport.	✔	✔	▲	▲	✔	No longer being pursued following a decision by Nottingham City Council to sell their not-for-profit energy company to British Gas following significant financial losses.	✔											
		CP_20	We will work with partners to make sure there is sustained investment in our roads, ports and harbour infrastructure to ensure that travel is resilient and reliable.	✔	✔	✔	▲	✔		✔											
		CP_21	We will work with partners to extend public wi-fi and improve our digital connectivity.	✔	✔	✔	✔	✖		✔											
		CP_22	We will provide an appropriately sized, fit for purpose, energy-efficient and digital- enabled property portfolio, including our schools.	✔	✔	✔	▲	✔		✔											
		CP_23	We will attract investment, through the Ayrshire Growth Deal and other means, to support regeneration and job creation at our key development sites of i3 Irvine, Hunterston, Lochshore, Ardrossan Marine Quarter, and the Irvine Great Harbour.	✔	✔	▲	✔	✔		✔											
		CP_24	We will support our communities to maximise the use of community assets (such as schools) and encourage Community Asset Transfers.	✔	✔	✔	✔	✔		✔											
	What we’ Il do to provide our residents with homes and houses that meet their needs	CP_25	With our social landlord partners, we will build new, modern, energy-efficient lifelong homes for life, tailored to the needs of tenants.	✔	✔	✔	✔	✔		✔	✔										
		CP_26	We will actively promote a mix of homes by facilitating private housing development.	✔	✔	✔	▲	▲		✔	✔										
		CP_27	We will work with property owners and landlords to make sure our private housing is suitable for the needs of our residents.	✔	✔	✔	✔	▲		✔	✔										
		CP_28	We will form a partnership with other Councils to introduce a low-cost energy offer.	✔	✔	✔	✔	Off Programme													

\*2021 status based on information available rather than specific sub-actions.

\*\*Council Plan Delivery Plan was in development during Q1.

Priority	Outcome	Ref #	Existing Overall Action	2019-20				2020-21*	2021-22				2022-23				2023-24			
				Q1	Q2	Q3	Q4	Year End Estimate	Q1**	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	What we' ll do to make North Ayrshire a vibrant, welcoming and attractive environment	CP_29	We will provide well-kept public places and town centres which will benefit our residents, visitors and businesses.	✓	✓	✓	✓	✓		✓										
		CP_30	We will, where possible, bring empty properties back into use.	✓	✓	✓	✓	✓		✓										
		CP_31	We will work with communities to improve the quality of the local environment through a participatory approach.	✓	✓	✓	✓	✓		✓										
		CP_32	We will develop North Ayrshire as a coastal and island destination, attracting tourism investment and visitors.	✓	✓	✓	✓	⚠		✓										
	What we'll do to make sure we all live in a sustainable environment	CP_33	We will support a circular economy by re-using, recycling and generating energy from the waste we manage.	✓	✓	✓	✓	✓		✓										
		CP_34	We will develop additional low carbon renewable energy schemes and networks.	✓	✓	✓	✓	✓		✓										
		CP_35	We will protect our communities by delivering the Local Flood Risk Management Plan, the Shoreline Management Plan and the Millport and Upper Garnock Valley Flood Protection Schemes.	✓	✓	✓	✓	✓		✓										

\*2021 status based on information available rather than specific sub-actions.

\*\*Council Plan Delivery Plan was in development during Q1.

Priority	Outcome	Ref #	Existing Overall Action	2019-20				2020-21*	2021-22				2022-23				2023-24			
				Q1	Q2	Q3	Q4	Year End Estimate	Q1**	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
A Council for the Future	An accessible Council that puts residents and communities at the heart of what we do	CP_36	We will work with communities and key stakeholders to radically review what we do and how we do it, to deliver cost effective services.	✓	✓	✓	✓	✓		✓										
		CP_37	We will provide joined up services across the Council and with partner agencies and communities.	✓	✓	✓	✓	✓		✓										
		CP_38	We will use technology to improve access to and delivery of our services.	⚠	⚠	⚠	⚠	✓		✓										
	A powerful and respected voice	CP_39	We will make our case nationally, regionally and locally levels to secure investment to support delivery of our priorities.	✓	✓	✓	✓	✓		✓										
	An efficient Council that maximises resources and provides value for money	CP_40	We will review what we do and how we do it to ensure we deliver the best possible services.	⚠	✓	✓	✓	✓	This action was removed as approved by Cabinet in August 2021 as it duplicates CP_36 and CP_37.											
	A valued workforce that delivers high quality services	CP_41	We will empower and invest in our workforce to develop new and innovative ways of working.	✓	✓	✓	✓	✓		✓										



**NORTH AYRSHIRE COUNCIL****8<sup>th</sup> March 2022****Audit and Scrutiny Committee**


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<b>Title:</b>	<b>Best Value Assurance Audit Recommendations Update</b>
<b>Purpose:</b>	To advise on progress against our Best Value Assurance Audit Recommendations
<b>Recommendation:</b>	That the Audit and Scrutiny Committee: (a) Note the update to our Best Value Assurance Audit recommendations; and (b) Agrees that recommendation actions can be deemed as complete with no further update necessary.

---

**1. Introduction**

- 1.1 [North Ayrshire Council's Best Value Assurance Report](#) published in June 2020 presented the findings of the Best Value Audit undertaken in February and March 2020 (prior to the first Covid-19 coronavirus lockdown). The previous Best Value Audit took place in 2011.
- 1.2 The Best Value Assurance Report 2020 was extremely positive and demonstrated significant improvement since the previous Best Value Audit in 2011. It provides substantial assurance that North Ayrshire Council complies with its statutory obligations to secure Best Value.
- 1.3 The Commission commended the significant progress made since the 2011 Best Value report:
- 1.4 *"The core of this progress has been a good sense of self-awareness: The Council has been clear on how and where it can improve, has a well-defined strategy, and shares with its partners a strong vision for North Ayrshire. This strategic direction is reinforced by a record of collaboration: between Elected Members and officers; in engaging with staff in improvement; and in the empowering approach taken by the Council in its relationship with its communities."* (The Accounts Commission).
- 1.5 The Commission stated this is particularly encouraging due to the challenging demographic context of deprivation and demography in North Ayrshire.
- 1.6 The findings of the Best Value Audit were presented to Council on [23<sup>rd</sup> September 2020](#).

## **2. Summary of Key Messages**

- 2.1 A summary of key messages as at March 2020 are as follows:
- 2.2 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 and the Council is delivering improvements for communities and residents.
- 2.3 There is a strong culture of collaborative working at North Ayrshire Council. Elected Members and officers work well together, and the Council works effectively with a wide range of partners including the Community Planning Partnership (CPP), the Integrated Joint Board (IJB) and private business. There is joint ownership of, and commitment to, delivering agreed strategic priorities. The Council Plan, the Local Outcomes Improvement Plan and local community plans are all clearly aligned and focused on addressing North Ayrshire's key challenges.
- 2.4 Despite significant economic and demographic challenges, the Council is performing well and is a frequent award winner and early adopter for national pilots. Performance management arrangements are clearly focused on priority areas and data is used to drive improvements.
- 2.5 The Council's arrangements for financial planning and management are good overall and it has significantly improved its asset management and procurement arrangements since the last Best Value Report. While the Council has made clear progress with its transformation agenda, including setting aside money to fund projects, its savings plans fall short of the estimated funding gap.
- 2.6 The Council is committed to community empowerment and is recognised by the Scottish Government and Convention of Scottish Local Authorities (CoSLA) as a sector leader. The Council's approach is focused on embedding community empowerment in every-day business. The Council works well with a wide number of communities and groups including young people and tenants.

### 3. Recommendations

- 3.1 There are four recommendations arising from the 2020 Best Value Audit, these are summarised below.

#### **Recommendation 1**

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. This includes:

- Developing the transformation themes into projects and further developing the governance arrangements to ensure the Council has the skills needed to implement the next stage of transformation.
- Developing a robust benefits realisation tracker to assess whether the Council has achieved its aims.

#### **Current Status**

The Transformation and Renewal Programme continues to be progressed. The broad outline of the programme was included in the Budget report to Council on 4th March 2021. The Governance structure which supports the programme is in place through Transformation Boards, aligned to the Council Plan themes of Inspiring Place, Aspiring Communities and A Council for the Future, as well as through the Executive Leadership Team. All the individual projects / activities have been assigned to individual owners and a new Sustainable Change Programme for 2022/23 and beyond (rather than Transformation and Renewal programme) was discussed by the ELT in November 2021 with further discussions in January 2022 prior to the start of the new financial year.

A new monitoring framework to track progress has been developed. This provides a medium to long term (10 years) framework which is split across agreed budget programme activity (approved on 4th March 2021) and budget pipeline activity i.e. projects / activities which continue to be progressed and developed. The impact on how this activity addresses the anticipated budget gap is also reflected in the framework. Importantly, the framework also captures any workforce implications for delivery and also the full time equivalent impact of any anticipated savings as well as capturing the anticipated key outcomes.

#### **Recommendation 2**

The Council must evolve workforce planning across all services, and clearly align service workforce plans to the transformation projects, in order to:

- Identify the numbers, cost and skills of the current and desired workforce.
- Effectively facilitate the transition from the current workforce composition to the desired workforce.

Workforce planning discussions recommenced in 2021 and have been updated at six monthly intervals for the majority of services. These meetings ensure that workforce planning is aligned with challenges, service reviews and the transformation agenda. In addition, the monitoring framework for transformation has been implemented and includes workforce information linked to transformation activity.

Heads of Service have two workforce planning meetings, Workforce Plan and Workforce Costs. The Workforce Plan covers the workforce demographics, transformation, PESTLE analysis and service review activity which helps shape the desired future workforce. The Workforce Costs meeting provides information on absence costs, overtime, vacancies etc. as well as key information that Heads of Service need to inform their planning in relation to their current and desired future workforce.

### **Recommendation 3**

The Council should work with locality partnerships to make clear what the intended impacts are of locality plans and make them publicly available.

Extensive work was undertaken in 2020 and 2021 on the refresh of locality partnership priorities. This led to five locality partnerships agreeing their ongoing priorities at their June 2021 meetings. A focus of this work was devising priorities which target local inequalities, as a result they are now clearer on the impact they want to achieve, e.g. Kilwinning moving from “traffic and parking” to “alleviating poverty and promoting equality of access to opportunities”. Work on the refresh of the Arran Locality priorities will continue into Quarter Four 2021/22 taking into account the development of the Island Plan.

Once the plans to support each locality’s priorities are agreed, these will be published on the Community Planning [website](#). This will add to the existing wide range of locality partnership information available such as meeting papers which include local progress updates, the current locality partnership priorities and impact summaries.

### **Recommendation 4**

The Council should review its Public Reporting online portal, North Ayrshire Performs, to make it more user friendly and accessible.

We have replaced our North Ayrshire Performs portal with a new Performance Dashboard developed in-house by the Corporate Policy, Performance and Elections Team and launched on 28<sup>th</sup> February 2021.

The dashboard provides a much more user friendly and accessible way for our residents to access our performance data. We reviewed the information available to ensure it is as concise and relevant as possible; that it contains a link to the LGBF Benchmarking Tool; and includes our contact details. We ensured the layout is in line with our corporate and Annual Performance Reporting branding and can be updated with any changes.

The dashboard is available from our performance pages within our North Ayrshire Council website [www.north-ayrshire.gov.uk/performance](http://www.north-ayrshire.gov.uk/performance) and linked to within our six monthly Council Plan performance reports.

Due to the innovative way we are presenting our information, we have been approached by several councils in Scotland including Midlothian Council and Aberdeenshire Council as well as Lisburn and Castlereagh City Council in Northern Ireland, to provide demonstrations and advice. We have worked closely with the GIS and Analytics Team to provide support on more technical areas such as Power BI licensing and integrating Power BI with performance management systems.

As the dashboard was developed inhouse we have full control of its evolution and will continue to make improvements based on general feedback as well as learning from the informal network being established through our demonstrations.



#### **4. Proposals**

It is proposed that the Audit and Scrutiny Committee: (a) Note the update to our Best Value Assurance Audit recommendations; and (b) Agrees that recommendation actions can be deemed as complete with no further update necessary.

#### **5. Implications/Socio-economic Duty**

##### **Financial**

5.1 There are no financial implications.

##### **Human Resources**

5.2 There are no human resource implications.

##### **Legal**

5.3 This report confirms the arrangements for the Council's compliance with its duties under the Local Government Act 1992 and the Local Government in Scotland Act 2003 and commitment to improving public performance reporting.

##### **Equality/Socio-economic**

5.4 There are no equality/socio-economic implications.

##### **Environmental and Sustainability**

5.5 There are no environmental and sustainability implications.

##### **Key Priorities**

5.6 This report helps to demonstrate the Council's delivery of its strategic priorities.

##### **Community Wealth Building**

5.7 There are no community wealth building implications.

## 6. Consultation

- 6.1 Feedback from the Executive Leadership Team (ELT) informed the content of this report.

Aileen Craig  
Head of Service (Democratic)

For further information please contact **Isla Hardy, Team Manager (Policy and Performance)** email [IslaHardy@north-ayrshire.gov.uk](mailto:IslaHardy@north-ayrshire.gov.uk).

### **Background Papers**

[North Ayrshire Council Best Value Assurance Report](#)

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## NORTH AYRSHIRE COUNCIL

**8 March 2022**

### Audit and Scrutiny Committee

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<b>Title:</b>	<b>External Audit Plan 2021/22</b>
<b>Purpose:</b>	To inform the Committee of the External Audit Plan for 2021/22.
<b>Recommendation:</b>	That Committee notes the External Audit Plan for 2021/22.

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

- 1.1 Deloitte LLP are the Council's external auditors for the period 2016 to 2022 with 2021/22 being the final year of this appointment.
- 1.2 This report provides the Audit and Scrutiny Committee with details of Deloitte LLP's planning report for the 2021/22 audit.
- 1.3 Following completion of the audit, the annual audit report will be presented to the Audit and Scrutiny Committee before 30 September 2022

#### **2. Background**

- 2.1 Deloitte LLP were appointed as the Council's external auditors for the period 2016 to 2021. However, as a result of the significant disruption for public bodies and to auditors of the public sector caused by the Covid-19 pandemic, the Auditor General for Scotland and the Accounts Commission for Scotland extended the current audit appointments by one year. 2021/22 will now be the final year of Deloitte LLP's appointment.
- 2.2 In addition, Deloitte LLP are the appointed auditors for the North Ayrshire Integration Joint Board for the same period.
- 2.3 Deloitte LLP's planning report for the 2021/22 audit is attached at Appendix 1. A representative of Deloitte LLP will be in attendance to present the plan to the Committee.
- 2.4 In planning the audit work, Deloitte LLP has identified key risks in relation to management override of controls and the recognition of Covid-19 related grant income and specific testing will be carried out in relation to these.
- 2.5 The Code of Audit Practice sets out four audit dimensions which set a common framework for all public sector audits in Scotland. Deloitte LLP will consider the risks identified under each of these dimensions and review the Council's approach to addressing them, including:

- Financial Sustainability – a review of the development of the 2022/23 budget and the impact on the medium and long term financial outlook; assessment of progress in implementing the Recovery and Renewal Strategy and the Future Working Environment programme;
- Financial Management – review of financial management arrangements;
- Governance and Transparency – review of scrutiny, challenge and decisions making arrangements of the Council;
- Value for Money – continued review of the reporting and monitoring of performance, including arrangements for the collection, recording and publishing of Statutory Performance Information.

## 2.5 Other responsibilities will include:

- Best Value - consideration of arrangement for securing Best Value;
- Statutory Performance Information – evaluation of the effectiveness and appropriateness of the Council's arrangements for delivery of the requirements of the 2018 Statutory Performance Information Direction;
- National Fraud Initiative (NFI) – assessment of arrangements for the investigation and recording of results on the NFI system;
- Contributing to Performance Audits - provision of information to support Accounts Commission Performance and Impact Reports;
- Shared Risk Assessment and Joint Scrutiny Planning – leading the Local Area Network for North Ayrshire Council and providing returns to support the National Scrutiny Plan;
- Current Issues Returns – communication of current issues to Audit Scotland; and
- Other Areas - assurance on grant claims and financial returns; preliminary enquiries on all correspondence received; consideration of any statutory objections received; and submission of fraud returns.

## 3. Proposals

3.1 That Committee notes the External Audit Plan for 2020/21.

## 4. Implications/Socio-economic Duty

### **Financial**

4.1 The fee which will be charged by Deloitte LLP for the 2021/22 audit work will be £316,670. This represents an increase of £5,150 (1.7%) against the 2020/21 fee.



## **Human Resources**

4.2 None.

## **Legal**

4.3 None.

## **Equality/Socio-economic**

4.4 None.

## **Environmental and Sustainability**

4.5 None.

## **Key Priorities**

4.6 The external audit process directly supports the Council Plan 2019 to 2024 through the maximisation of resources and provision of value for money to support financially sustainable delivery models.

## **Community Wealth Building**

4.7 None.

## **5. Consultation**

5.1 Deloitte LLP consulted with the Head of Service (Finance) in preparing their audit plan.

**Mark Boyd**  
**Head of Service (Finance)**

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

## **Background Papers**

None



# North Ayrshire Council

**Planning report to the Audit and Scrutiny Committee on the 2021/22 audit**

Issued on 18 February for the meeting on 8 March 2022

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# Introduction

## The key messages in this report

Audit quality is our number one priority. We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

- A robust challenge of the key judgements taken in the preparation of the Annual Report and Accounts.
- A strong understanding of your internal control environment.
- A well planned and delivered audit that raises findings early with those charged with governance.

I have pleasure in presenting our planning report to the Audit and Scrutiny Committee (“the Committee”) of North Ayrshire Council (“the Council”) for the 2021/22 audit. I would like to draw your attention to the key messages of this paper:

### **Audit plan**

We have updated our understanding of the Council, including discussion with management and review of relevant documents. This has included consideration of the continuing impact the COVID-19 pandemic is having on the Council. Based on these procedures, we have developed this plan in collaboration with the Council to ensure that we provide an effective audit service that meets your expectation and focuses on the most significant areas of importance and risk to the Council.

### **Key risks**

We have taken an initial view as to the significant audit risks the Council faces. These are presented as a summary dashboard on page 11.

### **Audit dimensions**

The Code of Audit Practice sets out four audit dimensions which set a common framework for all public sector audits in Scotland.

In carrying out our annual risk assessment, we have considered the arrangements in place for each dimension, building on our findings and conclusions from previous years audits as well as planning guidance published by Audit Scotland. Our audit dimension significant risks are presented on pages 23 to 24.

As part of our work on the audit dimensions, we will consider the arrangements in place to secure Best Value (BV) as well as other wider scope requirements set out on pages 22 to 27.



# Introduction (continued)

## The key messages in this report (continued)

### **Regulatory change**

IFRS 16, Leases, comes into effect on 1 April 2022, therefore will be first implemented in financial year 2022/23. This will require adjustments to recognise on balance sheet arrangements currently treated as operating leases. Further details are provided on page 30 and as part of the 2021/22 audit, we will evaluate the adequacy of the arrangements in place for compliance with the new standard.

### **Our commitment to quality**

We are committed to providing the highest quality audit, with input from our market leading specialists, sophisticated data analytics and our wealth of experience.

### **Managing transition to 2022/23 audits**

2021/22 is the final year of the current audit appointments. We will minimise disruption to all parties, and maximise the transfer of knowledge of the Council, by working in partnership with Audit Scotland and the incoming auditors.

### **Added value**

Our aim is to add value to the Council through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help the Council promote improved standards of governance, better management and decision making and more effective use of resources.

We have also shared our recent research, informed perspectives and best practice from our work across the wider public sector on pages 31 to 33 of this plan.

**Pat Kenny**  
**Audit Director**

# Responsibilities of the Audit and Scrutiny Committee

## Helping you fulfil your responsibilities

Why do we interact with the Audit and Scrutiny Committee?

To communicate audit scope

To provide timely and relevant observations

To provide additional information to help you fulfil your broader responsibilities

We use this symbol to highlight areas of our audit where the Audit and Scrutiny Committee needs to focus attention.



As a result of regulatory change in recent years, the role of the Audit and Scrutiny Committee has significantly expanded. We set out here a summary of the core areas of Audit and Scrutiny Committee responsibility to provide a reference in respect of these broader responsibilities and highlight throughout the document where there is key information which helps the Audit and Scrutiny Committee in fulfilling its remit.

- At the start of each annual audit cycle, ensure that the scope of the external audit is appropriate.

- Implement a policy on the engagement of the external auditor to supply non-audit services.

Oversight of external audit

Integrity of reporting

Internal controls and risks

Oversight of internal audit

Whistle-blowing and fraud

- Review the internal control and risk management systems (unless expressly addressed by separate risk committee).

- Explain what actions have been, or are being taken to remedy any significant failings or weaknesses.

- Ensure that appropriate arrangements are in place for the proportionate and independent investigation of any concerns raised by staff in connection with improprieties.

- Impact assessment of key judgements and level of management challenge.

- Review of external audit findings, key judgements, level of misstatements.

- Assess the quality of the internal team, their incentives and the need for supplementary skillsets.

- Assess the completeness of disclosures, including consistency with disclosures on business model and strategy and, where requested by the Council, provide advice in respect of the fair, balanced and understandable statement.

- Consider annually whether the scope of the internal audit programme is adequate.

- Monitor and review the effectiveness of the internal audit activities.

# Your control environment

## What we consider when we plan the audit

We expect management and those charged with governance to recognise the importance of a strong control environment and take proactive steps to deal with deficiencies identified on a timely basis.

### Responsibilities of management

Auditing standards require us to only accept or continue with an audit engagement when the preconditions for an audit are present. These preconditions include obtaining the agreement of management and those charged with governance that they acknowledge and understand their responsibilities for, amongst other things, internal control as is necessary to enable the preparation of the Annual Report and Accounts that are free from material misstatement, whether due to fraud or error.

As stakeholders tell us that they wish to understand how external audit challenges and responds to the quality of an entity's control environment, we are seeking to enhance how we plan and report on the results of the audit in response. We will be placing increased focus on how the control environment impacts the audit, from our initial risk assessment, to our testing approach and how we report on misstatements and control deficiencies.

### Responsibilities of the Audit and Scrutiny Committee

As explained further in the Responsibilities of the Audit and Scrutiny Committee slide on the previous page, the Audit and Scrutiny Committee is responsible for:

- Reviewing the internal control and risk management systems (unless expressly addressed by a separate risk committee).
- Explaining what actions have been, or are being taken to remedy any significant failings or weaknesses.

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#### Reliance on controls



We will seek to undertake design and implementation testing on controls in respect of our identified significant risk areas. In accordance with recent revisions to ISAs, we will assess inherent risk and control risk associated with accounting estimates.

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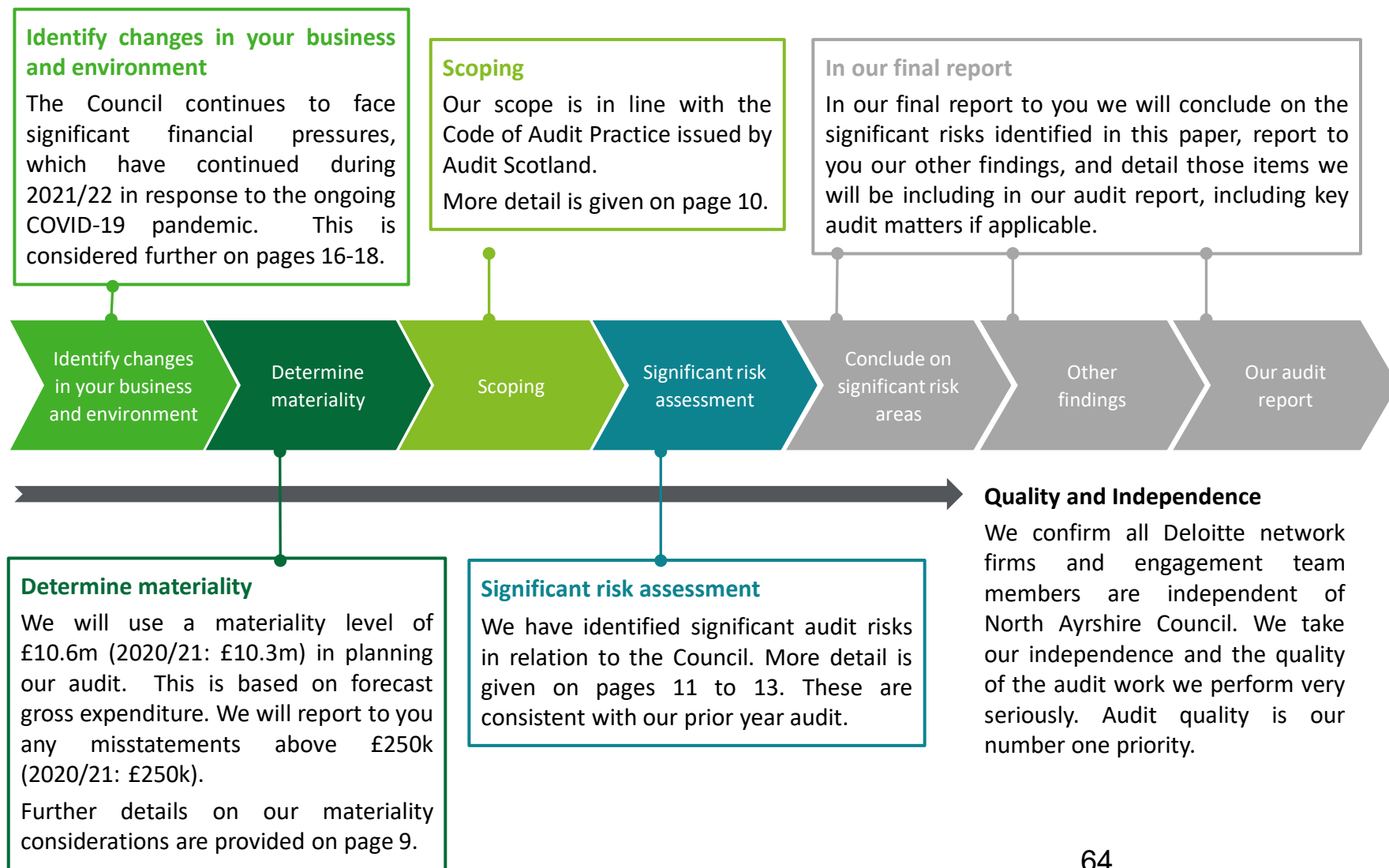
#### Performance materiality



We set performance materiality as a percentage of materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed materiality. We determine performance materiality, with reference to factors such as the quality of the control environment and the historical error rate. Where we are unable to rely on controls, we may use a lower level of performance materiality.

# Our audit explained

We tailor our audit to your business and your strategy

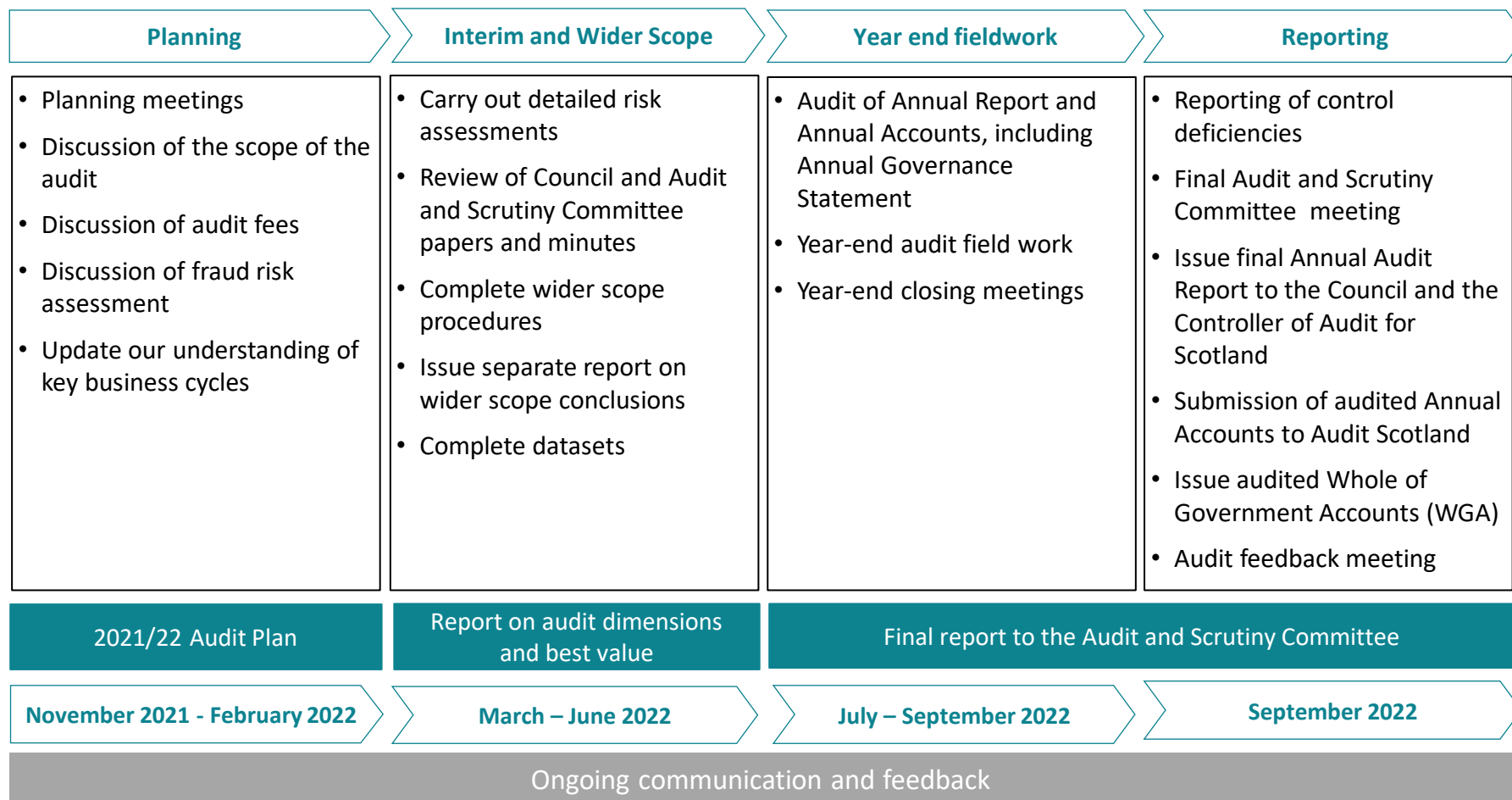




# Continuous communication and reporting

## Planned timing of the audit

As the audit plan is executed throughout the year, the results will be analysed continuously, and conclusions (preliminary and otherwise) will be drawn. The following sets out the expected timing of our reporting to and communication with you.



# Materiality

## Our approach to materiality

### Basis of our materiality benchmark

- The Audit Director has determined materiality for the group as £10.6m (2020/21: £10.3m) and performance materiality as £7.4m (2020/21: £7.2m), based on professional judgement, the requirements of auditing standards and the financial measures most relevant to users of the Annual Report and Accounts.
- We have used 1.8% of forecast gross expenditure (2020/21: 1.8%) as the benchmark for determining materiality and applied 70% (2020/21: 70%) as performance materiality. We have judged expenditure to be the most relevant measure for the users of the accounts.
- The approach is consistent with previous years.
- For the audit of North Ayrshire Council (Council only), a materiality of £10.1m (2020/21: £9.8m) and performance materiality of £7.04m (2020/21: £6.85m) have been determined.
- Our approach to determining the materiality benchmark is consistent with Audit Scotland guidance which states that the threshold for clearly trivial above which we should accumulate misstatements for reporting and correction to the Audit and Scrutiny Committee must not exceed £250k.

### Our Annual Audit Report

We will:

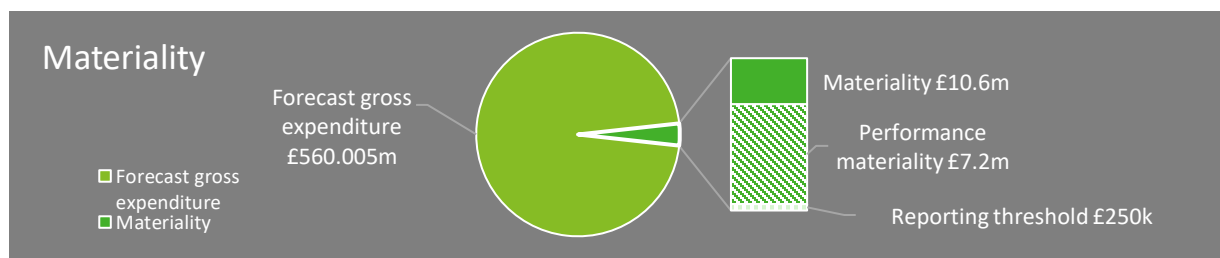
- Report group materiality, Council only materiality and the range we use for component materiality;
- Provide comparative data and explain any changes in materiality compared to prior year;
- Explain any normalised or adjusted benchmarks we use; and
- Explain the concept of performance materiality and state what percentage of materiality we used, with our rationale.

### Reporting to those charged with governance

- We will report to you all misstatements found in excess of £250k (2020/21: £250k).
- We will report to you misstatements below this threshold if we consider them to be material by nature.

### Group scoping

The significant components for the group comprise North Ayrshire Council and North Ayrshire IJB. Full audit procedures will be performed on each entity. All non-significant components will be covered by desktop reviews at the group level.



Although materiality is the judgement of the Audit Director, the Audit and Scrutiny Committee must satisfy themselves that the level of materiality chosen is appropriate for the scope of the audit. 66



# Scope of work and approach







## Our key areas of responsibility under the Code of Audit Practice

Core audit work	Planned output	Proposed reporting timeline to the Committee	Audit Scotland/ statutory deadline
1. Auditing the annual accounts	Annual Audit Plan	8 March 2022	31 March 2022
	Independent auditor's report	27 September 2022	31 October 2022
2. Audit dimensions	Annual Audit Plan	8 March 2022	31 March 2022
	Wider Scope Report	31 May 2022	N/A
	Annual Audit Report	27 September 2022	31 October 2022
3. Contributing to performance audits	Dataset for overview report	N/A	Available in March 2022 (submission deadline TBC)
4. Other wider scope audit work	Fraud Returns	N/A	30 Nov 2021*, 28 Feb 2022, 31 May 2022, 31 Aug 2022
	Current issues returns	N/A	21 Jan 2022* 22 Apr 2022, 22 Jul 2022 21 Oct 2022
	National Fraud Initiative (NFI) audit questionnaire	N/A	28 February 2022
	Best Value Return	N/A	30 June 2022
	Assurance Statement on Whole of Government Accounts (WGA) return	N/A	TBC
	Certify grant claims (Housing Benefit and Non-Domestic Rates)	N/A	TBC

\* Returns have been submitted in accordance with the Audit Scotland / statutory deadlines.

# Significant risks

## Significant risk dashboard

Risk	Fraud risk	Planned approach to controls	Level of management judgement	Page no
Management override of controls				12
Recognition of COVID-19 related income				13

### Level of management judgement



High degree of management judgement



Some degree of management judgement



Limited management judgement

### Controls approach adopted



Assess design & implementation



# Significant risks

## Management override of controls



### Risk identified

Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent Annual Report and Accounts by overriding controls that otherwise appear to be operating effectively.

Although management is responsible for safeguarding the assets of the entity, we planned our audit so that we had a reasonable expectation of detecting material misstatements to the Annual Report and Accounts and accounting records.



### Deloitte response and challenge

In considering the risk of management override, we plan to perform the following audit procedures that directly address this risk:

**Test the appropriateness of journal entries** recorded in the general ledger and other adjustments made in the preparation of the Annual Report and Accounts. In designing and performing audit procedures for such tests, we plan to:

- Test 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;
- Select journal entries and other adjustments made at the end of a reporting period; and
- Consider the need to test journal entries and other adjustments throughout the period.

**Review accounting estimates for biases** and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud. In performing this

review, we plan to:

- Evaluate whether the judgments and decisions made by management in making the accounting estimates included in the Annual Report and Accounts, even if they are individually reasonable, indicate a possible bias on the part of the entity's management that may represent a risk of material misstatement due to fraud. If so, we will re-evaluate the accounting estimates taken as a whole; and
- Perform a retrospective review of management judgements and assumptions related to significant accounting estimates reflected in the Annual Report and Accounts of the prior year.

**For significant transactions that are outside the normal course of business** for the entity, or that otherwise appear to be unusual given our understanding of the entity and its environment and other information obtained during the audit, we shall evaluate whether the business rationale (or the lack thereof) of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.

# Significant risks (continued)

## Recognition of COVID-19 related income



### Risk identified and key judgements

ISA 240 states that when identifying and assessing the risks of material misstatement due to fraud, the auditor shall, based on a presumption that there are risks of fraud in revenue recognition, evaluate which types of revenue, revenue transactions or assertions give rise to such risks.

We have assessed the income streams of the Council, the complexity of the recognition principles and the extent of any estimates used, and concluded that, with the exception of the funding received in 2021/22 in response to the COVID-19 pandemic, there is no significant risk of fraud.

During 2021/22, the Council has received additional funding in relation to COVID-19 mobilisation costs. In addition, there are a number of business support schemes designed to help eligible businesses during the COVID-19 pandemic that are being administered by Councils on behalf of the Scottish Government.

We have pinpointed the significant risk to the completeness and occurrence of the funding for COVID-19 mobilisation costs and the completeness and accuracy of the agency arrangement disclosures.

The key judgements for management are assessing:

- Any conditions associated with the mobilisation cost funding; and
- Whether the Council is acting as a principal or agent in administering the business support schemes.



### Deloitte response and challenge

We will perform the following:

- Assess the design and implementation of the controls in relation to the accounting treatment of all COVID-19 related funding;
- Test a sample of funding for COVID-19 mobilisation costs and confirm these have been recognised in accordance with any conditions applicable; and
- Test the agency arrangement disclosures to confirm, where it is concluded that the Council is acting as an agent, that:
  - Transactions have been excluded from the Comprehensive Income and Expenditure Statement;
  - The Balance Sheet reflects the debtor or creditor position at 31 March 2022 in respect of cash collected or expenditure incurred on behalf of the principal; and
  - The net cash position at 31 March 2022 is included in the financing activities in the Cash Flow Statement.

# Other areas of focus

## Expenditure recognition



### Risk identified and key judgements

In accordance with Practice Note 10 (*Audit of Annual Accounts of public sector bodies in the United Kingdom*), in addition to the presumed risk of fraud in revenue recognition set out in ISA (UK) 240, as discussed further on page 14, auditors of public sector bodies should also consider the risk of fraud and error on expenditure. This is on basis that most public bodies are net spending bodies, therefore the risk of material misstatement due to fraud related expenditure may be greater than the risk of material misstatement due to fraud related to revenue recognition.

We have considered this risk for the Council and concluded that we are satisfied that the control environment is strong and there is no history of errors or audit adjustments. This has therefore not been assessed as a significant risk area, but will continue to be an area of audit focus in line with Practice Note 10.



### Deloitte response and challenge

We will perform the following procedures to address the risk:

- Detailed analytical procedures on all invoices processed in the year to assess the risk of a material misstatement; and
- Testing of creditors balances at the year-end to assess completeness of expenditure.

# Other areas of focus (continued)

## Pension liability



### Risk identified and key judgements

The Council participates in two defined benefits schemes:

- Scottish Teachers' Superannuation Scheme, administered by the Scottish Government; and
- The Strathclyde Pension Fund, administered by Glasgow City Council.

The net pension liability had increased by £58.461m in 2020/21. The increase was due to a combination of an increase in the fair value of the assets and an increase in the liabilities as a result of demographic changes and financial assumptions. The liability continues to be affected by the McCloud and Goodwin legal cases.

Hymans Robertson LLP are the Council's appointed actuary, who produce a detailed report outlining the estimated liability at the year-end along with the associated disclosure requirements.

The pension liability valuation is an area of audit focus due to the material value and significant assumptions used in the calculation of the liability. The valuations are prepared by a reputable actuary using standard methodologies which have been considered as appropriate in previous years and no significant changes in the membership of the scheme or accrued benefits are expected in the current year. As a result, we have not identified this as a significant risk.



### Deloitte response and challenge

We will perform the following procedures to address the risk:

- Assess the independence and expertise of the actuary supporting the basis of reliance upon their work;
- review and challenge the assumptions made by Hymans Robertson;
- Obtain assurance from the auditor of the pension fund over the controls for providing accurate data to the actuary and the testing performed on the pension fund assets;
- Assess the reasonableness of the Council's share of the total assets of the scheme with the Pension Fund annual accounts;
- Review and challenge the calculation of the impact of the McCloud and Goodwin cases on pension liabilities; and
- Review the disclosures within the accounts against the Code.



# Coronavirus (COVID-19) outbreak

## Impact on our audit

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The COVID-19 pandemic had a significant impact on the 2019/20 and 2020/21 audit process.

### Requirements

A key element of the reporting requirements for the Council, which will continue for 2021/22, is communicating risks and governance impacts in narrative reporting, consistent with the Financial Reporting Council's guidance to organisations on the importance of communicating the impact of COVID-19 and related uncertainties, including their impact on resilience and going concern assessments.

Entity-specific explanations of the current and expected effects of COVID-19 and the Council's plans to mitigate those effects should be included in the narrative reporting (including where relevant the Annual Governance Statement), including in the discussion on Principal Risks and Uncertainties impacting an organisation.

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### Actions

We would expect organisations as part of their reporting to conduct a thorough assessment of the current and potential future effects of the COVID-19 pandemic including:

- Consideration of the impact across the Council's operations, including on its income streams, supply chains and cost base, and the consequent impacts on financial position;
  - The scenarios assumed in making forecasts and on the sensitivities arising should other potential scenarios materialise (including different funding scenarios); and
  - The effect of events after the reporting date, including the nature of non-adjusting events and an estimate of their financial effect, where possible.
-

# Coronavirus (COVID-19) outbreak (continued)

## Impact on our audit (continued)

Impact on the Council and management actions	Impact on Annual Report and Accounts	Impact on our audit
<p>We will consider the key impacts on the Council such as:</p> <ul style="list-style-type: none"><li>• Interruptions to service provision</li><li>• Supply chain disruptions</li><li>• Unavailability of personnel</li><li>• Reductions in service income</li></ul>	<p>We will consider the impact of the outbreak on the Annual Report and Accounts, discussed further on the next slide including:</p> <ul style="list-style-type: none"><li>• Narrative reporting, including disclosures on financial sustainability</li><li>• Principal risk disclosures</li><li>• Impact on property, plant and equipment valuations</li><li>• Impairment of non-current assets</li><li>• Allowance for expected credit losses</li><li>• Events after the reporting period and relevant disclosure</li></ul>	<p>We will continue to assess the impact on the audit including:</p> <ul style="list-style-type: none"><li>• Resource planning</li><li>• Timetable of the audit</li><li>• Impact on our risk assessment</li><li>• Logistics including meetings with entity personnel</li></ul>

### Impact on Annual Report and Accounts

#### Impact on Property, Plant and Equipment

The Royal Institute of Chartered Surveyors issued a practice alert, as a result of which valuers identified a material valuation uncertainty at 31 March 2020 for most types of property valuation. This practice alert was withdrawn in September 2020. Valuation reports at March 2020 typically identified a need to consider potential impairments in future periods, and this year's valuations may reflect more significant movements.

The Council will need to consider the approach to its valuation (including any changes as a result of the pandemic and consequent service and organisational changes on the "modern equivalent asset" assumed in valuations). Councils will also need to consider whether there are any indications of impairment of assets requiring adjustment at 31 March 2022.

# Coronavirus (COVID-19) outbreak (continued)

## Impact on our audit (continued)

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### Impact on Annual Report and Accounts

<b>Expected credit losses</b>	While most debtors are with public sector entities (where significant changes in recoverability are not expected), for non-public sector debtors, the Council will need to consider the level of provision required for expected credit losses under IFRS 9.
<b>Narrative and other reporting issues</b>	<p>The following areas will need to be considered by the Council:</p> <ul style="list-style-type: none"><li>• Narrative reporting as well as the usual reporting requirements will need to cover the effects of the pandemic on services, operations, performance, strategic direction, resources and financial sustainability.</li><li>• Reporting judgements and estimation uncertainty, the Council will need to report the impact on material transactions including decisions made on the measurements of assets and liabilities.</li></ul>
<b>Going concern assessment</b>	<p>The Annual Report and Accounts should include disclosure on the basis of the Council's going concern assessment, including related uncertainties.</p> <p>The Council also needs to report on the impact of financial pressures and its financial sustainability in the narrative report, as well as any relevant liquidity reporting requirements under IFRS 7 Financial Instruments: Disclosures.</p>
<b>Events after the reporting period and relevant disclosures</b>	Events are likely to continue to move swiftly, and the Council will need to consider the events after the reporting period and whether these events will be adjusting or non-adjusting and make decisions on a transaction by transaction basis.

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# Reporting hot topics

## Increased focus on quality reporting



### Deloitte view

The expectations of corporate reporting, reflected in the Financial Reporting Council's ('the FRC') monitoring and enforcement priorities, are increasing. While the focus is primarily on corporate entities, we highlight these areas where improved disclosures would help meet stakeholder expectations.



### The ongoing uncertainty about the UK's future relationship with the EU

The UK-EU Trade and Cooperation Agreement (the 'Deal') agreed on 24 December 2020 has brought certainty and clarification about many (but importantly not all) of the changes arising from the UK's departure from the EU. Councils should update their assessments of the impact of Brexit on their operations and business model, and on the Annual Report and Accounts (both the recognition and measurement of assets and liabilities and the related disclosures).

Clear disclosure should be provided of the key assumptions used in cash flow forecasts and the significant judgements and estimates made in recognising and measuring the amounts in the Annual Report and Accounts.

**ACTION:** Depending upon events through to the date of signing, we would expect to see Annual Report and Accounts reflecting at least:

- relevant risks and uncertainties, and actions taken to manage those risks; and
- consideration of whether there is any impact on critical accounting judgements and areas of estimation uncertainty.

We will discuss with the Council closer to the time areas where disclosures may be appropriate.

# Reporting hot topics (continued)

## Increased focus on quality reporting



### Climate-related risks

The PRI and other investors groups have published an open letter confirming their view that climate-related risks are material factors that should be reflected appropriately in Annual Report and Accounts statements. The IIGCC has also published a report reiterating their expectations for the Paris Agreement to be considered in drawing up accounts.

Investors are challenging companies that are not factoring the effects of the Paris Climate Agreement into their critical accounting judgements and are not disclosing comprehensively these judgements, assumptions, sensitivities and uncertainties.

In November 2020, the FRC published its review of climate-related considerations which includes the FRC's expectations of companies, financial statements and auditors. The FRC highlights that "the implications of climate change will affect a wide range of companies. In developing a company's strategic direction, Councils "should be taking into account all the possible effects of climate change" and that "corporate reporting should address the company's impact on the environment, the resilience of its business model and the impact of climate change on its financial statements." The [FRC's year-end letter to CEOs, CFOs and Audit and Scrutiny Committee Chairs](#) highlights that "users expect companies to provide full information about the future impact of climate change on the business and how the company's activities affect the environment" and that financial statements should explain the impact of climate-related risks, policies and strategies on measurement and disclosure.

The path to mandatory TCFD reporting is also clear:

- TCFD disclosures are required under a new listing rule for all premium listed companies, initially, on a comply or explain basis **from 1 January 2021**;
- The UK Government has published a consultation on requiring mandatory climate-related disclosures for publicly quoted companies, large private companies and LLPs in line with the four pillars of TCFD and its roadmap towards mandatory climate-related disclosures across the economy by 2025; and
- The European Commission (EC) has published proposals for a Corporate Sustainability Reporting Directive (CSRD) that would make sustainability reporting mandatory for all EU listed and large companies. The EU has stated that its approach to standard-setting should take account of existing standards and frameworks, including TCFD. TCFD is already included in voluntary guidance on the Non-Financial Reporting Directive.

**ACTION:** Climate change is a strategic issue and should be on the Council agenda. We therefore expect the narrative within the Annual Report and Accounts to include the following:

- An explanation of how climate change is assessed as a strategic issue
- Clarity of whether climate change represents a principal or emerging risk and how it is being managed
- If climate-related targets or metrics are disclosed, an explanation of how those targets or metrics fit into strategic targets/ approach.
- An assessment of the readiness to make disclosures in line with the four areas recommended by the TCFD.



# Audit quality

## Our commitment to audit quality



Our objective is to deliver a distinctive, quality audit to you. Every member of the engagement team will contribute, to achieve the highest standard of professional excellence.

In particular, for your audit, we consider that the following steps will contribute to the overall quality:

We will apply professional scepticism on material issues and significant judgements by using our expertise in the local government sector and elsewhere to provide robust challenge to management.

We have obtained a deep understanding of your business, its environment and of your processes in income and expenditure recognition, payroll expenditure and capital expenditure enabling us to develop a risk-focused approach tailored to the Council.

Our engagement team is selected to ensure that we have the right subject matter expertise and industry knowledge. We will involve property specialists to support the audit team in our work on the valuation of land and buildings.

In order to deliver a quality audit to you, each member of the core audit team has received tailored learning to develop their expertise in audit skills, delivered by Pat Kenny (Audit Director) and other sector experts. This includes sector specific matters and audit methodology updates.



### **Engagement Quality Control Review**

We have developed a tailored Engagement Quality Control approach. Our dedicated Professional Standards Review (PSR) function will provide a 'hot' review before any audit or other opinion is signed. PSR is operationally independent of the audit team, and supports our high standards of professional scepticism and audit quality by providing a rigorous independent challenge.

# Wider scope requirements

## Overview

The Code of Audit Practice sets out four **audit dimensions** that frame the wider scope of the audit of the accounts. The audit dimensions provide a common framework for all the audit work conducted for the Auditor General and for the Accounts Commission.

In addition, the wider scope of audit in local government comprises the statutory duty of auditors to be satisfied that bodies have made proper arrangements to secure **Best Value (BV)** and to publish **statutory performance information**. The Commission also sets out five **Strategic Audit Priorities** that it expects auditors to consider in local government audits.

In carrying out our annual risk assessment, we have considered the arrangements in place, building on our findings and conclusions from previous years' audits as well as planning guidance published by Audit Scotland. The following pages summarise the significant risks identified and our planned audit response.



# Wider scope requirements (continued)

## Audit dimensions

Audit dimension	Significant risks identified	Planned audit response
Financial sustainability	<p>While the Council has historically achieved short term financial balance, there remains a risk that robust medium to long term planning arrangements are not in place to ensure that the Council can manage its finances sustainably and deliver services effectively.</p> <p>This is based on a number of factors, including:</p> <ul style="list-style-type: none"> <li>While the Council is projecting a net underspend position for 2021/22, there remains uncertainty around the progress of, and recovery from, the COVID-19 pandemic.</li> <li>As reported in our 2020/21 audit report, there remains a cumulative funding gap of £120m over the next 10 years, with £40m over the next three years.</li> </ul> <p>We reported in 2020/21 that the Council had made good progress with transformation with the Recovery and Renewal Strategy and Programme. It was also positive that the Council has started to consider the impact COVID-19 has had on the workforce via the Future Working Environment project.</p>	<p>We will assess the development of the 2022/23 budget and the impact on the medium and long term financial outlook.</p> <p>We will also assess the progress being made in implementing the Recovery and Renewal Strategy and Programme and the Future Work Environment Project. This will include consideration of the renewal investment funding approved to support investment activity.</p>

# Wider scope requirements (continued)

## Audit dimensions (continued)

Audit dimension	Significant risks identified	Planned audit response
Financial management	<p>In previous years we have concluded that the Council had strong financial management arrangements in place and a sufficiently qualified and experienced finance team.</p> <p>We have not identified any significant risks in relation to financial management during our planning.</p>	<p>We will continue to review the financial management arrangements in place.</p>
Governance and transparency	<p>In previous years we have concluded that the Council has strong leadership, and that the governance arrangements continued to work effectively.</p> <p>We have not identified any significant risks in relation to governance and transparency during our planning.</p>	<p>We will continue to review the work of the Council and its Committees to assess whether the arrangements are operating effectively, including assessing whether there is effective scrutiny, challenge and informed decision making.</p>
Value for money	<p>The COVID-19 pandemic is expected to continue to have a substantial impact on performance reporting. There therefore remains a risk that the Council is unable to demonstrate that resources are being used effectively with a focus on continuous improvement.</p>	<p>We will review the performance reports presented at the Council to assess the extent of openness and transparency during the year. This will incorporate consideration of the effectiveness and appropriateness of the arrangements for collecting, recording and publishing the Statutory Performance Information (SPIs).</p>

# Wider scope requirements (continued)

## Best value and Strategic Audit Priorities

### Considering Best Value arrangements

We have a statutory duty to be satisfied that local government bodies have made proper arrangements for securing BV.

2021/22 is the final year of the extended six-year approach to auditing BV in councils. BV audit work is integrated with the annual audit and we will work closely with Audit Scotland's Performance Audit and Best Value (PABV) team to plan, perform and report on the BV audit work.

A key feature of the approach to auditing BV is the Controller of Audit providing a Best Value Assurance Report (BVAR) to the Accounts Commission for each Council once over the audit appointment. The BVAR for NAC was published in June 2020. We will continue to follow up on the progress with the recommendations as part of the annual audit work, considering the pace and depth of continuous improvement. Our BV audit work will be integrated into our audit approach, including our work on the audit dimensions discussed on pages 23 to 24.

In 2021/22, we are also required to complete a return to demonstrate when we have reported our audit work on each of the BV themes. The latest judgement on the pace and depth of continuous improvement in the Council is also to be included. These returns will provide intelligence for the handover of audits for 2022/23, when the new approach to BV audit, fully integrated with the annual audit, will be introduced.

### Strategic Audit Priorities

In its 2019-24 strategy, the Accounts Commission sets out five Strategic Audit Priorities (SAPs):

- Having clear priorities with a focus on outcomes, supported by effective leadership and long-term planning;
- The strategic appraisal of options to re-shape services in line with priorities. This should consider good practice, innovation and collaborative working with partners;
- Ensuring that members and officers have the right knowledge, skills and support to design, develop and deliver effective services in the future;
- Empowering local communities and involving them in the design and delivery of local services and planning for their local area; and
- Reporting councils' performance in a way that enhances accountability to citizens and communities, helping them contribute better to the delivery of improved outcomes.

In recognition of the demands on auditors' time and the challenges of remote auditing, the Commission has agreed that auditors are not required to specifically consider and report on the SAPs as part of the 2021/22 audit. The SAPs continue to be important but it is expected that the Controller of Audit will be able to use information reported elsewhere in Annual Audit Reports in respect of the audit dimensions for the purposes of adequately reflecting progress with the SAPs.



# Wider scope requirements (continued)

## Statutory Performance Information and National Fraud Initiative

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### Statutory Performance Information

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The Accounts Commission has a statutory responsibility to define the performance information that councils must publish. This responsibility links with the Commission's BV audit responsibilities. In turn, councils have their own responsibilities, under their BV duty, to report performance to the public.

The Accounts Commission issued a revised **2018 Statutory Performance Information Direction** in December 2018 which continues to apply in 2021/22 and requires a council to report on:

- Performance in improving local public services provided by the Council (on its own and with its partners and communities), and progress against agreed desired outcomes;
- Its own assessment and independent audit assessments of how it is performing against its duty of BV, and how it plans to improve these assessments; and
- How it (with its partners where appropriate) has engaged with and responded to its diverse communities.

We have a statutory responsibility to satisfy ourselves that Council's have made the necessary arrangements for collecting, recording and publishing the statutory performance information. The COVID-19 pandemic is expected to have had a substantial impact on performance reporting. We will therefore consider the effectiveness and appropriateness of the current arrangements as part of our audit dimensions work.

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### National Fraud Initiative (NFI)

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The NFI in Scotland is a biennial counter-fraud exercise led by Audit Scotland, and overseen by the Cabinet Office for the UK as a whole. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems that might suggest the existence of fraud and error.

Participating bodies received matches for investigation from January 2021. Most matches should have been investigated by 30 September 2021 and the results recorded on the NFI system. However, some investigations may continue beyond this date.

We must complete a short questionnaire for each body participating in the NFI and submit to Audit Scotland by 28 February 2022. We are on target to meet this deadline.

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# Wider scope requirements (continued)

## Other requirements

Contributing to performance audits	Shared Risk Assessment and Joint Scrutiny Planning
<p>As in previous years, the Accounts Commission will publish two overview reports (financial and performance) covering the local government sector.</p> <p>The reports use information from the audited accounts and Annual Audit Reports. However, we will also be requested to provide important supplementary information collected as a dataset.</p> <p>The local government dataset is expected to be available in March 2022.</p>	<p>We continue to play a key role in the Shared Risk Assessment (SRA) process which is the vehicle for scrutiny bodies to share intelligence and agree scrutiny risks at each council. As the local auditor, we lead the Local Area Network (LAN), which comprises representatives from the main local government scrutiny bodies.</p> <p>The COVID-19 pandemic has impacted on the work of all local government scrutiny and will continue to affect plans going forward. The Strategic Scrutiny Group is considering how scrutiny partners can best respond in a co-ordinated way to the challenges and changes brought about by COVID-19. We will provide management with any updates as this develops.</p>
Current issues returns	Other areas
<p>Timely communication by auditors of intelligence is important in helping Audit Scotland to maintain a good level of awareness across the public sector and to keep the Auditor General, the Controller of Audit and Accounts Commission informed.</p> <p>Current Issue Returns for local government represent an important source of intelligence for reporting to the Commission's Financial Audit and Assurance Committee.</p>	<p>We are required to also carry out the following areas of work:</p> <ul style="list-style-type: none"><li>• Assurance on approved grant claims and other financial returns</li><li>• Assurance on WGA returns</li><li>• Preliminary enquiries on all correspondence received</li><li>• Consider and report on any statutory objections received</li><li>• Submission of fraud returns</li></ul>

# Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

## What we report

Our report is designed to establish our respective responsibilities in relation to the Annual Report and Accounts audit, to agree our audit plan and to take the opportunity to ask you questions at the planning stage of our audit. Our report includes:

- Our audit plan, including key audit judgements and the planned scope; and
- Key regulatory and corporate governance updates, relevant to you

## Use of this report

This report has been prepared for the Audit and Scrutiny Committee, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose. Except where required by law or regulation, it should not be made available to any other parties without our prior written consent.

We welcome the opportunity to discuss our report with you and receive your feedback.

## What we don't report

As you will be aware, our audit is not designed to identify all matters that may be relevant to the Council.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, the views on internal controls and business risk assessment in our final report should not be taken as comprehensive or as an opinion on effectiveness since they will be based solely on the audit procedures performed in the audit of the Annual Report and Accounts and the other procedures performed in fulfilling our audit plan.

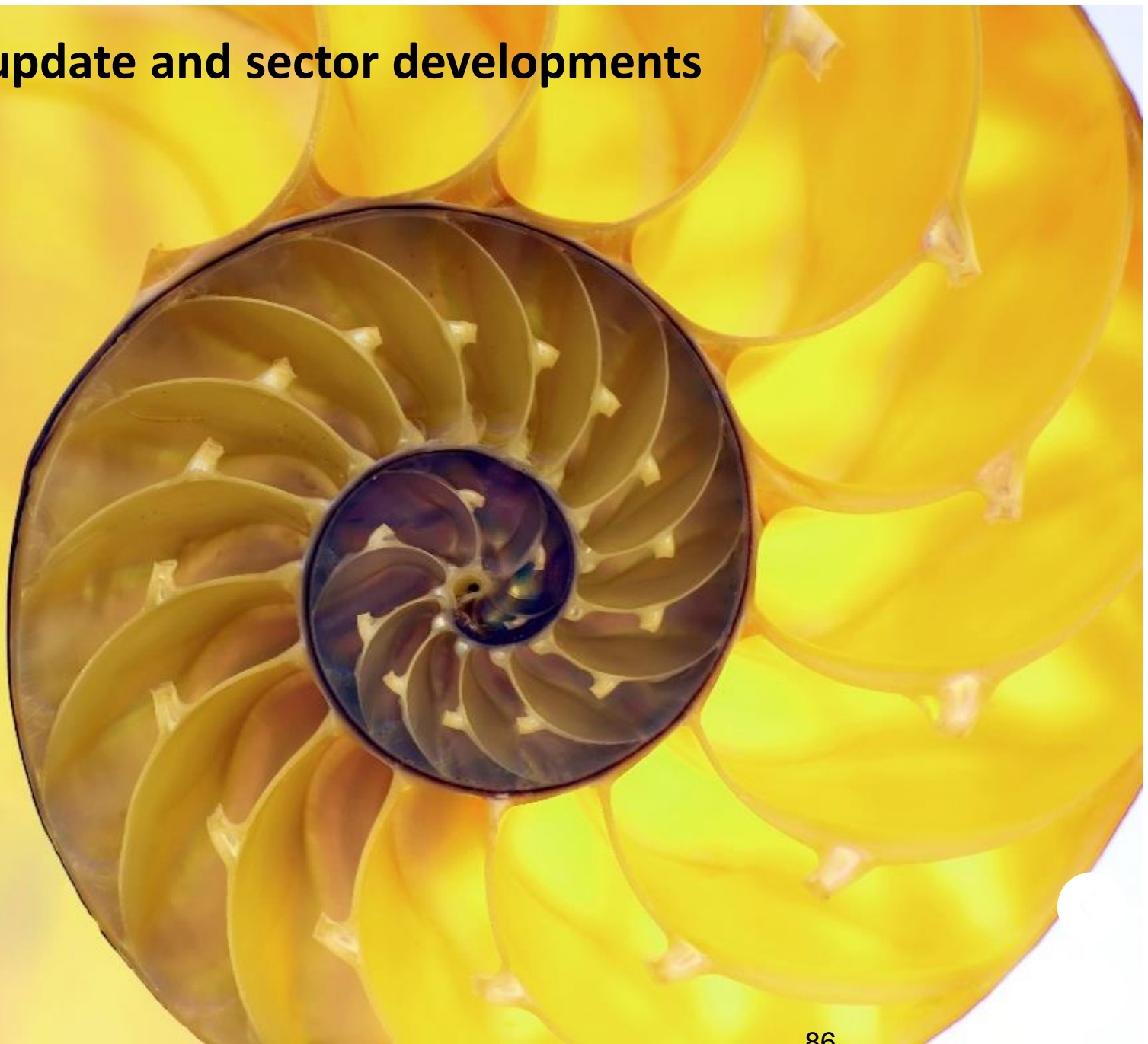
## Other relevant communications

We will update you if there are any significant changes to the audit plan.

**Pat Kenny**  
**for and on behalf of Deloitte LLP**

Glasgow | 18 February 2022

# Technical update and sector developments



# Changes to accounting standards

## IFRS 16 - Leases

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### Background

IFRS 16 comes into effect on 1 April 2022. HM Treasury have decided that IFRS 16 will be adopted without retrospective restatement: this means that when it is implemented in 2022/23, Councils will recognise the cumulative impact of applying the standard as at 1 April 2022, with all adjustments to opening balances at that date taken through the General Fund.

IFRS 16 introduces a single lessee accounting model that results in more faithful representation of a lessee's assets and liabilities, and improves comparability between leased and purchased assets operated by Councils. The standard also introduces enhanced disclosures which are intended to improve transparency of financial reporting; full disclosure will be required in 2022/23 financial statements and beyond.

IAS 8 requires entities to disclose an assessment in their 2021/22 accounts of the possible impact of implementing IFRS 16. All Councils should be in a position to estimate this impact before 1 April 2022 and make these disclosures unless immaterial.

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### Next steps

We recommend that management update the Audit and Scrutiny Committee on the progress made with the implementation of the new standard. We are aware that CIPFA are currently consulting on proposals for updating the 2021/22 Code, which includes deferring the implementation of IFRS 16 for a further year. We will discuss the impact for the Council with management once the outcome of the consultation is concluded and final decisions made

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### Practical Challenges

There are a number of practical challenges that Councils need to consider in preparing for implementation of the new standard, including:

- **Additional cost of asset ownership** – IFRS 16 will increase the amount of fixed assets an organisation will need to maintain information regarding to inform valuation assessments for instance (revaluation or impairment)
- **Completeness of data** – Obtaining and assessing all of the relevant data. Completeness of the lease registers/ Assets records will require greater level of detail.
- **Estimates and judgements** – Separating lease and non-lease components, consideration of extension and termination options
- **Judgements around existing arrangements** – Lack of documentation around the lease agreement, in some cases, will require judgements as to the extent of the arrangements and what accounting treatment is appropriate.
- **Lease Management** – after the initial implementation Councils will have to continue maintaining control of the lease arrangements. Regular reassessment reviews etc.

There are many colleagues within Councils and externally who can assist with challenges and issues you come across when implementing the new Standard – Finance, Estates teams, contract owners, HM Treasury, Other Councils/ IJB/ Local Authorities, National Bodies and Auditors.



# Climate change

## Consideration of the impact on the audit annual report and accounts

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### Role of Audit

In June 2021, the Auditor General for Scotland published a blog “making climate change an audit priority” that sets out the challenges for the public sector in tackling climate change and the role audit could play in this.

In July, Audit Scotland held a roundtable to help inform its approach to auditing climate change. The roundtable was made up of the climate change leads for the Accounts Commission and key stakeholders from across Scotland. They posed some challenging questions around the opportunities and challenges of tackling climate change and what it meant for the public sector. Several **key themes and challenges** emerged which were published in an update in October 2021

[Auditing climate change: An update \(audit-scotland.gov.uk\)](https://audit-scotland.gov.uk/auditing-climate-change-an-update):

- Climate ambition v plans and actions.
- Importance of adaption.
- Paying for it.
- Critical role of the public.
- Joined up working.
- Public sector leadership role.

The time is right for independent audit and scrutiny to help achieve Scotland’s climate change ambitions.

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### Annual Report and Accounts considerations

As part of our planning discussions with management, we have shared an illustrative framework. The potential impacts of climate change are extensive and pervasive, therefore we recommend the framework is adopted and continually reviewed. Specific areas to start considering in advance of drafting the Annual Report and Accounts include key risks, mitigating actions (for **narrative disclosure**) and impact on **judgements and estimates** made by management:

*Acute physical risks*, e.g. extreme weather events causing supply chain disruption or severe damage to PPE.

*Chronic physical risks*, e.g. rising sea levels causing damage to PPE; or increased temperatures resulting in higher heat stress to employees.

*Policy and Legal transition risks*, e.g. direct and indirect tax compliance as tax legislation develops.

*Technology transition risks*, e.g. development and use of emerging technologies such as renewable energy and battery storage.

*Market transition risks*, e.g. changing consumer trends resulting in services becoming obsolete.

*Reputation transition risks*, e.g. damage to reputation through failure to transition effectively to a lower-carbon economy.

*Financing risks.*

# The State of the State 2021-22

## Towards a new public sector normal

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### Background and overview

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Now in its ninth year, this report brings together Deloitte and think tank Reform to provide an annual snapshot of the UK's public sector.

This year's report features an exclusive Ipsos MORI survey of more than 5,000 members of the UK public – including almost 900 Scottish adults – plus analysis of interviews with more than 50 senior figures across the UK's public sector. This blend of quantitative and qualitative research offers a unique perspective on government and public services.

#### **What will I learn from this year's State of the State?**

Since March 2020, the UK's governments and public services have led radical, exhaustive, and dynamic responses to the coronavirus pandemic. This year's State of the State finds them dealing with both the pandemic and its wider repercussions as a 'new normal' emerges.

Looking beyond the pandemic, the UK Government has set out its ambition to 'build back better' through infrastructure investment, levelling up economic outcomes across the regions and revitalising the UK's place in the world. At the same time, the policies and politics of Scotland, Northern Ireland and Wales continue to diverge from Westminster and Whitehall as well as each other. The State of the State explores all of these developments.

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### Next steps

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A summary of the some of the key Scottish findings are provided on the next page. The full report is available at [The State of the State 2021/22 \(deloitte.com\)](https://www.deloitte.com/uk/en/sectors/public-sector/state-of-the-state-2021-22.html)



# The State of the State 2021-22 (continued)

## Towards a new public sector normal (continued)

### Public spending

This year has seen a shift in attitudes to public spending amongst Scottish people. Historically, the keenest in the UK on a higher tax and higher spend environment, views in Scotland are now broadly the same as those in the rest of the UK; possibly driven by the cost of the pandemic on the public purse and worries over household incomes.

**29%** of the public want to see higher levels of spending after the pandemic.

**30%** want to see the same balance of tax and spending as before the pandemic began.

**27%** would like to see tax cuts and spending cuts to match.



### Social mobility

**40%** of Scots believe skills and employability are the most important factors when trying to get ahead in life. However, Scots feel more strongly than the UK average that wealth and region are also important indicators on getting ahead in society.



### Spending priorities

The Scottish public's views were in line with the rest of the UK with public health and social care the most frequently named priorities.

Support for the growth in green industries and technologies is also high in Scotland, sitting behind housing but on a par with primary and secondary schools and reducing inequality between UK regions.

# Appendices



# Our other responsibilities explained

## Fraud responsibilities



### **Your Responsibilities:**

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.



### **Our responsibilities:**

- We are required to obtain representations from your management regarding internal controls, assessment of risk and any known or suspected fraud or misstatement.
- As auditors, we obtain reasonable, but not absolute, assurance that the Annual Report and Accounts as a whole are free from material misstatement, whether caused by fraud or error.
- As set out in the significant risks section of this document, we have identified risks of material misstatement due to fraud in relation to Recognition of COVID-19 related income, and management override of controls.
- We will explain in our audit report how we considered the audit capable of detecting irregularities, including fraud. In doing so, we will describe the procedures we performed in understanding the legal and regulatory framework and assessing compliance with relevant laws and regulations.



### **Fraud Characteristics:**

- Misstatements in the Annual Report and Accounts can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in the misstatement of the Annual Report and Accounts is intentional or unintentional.
- Two types of intentional misstatements are relevant to us as auditors – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets.



# Our other responsibilities explained (continued)

## Fraud responsibilities (continued)

We will make the following inquiries regarding fraud and non-compliance with laws and regulations:



### Management:

- Management's assessment of the risk that the Annual Report and Accounts may be materially misstated due to fraud, including the nature, extent and frequency of such assessments.
- Management's process for identifying and responding to risks of fraud.
- Management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud.
- Management's communication, if any, to employees regarding its views on business practices and ethical behaviour.
- Whether management has knowledge of any actual, suspected or alleged fraud affecting the entity.
- We plan to involve management from outside the finance function in our inquiries.

### Internal audit



- Whether internal audit has knowledge of any actual, suspected or alleged fraud affecting the entity, and to obtain its views about the risks of fraud.

### Those charged with governance



- How those charged with governance exercise oversight of management's processes for identifying and responding to the risks of fraud in the entity and the internal control that management has established to mitigate these risks.
- Whether those charged with governance have knowledge of any actual, suspected or alleged fraud affecting the entity.
- The views of those charged with governance on the most significant fraud risk factors affecting the entity.



# Independence and fees

As part of our obligations under International Standards on Auditing (UK), we are required to report to you on the matters listed below:

## Independence confirmation

We confirm the audit engagement team, and others in the firm as appropriate, Deloitte LLP and, where applicable, all Deloitte network firms are independent of the Council and will reconfirm our independence and objectivity to the Audit and Scrutiny Committee for the year ending 31 March 2022 in our final report to the Audit and Scrutiny Committee.

## Fees

The audit fee for 2021/22, in line with the fee range provided by Audit Scotland is £316,670, as analysed below:

	£
Auditor remuneration	194,200
Audit Scotland fixed charges:	
Pooled costs	20,240
Contribution to AS costs	10,370
Contribution to PABV	91,860
<b>Total proposed fee</b>	<b>316,670</b>



In addition, the audit fee for the charitable trusts audit is £1,200.

There are no non-audit services fees proposed for the period.

## Non-audit services

In our opinion there are no inconsistencies between the FRC's Ethical Standard and the council's policy for the supply of non-audit services or any apparent breach of that policy. We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.

## Relationships

We have no other relationships with the Council, its directors, senior managers and affiliates, and have not supplied any services to other known connected parties.

# Our approach to quality

## AQR team report and findings

Executing high quality audits remains our number one priority. We are committed to our critical public interest role and continue to embed our culture of quality and excellence into all of our people. This includes using new technology and tools to continue to transform our audit approach.

In July 2021 the Financial Reporting Council (“FRC”) issued individual reports on each of the seven largest firms, including Deloitte, on Audit Quality Inspections providing a summary of the findings of its Audit Quality Review (“AQR”) team for the 2020/21 cycle of reviews.

We greatly value the FRC reviews of our audit engagements and firm wide quality control systems, a key aspect of evaluating our audit quality.

In that context, overall FRC inspection results, showing an improvement since last year from 76% to 79% of all inspections assessed as good or needing limited improvement, reflect the progress we are making. The overall profile of our ICAEW inspections and our internal inspection programme also show a similar overall improvement since last year.

The results for the inspections of FTSE 350 entities fell short of our overall scores, reflecting specific findings on those particular audits rather than issues pervasive across other audits. Our objective continues to be for all of our audits to be assessed as good or needing limited improvement and we know we still have work to do in order to meet this standard.

We agree with and accept the FRC’s findings on the individual inspections. The FRC has recognised improvements following the actions and programmes for previous years and we welcome the good practice points raised, including in respect of impairment and revenue where individual findings continue to occur.

Overall, we are pleased that there have been no significant findings over our firm wide processes and controls over the last three inspection cycles in the areas subject to rotational review by the FRC. However, we are continually enhancing our processes and controls across our business and such changes will directly or indirectly affect audit quality.

All the AQR public reports are available on its website. <https://www.frc.org.uk/auditors/audit-quality-review/audit-firm-specific-reports>



# Our approach to quality (continued)

## AQR team report and findings (continued)

### The AQR's 2020/21 Audit Quality Inspection Report on Deloitte LLP

"We reviewed 19 individual audits this year and assessed 15 (79%) as requiring no more than limited improvements. Of the 11 FTSE 350 audits we reviewed this year, we assessed eight (73%) as achieving this standard".

"Our key findings related primarily to the need to:

- Improve the evaluation and challenge of management's key assumptions of impairment assessments of goodwill and other assets.
- Enhance the consistency of group audit teams' oversight of component audit teams.
- Strengthen the effectiveness and consistency of the testing of revenue."

"The firm has taken steps to address the key findings in our 2019/20 public report, with actions that included increasing the extent of consultations, and enhanced learning, coaching and support programmes.

We have identified improvements, for example, in the extent of challenge of management by audit teams in respect of the estimates used for model testing. This was identified as a key finding last year.

We also identified good practice in a number of areas of the audits we reviewed (including robust procedures relating to going concern and evidence to support the challenge of management in areas of key judgement) and in the firm-wide procedures (including establishing a centre of excellence focused on credit for banking audits to encourage the consistent application of the firm's methodology and guidance)."



# Our approach to quality (continued)

## Quality of public audit in Scotland – Annual Report 2020/21

Audit Scotland published its annual assessment of audit quality carried out on the audit work delivered by Audit Scotland and appointed firms. A copy of the full report is available: [Quality of public audit in Scotland annual report 2020/21 | Audit Scotland \(audit-scotland.gov.uk\)](https://www.audit-scotland.gov.uk/quality-of-public-audit-in-scotland-annual-report-2020-21)

The **public audit model in Scotland** is fundamentally different to the private sector audit regime and is well placed to meet the challenges arising from the reviews of the auditing profession.

The audit profession remains under scrutiny after high-profile corporate collapses in the private sector. The Brydon review, alongside the Kingman review, the Competition and Markets Authority market study of the audit services market and the Business, Energy and Industrial Strategy Committee's report on the Future of Audit all placed a strong focus on the need for independence of auditors from the bodies they audit.

Public audit in Scotland is well placed to meet the challenges arising from the reviews of the auditing profession. It already operates many of the proposed features to reduce threats to auditor independence including:

- independent appointment of auditors by the Auditor General for Scotland and Accounts Commission
- rotation of auditors every five years (current appointments extended to six years due to Covid-19)
- independent fee-setting arrangements and limits on non-audit services
- a comprehensive Audit Quality Framework.

### Environment

The global pandemic has changed and challenged most aspects of our lives. Public bodies have been at the forefront of managing the effects of the COVID-19 pandemic. Public bodies have focused on supporting those most affected. Many bodies had new obstacles to overcome as they prepared financial statements and responded to auditors.

The Scottish Government delayed the accounting and auditing deadlines for NHS and local government bodies to help accommodate these competing pressures. The Auditor General for Scotland and Accounts Commission revised their work programme and prepared COVID-19 specific briefing papers to support public bodies and auditors to respond to the pandemic.

The Auditor General for Scotland and Accounts Commission recognised that the safety and wellbeing of audit staff and staff in public bodies was paramount and that auditors would need to take a pragmatic and flexible approach to their work in 2020/21. They were clear that audit quality should not be compromised.



# Our approach to quality (continued)

## Quality of public audit in Scotland – Annual Report 2020/21 (continued)

### Key messages

1. The application of the Audit Quality Framework (AQF) continues to identify improvement areas and good practice in audit quality. Across the range of evidence used to assess audit quality the conclusion is that the quality of audit work is good in Performance audit and Best Value audit and accountancy firms, with improvement required and planned in Audit Scotland's Audit Services Group where the financial audit quality results do not meet the expected standards.

### 2. Areas of Good Practice

- ICAS have reviewed compliance with International Standard on Quality Control 1 for all auditors and did not note any issues or matters for further consideration. [\(One Deloitte file reviewed in 2020/21\)](#)
- All 2019/20 annual audit opinions were signed off by 9 March 2021. [\(All Deloitte opinions signed by 31 October 2020\)](#)
- Two financial audits reviewed were awarded the highest scores available by the Institute of Chartered Accountants of Scotland (ICAS) with no areas for improvement identified. [\(One Deloitte file reviewed – awarded score of 2A – limited improvement required\)](#)
- All of the Performance audit and Best Value audits reviewed achieved expected quality standards with limited concerns identified. All audit providers have confirmed that there continued to be a strong culture of support for performing high-quality audit during the pandemic. [\(One Deloitte Best Value file reviewed – awarded score of 2A – limited improvement required\)](#)
- Stakeholder feedback shows further improvement in the level of satisfaction with external audit services provided, the usefulness of the annual audit report and shows that audit work has had impact.

### 3. Areas for improvement

- Seven of the eleven (64 per cent) 2019/20 Audit Services Group financial audits reviewed did not meet the expected standard. [\(Not applicable to Deloitte audits\)](#)
- For two audits, auditors need to investigate the risk of material misstatement in the financial statements and ensure that any such misstatement is resolved appropriately. [\(Not applicable to Deloitte audits\)](#)
- An area that continues to be an issue for most audit providers is on audit staff views of having sufficient time and resources to deliver high quality audit. [\(An area continually monitored in planning all audits\)](#)

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## NORTH AYRSHIRE COUNCIL

08 March 2022

### Audit and Scrutiny Committee

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<b>Title:</b>	<b>Internal Audit and Corporate Fraud Action Plans: Quarter 3 update</b>
<b>Purpose:</b>	To advise the Audit and Scrutiny Committee on the progress made by Council Services in implementing the agreed actions from Internal Audit and Corporate Fraud reports as at 31 December 2021.
<b>Recommendation:</b>	That the Committee (a) notes the current position with the implementation of Internal Audit and Corporate Fraud actions; and (b) challenges those Services that have not implemented actions within the previously agreed timescales.

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#### 1. Executive Summary

- 1.1 The CIPFA document 'Audit Committee Principles in Local Authorities in Scotland' highlights that Audit Committees should monitor and review the progress made in implementing audit recommendations.
- 1.2 Service managers are responsible for ensuring that agreed actions arising from Internal Audit and Corporate Fraud reviews are implemented. This provides assurance that identified control weaknesses have been addressed and are being managed effectively.
- 1.3 All actions are monitored on the 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 at 31 December 2021.

#### 2. Background

- 2.1 The last report to the Audit and Scrutiny Committee on 16 November 2021 highlighted that there were 34 actions outstanding at the end of September 2021: three that had not been started or were only partially implemented and 31 where the due date had not yet passed.
- 2.2 In addition to these 34 carried forward actions, there have been 23 new actions agreed, giving a total of 57 action points for review.

- 2.3 Services have completed 34 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 23 actions, four were either not started or only partially complete at 31 December and the remaining 19 were not due for completion until after that date.
- 2.5 Appendix 1 to this report provides the Committee with full details of the four 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.

#### **Environmental and Sustainability**

- 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 2019-2024.

#### **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.

**Mark Boyd**  
**Head of Service (Finance)**

For further information please contact **Laura Miller, Senior Manager (Audit, Fraud, Safety and Insurance)**, on **01294-324524**.

### **Background Papers**

None.

## Actions due by 31<sup>st</sup> December but not started or partially complete

<b>Code</b>	CFT3120b	<b>Description</b>	<p>Audit Action: Education Service should ensure that a sufficiency of Senior Managers, and Senior Leaders and Heads of Establishments are authorised and trained as approvers of procurement card expenditure, to avoid the need for Directorate support staff to carry out an approver role except where no alternative is available.</p> <p>Audit Risk: Lack of internal control measures, potential for fraudulent practises, lack of compliance with Council procurement policy and procedures.</p>		
<b>Priority</b>	1	<b>Latest Note</b>	<p>2021/22 - Quarter Three Update: Requested information from CPU has now been received. Education are working to identify the gaps in approvers and provide appropriate training. It is anticipated that this action will be completed by 31/03/2022.</p>		
<b>Progress Bar</b>	<div><div>75%</div></div>	<b>Original Due Date</b>	31-Dec-2021	<b>Due Date</b>	31-Dec-2021
<b>Parent Code &amp; Title</b>	CFT3120 Allegation against an Education Business Assistant (Early Years)			<b>Managed By</b>	Lindsay Morris
				<b>Assigned To</b>	Lindsay Morris

<b>Code</b>	IA2020PA007a	<b>Description</b>	<p><b>Audit Action:</b></p> <p>Carefirst should be considered as a storage location for holding all relevant placement information – as a replacement to the current systems being used.</p> <p>This would ensure that all data is held securely against each young person's record, whilst remaining accessible to those with appropriate system access rights.</p> <p>In addition, Carefirst could be used to hold financial cost information on each placement. This would reduce the reliance on spreadsheets.</p> <p><b>Audit Finding:</b></p>
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			<p>Highly sensitive young person placement data is being kept in paper files by Education, with no direct electronic equivalent being available.</p> <p><b>Risk:</b></p> <p>Data loss due to paper files not being backed up; inability to locate highly confidential data; GDPR breaches.</p>		
<b>Priority</b>	1	<b>Latest Note</b>	<p>Update from Gail Nowek: Psychological Services have been actively pursuing the exploration of an appropriate electronic filing system that will meet our needs as a service. We have requested internal support to take this forward and have recently been allocated some admin support and contacts within the authority. We hope to be able to complete the move to electronic filing within 2022.</p>		
<b>Progress Bar</b>	<div><div>50%</div></div>	<b>Original Due Date</b>	31-Dec-2019	<b>Due Date</b>	31-Dec-2021
<b>Parent Code &amp; Title</b>	IA2020PA007 External Residential and Education Placements			<b>Managed By</b>	Caroline Amos
				<b>Assigned To</b>	Gail Nowek

<b>Code</b>	IA2021PA009a	<b>Description</b>	<p><b>Audit Action:</b></p> <p>The admin team should ensure that all areas of this process are documented in standard operating procedures and issued to all relevant members of the team.</p> <p><b>Audit Finding:</b></p> <p>The admin team are currently working on standard operating procedures to cover the full process for Council tenants and those completed during the audit were provided to the auditor for review.</p> <p><b>Risk:</b></p> <p>Inconsistent approach by staff, possible key tasks not being carried out and lack of business continuity if staff familiar with the process are not available.</p>		
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<b>Priority</b>	2	<b>Latest Note</b>	2021/22 - Quarter Three Update: From Lynn Kirkland: Standard Operating Procedures are in draft form. Some are still to complete due to changing processes. Expected completion 30/6/22.		
<b>Progress Bar</b>	<div><div>75%</div></div>	<b>Original Due Date</b>	31-Dec-2021	<b>Due Date</b>	31-Dec-2021
<b>Parent Code &amp; Title</b>	IA2021PA009 Aids and Adaptations			<b>Managed By</b>	David Thomson
				<b>Assigned To</b>	Lynn Kirkland

<b>Code</b>	IA2021PA009b	<b>Description</b>	<b>Audit Action:</b> The team should liaise with the Transformation team to streamline this part of the process and reduce the number of times the same information must be keyed.  <b>Audit Finding:</b> The admin team are required to update the budget monitoring spreadsheet, an operational access database and the CareFirst system at each stage of this process for all council tenant jobs. In addition, the access database is not supported by IT Services.  <b>Risk:</b> Inefficient use of staff time and increased risk of keying errors.		
<b>Priority</b>	2	<b>Latest Note</b>	2021/22 - Quarter Three Update: From Lynn Kirkland: We are working closely with Information Services to create one standard operational spreadsheet. Expected completion 31/3/22.		
<b>Progress Bar</b>	<div><div>50%</div></div>	<b>Original Due Date</b>	31-Dec-2021	<b>Due Date</b>	31-Dec-2021
<b>Parent Code &amp; Title</b>	IA2021PA009 Aids and Adaptations			<b>Managed By</b>	David Thomson
				<b>Assigned To</b>	Lynn Kirkland

## NORTH AYRSHIRE COUNCIL

08 March 2022

### Audit and Scrutiny Committee

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<b>Title:</b>	<b>Internal Audit Reports issued</b>
<b>Purpose:</b>	To inform the Committee of the findings of Internal Audit work completed between January and February 2022.
<b>Recommendation:</b>	That the Committee considers the outcomes from the Internal Audit work completed.

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#### 1. Executive Summary

- 1.1 The Council's local Code of Corporate Governance requires effective arrangements to be put in place for the objective review of risk management and internal control. Internal Audit is an important element in this framework as it reviews internal controls and offers Elected Members and officers an objective and independent appraisal of how effectively resources are being managed.
- 1.2 The remit of the Audit and Scrutiny Committee includes the monitoring of Internal Audit activity. The submission and consideration of regular reports assists the Committee in fulfilling this remit.

#### 2. Background

- 2.1 This report provides information on Internal Audit work completed between January and February 2022. 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 three separate audit assignments are detailed at Appendix 1 to this report and the levels of assurance for each are noted in the table below:

<b>Audit Title</b>	<b>Assurance Level</b>
Facilities Management Overtime Controls	Limited
Procurement Card Follow Up	Reasonable
Performance Indicators	Substantial/Reasonable/Limited

2.4 The key findings are as follows:

- In respect of overtime controls within Facilities Management, a number of keying errors were identified as a result of changed notification processes due to COVID-19. It has been recommended that a longer-term solution to overtime is explored to ensure it is claimed, authorised and paid correctly. The service has now commenced this work in the form of a short life working group.
- At its meeting of 14<sup>th</sup> September 2021, the Audit & Scrutiny Committee requested additional audit work around procurement cards. The follow up of those audit actions has been carried out and the results included within this report. In summary, action has been progressed against all points raised in the original report and no further recommended improvement actions have been made. The service is exploring potential enhancements to SDOL such as automatic notifications to approvers of outstanding transactions.
- Regarding the review of performance indicators, three separate indicators were audited which resulted in three opinions being issued. One indicator attracted a limited audit opinion due to the reported figures for 2019/20 being incorrect. Procedures are being developed by the service to prevent double counting of figures in the future.

### **3. Proposals**

3.1 It is proposed that the Committee considers the outcomes from the Internal Audit work completed between January and February 2022.

### **4. Implications/Socio-economic Duty**

#### **Financial**

4.1 None.

#### **Human Resources**

4.2 None.

#### **Legal**

4.3 None.

#### **Equality/Socio-economic**

4.4 None.

### **Environmental and Sustainability**

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 2019-2024.

### **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 Insurance)**, on **01294-324524**.

### **Background Papers**

None.

## **FACILITIES MANAGEMENT OVERTIME CONTROLS**

### **1 Background**

- 1.1 The rules for overtime are covered in the Terms and Conditions of Employment.
- 1.2 The Mobile Facilities Officers are responsible for organising and approving overtime for the janitors, cleaners, school crossing patrollers and temporary furnished accommodation cleaners.
- 1.3 The Area Catering Officers are responsible for organising and approving overtime for the catering staff.
- 1.4 The Payroll team are responsible for keying the Facilities Management (FM) overtime to the Payroll system.
- 1.5 Pre-Covid, the employee would complete and sign the timesheet and pass it to the relevant supervisor for approving. Once approved, the timesheets would be scanned and sent to Payroll for keying to the payroll system.
- 1.6 This process had to change due to lockdown as Business Support staff, the Mobile Facilities Officers and the Area Catering Officers had to work from home and were unable to obtain and approve a physical copy of the timesheet. The additional hours worked are submitted to the supervisors and a Facilities Management (FM) overtime spreadsheet is completed to record the additional hours worked per employee. The spreadsheet is emailed to Payroll for keying to the payroll system. This form has been amended over the last 18 months and now includes the initials of the area officer checking the overtime and the overtime is broken down into hours worked week 1 and hours worked week 2.
- 1.7 In order to assess the processes both pre- and post-COVID, the audit period covered April 2019 to March 2021.
- 1.8 The total overtime paid to Facilities Management employees between 01/04/19 and 31/03/21 is £579,930. The overtime paid in 2019/20 is £409,579 and the overtime paid in 2020/21 is £170,351. The overtime paid in 2020/21 is significantly lower due to lockdown and the closure of schools.

### **2 Objectives and Scope**

- 2.1 The main objectives of this audit were to ensure that:
  - Documented procedures are in place to cover the process of arranging, recording, approving, and paying overtime
  - Adequate controls are in place to prevent the payment of duplicate overtime, high overtime payments are legitimate and payments for working public holidays are in line with the Terms and Conditions of Employment.
  - Adequate controls are in place for arranging, recording, approving and paying overtime for all Facilities Management employees.



### 3 Findings

#### Procedures

- 3.1 Facilities Management have no documented procedures for the arrangement, recording, checking and approval of overtime. The arrangement and payment of overtime is a complex process within Facilities Management, given the high number of employees and the varying contracts that are in place, as well as the different facilities that need to be covered. In addition, requests for overtime can be for several reasons and requested from several different sources. **(action a)**
- 3.2 The Payroll Team have documented procedures for processing Facilities Management overtime. These procedures cover overtime, public holiday payments, standby hours and allowances.

#### Overtime Process for Janitorial Staff

- 3.3 Pre-Covid an employee working overtime would complete a Facilities Management Exceptions Form which would be signed by the employee. This would be checked by the Mobile Facilities Officer before being passed to Payroll for processing. Post-Covid, the employee might still complete a form if they have the IT access to do so. If not, they will notify the additional hours worked via email, text or WhatsApp messages. The Mobile Facilities Officers will transfer the total additional hours worked onto a FM overtime spreadsheet which is emailed to Payroll for processing instead of physically approving the form. **(action b, c)**
- 3.4 The Mobile Facilities Officers advised that janitors work overtime for a number of reasons including covering absences, Property Management and Investment (PMI) janitorial requests when contractors need access to the building, internal and external school lets and standby. Overtime relating to absences is recorded on a staff planner to record who will provide this cover. PMI requests are sent to a Facilities Management shared mailbox. These requests for overtime are recharged to PMI so a recharges spreadsheet is maintained for this. If the overtime was in relation to an external let, the janitor would ask the lessee to sign the let form and submit this with the timesheet. Sample checks would be carried out to the Letting database to ensure a let was scheduled. If the overtime was in relation to an internal let, the school would email a Facilities Management shared mailbox and the janitor at the school would be notified. A standby rota is used for covering standby.
- 3.5 Overtime is arranged in advance by the Mobile Facilities Officers and as stated above, although there are some records maintained for this, there is no official record of all overtime requests and the employee covering the request which would then be used to check when the overtime hours are provided. The officers will note arranged overtime in their diaries.
- 3.6 It was noted during the audit that the PMI janitorial requests are not being recharged on a timely basis as the most recent one covered the period April to September 2021. The auditor was advised that as of October, this will be done in a monthly process.

#### Overtime Process for Cleaning Staff

- 3.7 Pre-Covid an employee working overtime would complete a Facilities Management Exceptions Form which would be signed by the employee. This would be checked by

the Mobile Facilities Officer before being passed to Payroll for processing. Post-Covid, the employee might still complete a form if they have the IT access to do so. If not, they will notify the additional hours worked via email, text or WhatsApp messages. The Mobile Facilities Officers will transfer the total additional hours worked onto a FM overtime spreadsheet which is emailed to Payroll for processing instead of physically approving the form. **(action b, c)**

- 3.8** The Mobile Facilities Officers advised that overtime will only be arranged where there is a genuine need i.e. covering absences or at the request of a Head Teacher. Overtime is arranged in advance by them, so although there is no official record of overtime kept, the officers will note arranged overtime in their diaries.

### **Overtime Process for Catering Staff**

- 3.9** Pre-Covid, an employee working overtime would complete a Facilities Management Exceptions Form which would be signed by the employee. This would be checked by the supervisor and the Area Catering Officer before being passed to Payroll for processing. Post-Covid, the employee still completes this form, but the Area Catering Officer transfers the total additional hours worked onto a FM overtime spreadsheet which is emailed to Payroll for processing instead of physically approving the form. **(action b, c)**

- 3.10** The Area Catering Officers advised that overtime will only be arranged where there is a genuine need i.e. covering absences and the Catering Supervisors know that overtime should be agreed in advance with the Area Catering Officers. There is no official record of overtime kept, the Area Catering Officers retain their own notes and on a rare occasion they receive overtime hours they are not aware of, it will be queried before approving.

### **Exceptions Testing**

- 3.11** The auditor summarised the overtime hours and amount per employee paid between 01/04/19 and 31/03/21. The highest paid employee worked 2,032.25 overtime hours and earned an additional £32,221 during the 2-year period. There were 6 employees earning over £20,000 in overtime during this 2-year period, all of which were janitors. It was noted that there are 13 locations with more than 1 janitor. Any errors identified have been included in the summary at paragraph 3.26 below.
- 3.12** The auditor tested for potential duplicate overtime hours to the same employee for the same period and coded to the same cost centre. This resulted in 10 potential duplicate overtime payments which were passed to the service to investigate, and the service confirmed that no duplicate overtime payments were made to the same employee.
- 3.13** The auditor tested for potential duplicate overtime hours to different employees for the same period and coded to the same cost centre. This resulted in 8 potential duplicate overtime payments which were passed to the service to investigate, and the service confirmed that no duplicate overtime payments were made to different employees. This check also identified an underpayment of standby hours which has been passed to the service to rectify.
- 3.14** Employees working public holidays are paid in line with the Terms and Conditions of Employment and the employees' contract. The auditor tested a sample of 10 public

holidays and noted that 1 employee was paid a public holiday for a Saturday in February. **(action d)**

- 3.15** The auditor tested overtime payments to casual employees. There were no findings to report from this testing.

### **Sample Testing Overtime Payments**

- 3.16** The auditor selected a sample of 15 janitorial lets and this testing was restricted to the year 2020-21. The auditor confirmed that no lets overtime was paid between 10/04/20 and 02/09/20 due to lockdown. Although external lets did not restart in 2020-21, the Mobile Facilities Officers advised that internal lets restarted in September 2020.
- 3.17** The auditor selected a sample of 5 of these lets to trace back to the request for the let. The evidence to support the lets was not provided to the auditor during the audit. **(action e)**
- 3.18** The auditor selected a sample of 10 pre-covid overtime payments to janitorial staff to check the overtime was processed and paid correctly. It was noted that the timesheets could not be found for one of the employees in the sample.
- 3.19** The auditor selected a sample of 10 post-covid overtime payments to janitorial staff to check the overtime was processed and paid correctly. It should be noted that not all overtime hours could be traced to an FM overtime spreadsheet for one of the employees in the sample. **(action c, e)**
- 3.20** The auditor was advised that not all employees have been completing timesheets since March 2020. The auditor requested a timesheet or email for the post-covid sample of janitorial staff, if such documents could easily be traced. Only 1 timesheet was provided. **(action b, c)**
- 3.21** The auditor traced a sample of 10 overtime payments to the PMI recharges spreadsheet to make sure a contractor was on site during this time. The auditor could only trace 6/10 to the PMI spreadsheet although in 2 of the 6 cases, the number of overtime hours claimed is higher than the hours a contractor was on site. This was passed to the service to investigate, and the service confirmed that all overtime payments were valid and appropriate.
- 3.22** The auditor selected a sample of 5 pre-covid overtime payments to cleaning staff to check the overtime was processed and paid correctly. One keying error was identified (see 3.27 below). **(action f)**
- 3.23** The auditor selected a sample of 5 post-covid overtime payments to cleaning staff to check the overtime was processed and paid correctly. For one of the employees, not all the overtime hours paid could be traced to an FM overtime spreadsheet. In addition, due to the restriction of the audit budget and the auditor being advised that not all employees have been completing timesheets due to lockdown, no timesheets were provided to the auditor for the sample of 5 cleaners. **(action b, c)**
- 3.24** The auditor selected a sample of 5 pre-covid overtime payments to catering staff to check the overtime was processed and paid correctly. 2 keying errors were identified (see 3.27 below). **(action f)**

- 3.25** The auditor selected a sample of 5 post-covid overtime payments to catering staff to check the overtime was processed and paid correctly. The Area Catering Officer could not trace the timesheet for one of the employees in the sample. **(action b, c)**
- 3.26** A number of errors were identified in the sample testing that have been passed to Facilities Management to investigate and rectify. The types of errors identified includes the incorrect transfer of additional hours from the timesheet to the FM overtime spreadsheet resulting in overpayments, overpayments and an underpayment due to the incorrect contracted weekly hours being recorded and not picked up by the approver or Payroll, an addition error in total additional hours not being picked up by the approver or Payroll resulting in an underpayment and the overpayment, mentioned at 3.14 above, due to additional hours incorrectly paid as a public holiday. **(action d)**
- 3.27** A number of keying errors were identified in the sample testing when the information provided to the Payroll team was keyed to the Payroll system. The errors identified have been passed to Payroll to investigate and rectify. The types of errors identified includes an underpayment due to the incorrect keying of a standby claim form, keying additional hours to the wrong code resulting in an over/underpayment. This was either due to let hours being coded to overtime and vice versa, each of which are charged at different hourly rates, or it was due to an error in calculating the additional hours to be charged at plain rate before the overtime rates are applied. **(action f)**

### **Conclusion to Sample Testing**

- 3.28** The change in process due to Covid should have been an interim measure only and should have reverted to the previous process once approving staff were permitted to return to their place of work, if only for the purposes of the supervisors physically approving timesheets. **(action b)**
- 3.29** There is a risk of keying errors when transferring additional hours worked from a timesheet, email, text, WhatsApp message or any other form of communication being used to populate the FM overtime spreadsheet. **(action c)**
- 3.30** At the closing meeting, the Senior Manager (Facilities Management) confirmed that they will continue to complete the FM overtime spreadsheet which is sent to Payroll as this has removed the previous issue they had with timesheets being lost in the post resulting in the employee not being paid overtime which could cause financial hardship. The completion of the FM overtime spreadsheet has improved this process and the service is willing to accept the risk of keying errors. The Senior Manager agrees all employees need to return to completing timesheets in some form or method to ensure uniformity in the submissions.
- 3.31** For janitorial and cleaning staff, there can be a lack of evidence from the employee stating the days worked, the additional hours worked and the reason for the additional hours. Where no timesheet is completed, there is no signature (either physical or electronic) from the employee confirming the hours being claimed are valid and correct. **(action b)**
- 3.32** There were issues in the evidence being provided by the Mobile Facility Officers for the post Covid testing. Although evidence of additional hours worked was requested to allow a check to the FM spreadsheet, the auditor advised this should only be provided if it can be accessed easily. Given that it was not provided, it suggests that the filing structure is not set up in such a way to allow additional hours worked to be

traced to the source document. In addition, if additional hours were provided via informal means this would not be held within the Council network and there would be no access to the source document. It should be noted that there were no similar issues in the post Covid evidence provided by the Area Catering Officers. This is due to catering line managers being on site with their teams and being able to submit timesheets electronically. **(action e)**

- 3.33** The auditor had difficulty tracing overtime back to the original request for overtime to ensure the overtime payments were valid. This could simply be due a lack of proper filing for such requests. However, it has also been noted that there is no official record maintained listing all overtime requests and which employee will be covering each request. Both have resulted in a lack of audit trail when tracing a sample of transactions back to the request for overtime. **(action e)**

## **4 Internal Audit Opinion**

- 4.1** Overall, limited assurance was obtained with regard to overtime controls. The audit identified a number of keying errors, both by Facilities Management staff and Payroll staff. The lack of timesheet being completed by the employee and the transfer of additional hours' work to the FM overtime spreadsheet has contributed to the errors made by the Facilities Management staff. In addition, the rules around the calculation of overtime in this service are complex.
- 4.2** The process for arranging, checking and approving overtime is a complex and resource intensive process, particularly in relation to the janitors. The auditor noted that the work involved in ensuring the employees are correctly paid overtime hours worked could result in undue stress being experienced by the Mobile Facilities Officers.

### **Definitions of Assurance Levels:**

<b>Substantial</b>	The framework of governance, risk management and control is adequate and effective.
<b>Reasonable</b>	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
<b>Limited</b>	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.
<b>None</b>	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

NB The level of assurance given is at the discretion of Internal Audit.

## KEY FINDINGS AND ACTION PLAN

### FACILITIES MANAGEMENT OVERTIME CONTROLS

<b>Action</b>	a
<b>Finding</b>	Facilities Management have no documented procedures for the arrangement, recording, checking and approval of overtime.
<b>Action Description</b>	Facilities Management should prepare documented procedures for the arrangement, recording, checking and approval of overtime.
<b>Risk</b>	Inconsistent approach by staff, possible key tasks not being carried out and lack of business continuity if staff familiar with the process are not available.
<b>Priority (1, 2, 3)</b>	1
<b>Paragraph Reference</b>	3.1
<b>Managed by</b>	Yvonne Baulk, Head of Service (Physical Environment)
<b>Assigned to</b>	Carolyn Hope, Senior Manager (Facilities Management)
<b>Due Date</b>	30 September 2022
<b>Management Comment</b>	A short life working group will be established to review the overtime processes. The group will include representatives from Facilities Management, IT, Trade Union(s) and Education and will commence in January 2022 to review the process and make recommendations to digitise this process where possible and improve the administration of it. This is a complex process and will take time to work through. Recommendations will be made for changes to the administration and management. Once implemented, formal procedure notes will be developed.

<b>Action</b>	b
<b>Finding</b>	Employees have been using a variety of means to inform their supervisor of overtime worked, which was then collated in a spreadsheet sent to Payroll. There have been a number of errors identified during the audit and some source documentation could not be provided during the course of the audit.
<b>Action Description</b>	Facilities Management should ensure that all employees complete a timesheet recording the overtime hours worked and ensuring the reason for the overtime is properly recorded. Once approved, the overtime spreadsheet should be completed and sent to Payroll for overtime hours to be processed and paid.
<b>Risk</b>	Increased risk of errors, lack of audit trail to show that overtime working has been claimed, authorised and paid correctly.
<b>Priority (1, 2, 3)</b>	1
<b>Paragraph Reference</b>	3.3, 3.7, 3.9, 3.20, 3.23, 3.25, 3.28, 3.31
<b>Managed by</b>	Yvonne Baulk, Head of Service (Physical Environment)
<b>Assigned to</b>	Carolyn Hope, Senior Manager (Facilities Management)
<b>Due Date</b>	30 September 2022
<b>Management Comment</b>	Timesheet completion stopped for cleaning staff when we went into lockdown as they have no access to electronic devices, and approvers were home working and collating submissions remotely. There is no other means for approvers to obtain timesheets unless all cleaning staff post them into Cunninghame house. This method was used in part pre-covid and caused significant issues due to missing timesheets either via the post or



	the mail room and resulted in staff not being paid. Business Support advised that due to remote working for their staff, they could not commit to date stamp and scan the timesheets for onward processing for Payroll. On balance and in the absence of any other process, the risk of non-payment via manual timesheet submission is higher than the risk of being paid incorrectly. This will be reviewed as part of the short life working group as mentioned in action a.
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<b>Action</b>	c
<b>Finding</b>	Employees have been using a variety of means to inform their supervisor of overtime worked, which was then collated in a spreadsheet sent to Payroll. There have been a number of errors identified during the audit and some source documentation could not be provided during the course of the audit.
<b>Action Description</b>	In the longer term, the whole process should be reviewed. The complexity of the overtime rules, the different contracts, the vast number of locations, the lack of access to IT and some employees' limited IT skills need to be considered when making changes to this process. Timesheets should be completed and approved electronically if this is possible.
<b>Risk</b>	Increased risk of errors, lack of audit trail to show that overtime working has been claimed, authorised and paid correctly. Duplication of effort due to additional steps in the process.
<b>Priority (1, 2, 3)</b>	2
<b>Paragraph Reference</b>	3.3, 3.7, 3.9, 3.19, 3.20, 3.23, 3.25, 3.29
<b>Managed by</b>	Yvonne Baulk, Head of Service (Physical Environment)
<b>Assigned to</b>	Michael Lacy, Operations Manager (Facilities Management)
<b>Due Date</b>	30 September 2022
<b>Management Comment</b>	A short life working group which will include representatives from Facilities Management, IT, Trade Union(s) and Education will commence in January 2022 to review the process and make recommendations to digitise this process where possible and improve the administration of it.

<b>Action</b>	d
<b>Finding</b>	A number of errors were identified in the sample testing that have been passed to Facilities Management to investigate and rectify.
<b>Action Description</b>	The keying errors identified should be reviewed and corrective action taken. Approvers should be reminded to ensure appropriate checks are carried out before it is passed to Payroll.
<b>Risk</b>	Employees are incorrectly paid overtime resulting in an overpayment or underpayment.
<b>Priority (1, 2, 3)</b>	1
<b>Paragraph Reference</b>	3.14, 3.26
<b>Managed by</b>	Yvonne Baulk, Head of Service (Physical Environment)
<b>Assigned to</b>	Carolyn Hope, Senior Manager (Facilities Management)
<b>Due Date</b>	31 <sup>st</sup> March 2022
<b>Management Comment</b>	All keying errors will be reviewed and any appropriate action taken. An email will be issued to all approvers to be reminded to thoroughly check details prior to submission.

<b>Action</b>	e
<b>Finding</b>	There were issues in the evidence being provided by the Mobile Facility Officers for the post Covid testing. The audit also highlighted a difficulty in tracing overtime back to the original request for overtime to ensure the overtime payments were valid.
<b>Action Description</b>	The filing structure should be reviewed to ensure that all requests for overtime can be adequately traced when checking overtime payments are valid.
<b>Risk</b>	Increased risk of fraudulent overtime claims due to a lack of audit trail to trace the request for overtime. Inefficient use of time tracing requests which are not filed in a manner which makes them easy to find.
<b>Priority (1, 2, 3)</b>	1
<b>Paragraph Reference</b>	3.17, 3.19, 3.32, 3.33
<b>Managed by</b>	Yvonne Baulk, Head of Service (Physical Environment)
<b>Assigned to</b>	Michael Lacy, Operations Manager (Facilities Management)
<b>Due Date</b>	30 September 2022
<b>Management Comment</b>	This will be reviewed and recommendations made from the short life working group.

<b>Action</b>	f
<b>Finding</b>	A number of keying errors were identified in the sample testing when the information provided to the Payroll team was keyed to the Payroll system. The errors identified have been passed to Payroll to investigate and rectify.
<b>Action Description</b>	The keying errors identified should be reviewed and corrective action taken. Payroll staff should be reminded of the process for keying Facilities Management overtime and to ensure the appropriate checks are carried out before it is keyed.
<b>Risk</b>	Employees are incorrectly paid overtime resulting in an overpayment or underpayment.
<b>Priority (1, 2, 3)</b>	1
<b>Paragraph Reference</b>	3.22, 3.24, 3.27
<b>Managed by</b>	Fiona Walker, Head of Service (People and ICT)
<b>Assigned to</b>	Jackie Hamilton, Senior Manager (Employee Services)
<b>Due Date</b>	31 March 2022
<b>Management Comment</b>	<p>Action has been taken to correct errors identified.</p> <p>A review of the team's current procedures has been undertaken and procedure documents are being refreshed to ensure instructions are explicit and responsibilities are clearly defined within them. The team members were be retrained on the revised procedure.</p>

### Priority Key used in Action Plan

<b>1 (High)</b>	Control weakness where there is a material impact on the achievement of the control objectives, generally requiring prompt attention.
<b>2 (Medium)</b>	Control weakness which needs to be rectified, but where there is no material impact on the achievement of the control objectives.
<b>3 (Low)</b>	Minor weakness or points for improvement.

## PROCUREMENT CARD FOLLOW UP

### 1 Background

- 1.1 Internal Audit presented a report to the Audit & Scrutiny Committee on Procurement Cards in September 2021.
- 1.2 A follow-up on the management actions proposed during this Audit has been undertaken to ensure they have been carried out.

### 2 Objectives and Scope

- 2.1 This follow-up was undertaken to ensure that sufficient steps have been taken to mitigate all risks and weaknesses highlighted in the August 2021 audit report.

### 3 Findings

- 3.1 Audit sent a survey to 30 cardholders, 26 of which responded.
- 3.2 Findings were as follows:-
- All confirmed they had received training prior to being given their procurement card
  - All confirmed they were storing both their card and PIN securely
  - 1 member of staff was unaware of the requirement to use the Council's Amazon Corporate Business Account when buying from Amazon
  - 1 member of staff didn't know they weren't allowed to use Paypal/Worldpay.

#### Action a from August 2021 audit report:-

3.3	<b>Action</b>	a
	<b>Finding</b>	Online training is available, many procurement cards holders have completed their training in previously held face-to-face sessions. Evidence obtained during the audit showed that there was a lack of awareness of limits for single and monthly transactions.
	<b>Action Description</b>	Refresher training/guidance should be put in place for all employees for every three years, this will ensure that there is evidence of awareness.
	<b>Risk</b>	Employees are unaware of procedural changes or have developed working practices which put the council at financial, contractual, or reputational risk.
	<b>Priority (1, 2, 3)</b>	2
	<b>Paragraph Reference</b>	3.3
	<b>Managed by</b>	Mark Boyd, Head of Service (Finance)
	<b>Assigned to</b>	Anne Lyndon, Senior Manager (Corporate Procurement)
	<b>Due Date</b>	31/12/21
	<b>Management Comment</b>	This should be a mandatory course for all Pcard holders/approvers and should be administered by HR, as with other mandatory courses. A questionnaire document will be issued to all Pcard holders/users to assess their current training status and those who have not completed the appropriate on-line training course requested to do so as soon as possible. This process will be completed prior to the issue of new cards

	on an ongoing basis with non-completion of the course resulting in a delay in new Pcards being issued to users.
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**3.4** The findings from following up this action were as follows:

#### Training

**3.5** Prior to March 2020 procurement card training was carried out face-to-face in a classroom type setting.

**3.6** In response to the need to socially distance, 2 modules have recently been added to iLearn (the Council's online learning portal) – one for cardholders and one for those approving card purchases.

**3.7** The appropriate module must be completed before a new procurement card will be issued. In addition, these modules are used for refresher training.

**3.8** The Head of Finance issued an email in September 2021 to all procurement card users reminding them of their responsibilities and also highlighting the requirement for refresher training to be completed prior to cards being renewed.

**3.9** A further reminder email of the need to complete refresher training was sent to all card users in January 2022.

#### Transaction Limits

**3.10** eProcurement has confirmed that transaction and monthly spending limits are assigned to each user within SDOL. This means that cardholders cannot overspend.

#### **Action b from August 2021 audit report:-**

<b>3.11</b>	<b>Action</b>	b
	<b>Finding</b>	Online purchases do not indicate where items are being delivered from and analysis of procurement trends is difficult.
	<b>Action Description</b>	Procurement should make use of Power suite analysis tools available on Microsoft Excel (PowerPivot and Power BI) to identify and monitor procurement trends and track online spend.
	<b>Risk</b>	There is no overview of items purchased and value for money is not achieved. The council's carbon footprint is not managed. Ethical procurement practices are not followed, and the council is subject to reputational damage. The ease of procuring items online increases the risk that on contract items are purchased.
	<b>Priority (1, 2, 3)</b>	1
	<b>Paragraph Reference</b>	3.4
	<b>Managed by</b>	Mark Boyd, Head of Service (Finance)
	<b>Assigned to</b>	Anne Lyndon, Senior Manager (Corporate Procurement)
	<b>Due Date</b>	30.12.21
	<b>Management Comment</b>	eProcurement will work with IT to develop some Power BI reports to help identify procurement trends and track online spend patterns.

**3.12** The findings from following up this action were as follows:-

- 3.13** eProcurement decided not to implement Power BI reports due to them being deemed as too time consuming for the level of benefit they would provide.
- 3.14** During this follow-up, Audit and eProcurement discussed alternative approaches that would provide useful information but not be too labour intensive. Going forward eProcurement have agreed to analyse non-contracted spend made via procurement cards on a quarterly basis.
- 3.15** Any concerns rising from this analysis will be raised with the cardholder.

**Action c from August 2021 audit report:-**

<b>3.16</b>	<b>Action</b>	c
	<b>Finding</b>	Purchases made on unsafe sites.
	<b>Action Description</b>	Using reporting tools procurement should track online transactions and notify users where these are with unsafe third-party suppliers. Where these transactions have been made with procurement authorisation, then a register is held of what the transaction, location and card details have been used. In the event that these accounts are used without authority, appropriate action is taken.
	<b>Risk</b>	Council loses control of its data and is unaware where it is stored. The card details are not protected and could be used or sold on. Refunds cannot be completed.
	<b>Priority (1, 2, 3)</b>	3
	<b>Paragraph Reference</b>	3.5
	<b>Managed by</b>	Mark Boyd, Head of Service (Finance)
	<b>Assigned to</b>	Anne Lyndon, Senior Manager (Corporate Procurement)
	<b>Due Date</b>	30.12.21
	<b>Management Comment</b>	eProcurement will issue a reminder to all Pcard users that payments are not permitted to PayPal and Worldpay. The reminder will also state that purchasing from Amazon and eBay is only permitted in exceptional circumstances and must be pre-approved from Procurement. Procurement will monitor the usage quarterly and report to Senior Managers for review and action.

- 3.17** The findings from following up this action were as follows:
- 3.18** eProcurement emailed all procurement card users in August 2021 reminding them that:-
- WorldPay and Paypal must not be used
  - Amazon and eBay should only be used in exceptional circumstances, and only after seeking pre-approval from eProcurement.

Amazon purchases

- 3.19** In order to improve the pre-approval process for Amazon orders, eProcurement set up an Amazon Centralised Business Account in October 2021. This means that whenever a cardholder adds an item to their Amazon basket, they can't complete the transaction until eProcurement approve the purchase.
- 3.20** Whilst this gives eProcurement control over items being purchased via Amazon, it only works if cardholders 'join' the business account group.

- 3.21** A review of all 'non-business account' Amazon spend between October and December 2021 has been undertaken and eProcurement staff are contacting all relevant cardholders to remind them of the new rules for Amazon purchases. This exercise should be completed by the end of January 2022.

eBay purchases

- 3.22** eProcurement provided Audit with a list of all eBay purchases made via procurement card between 3rd August and 3rd November 2021.
- 3.23** There had only been 5 transactions during this period – 2 of which had been pre-approved.
- 3.24** eProcurement have agreed to contact the 3 cardholders who hadn't sought pre-approval to remind them of the correct procedure. The low volume and value of these transactions means that there is not a significant risk arising from use of eBay.

**Action d from August 2021 audit report:-**

<b>3.25</b>	<b>Action</b>	d
	<b>Finding</b>	Transactions should be reviewed and approved within 28 days. There are currently considerable delays in this process being completed resulting in budget lines not being timeously updated. Procurement emails the individual which does not always quickly resolve the issue.
	<b>Action Description</b>	Corporate Procurement should ensure that there is an escalation process in place for transactions which have not been approved and approved within the set timescales and monitor to ensure that this is being followed. Each service should provide an escalation contact who has sufficient authority to resolve the issue and respond. If the status of a transaction is a refund or incomplete order this should be recorded and tracked
	<b>Risk</b>	Budget lines are not updated in time and over/underspends are not identified. Transactions are not recorded in the correct time period. Fraudulent activities remain undetected for long periods of time.
	<b>Priority (1, 2, 3)</b>	1
	<b>Paragraph Reference</b>	3.6
	<b>Managed by</b>	Mark Boyd, Head of Service (Finance)
	<b>Assigned to</b>	Anne Lyndon, Senior Manager (Corporate Procurement)
	<b>Due Date</b>	31.09.21 to develop report and send first report to Senior Managers.
	<b>Management Comment</b>	eProcurement will develop an escalation report for Senior Managers to review and action outstanding transactions. The report will be provided quarterly and any individuals who persistently do not reconcile transaction timeously may potentially have their PCard withdrawn.

- 3.26** The findings from following up this action were as follows:
- 3.27** eProcurement have recently created an escalation report showing outstanding transactions, split down by Directorate.



- 3.28** The report will be run quarterly and passed to each Directorate for action.
- 3.29** Audit obtained copies of the reports as at 6<sup>th</sup> September 2021 and at 10<sup>th</sup> December 2021 in order to assess whether any improvement in the number of outstanding transactions since the introduction of the escalation reports.
- 3.30** The table below shows the number and value of outstanding transactions as each of the above dates:-

**3.31**

Directorate	As at 6/9/21		As at 10/12/21	
	Number of outstanding transactions	Value of outstanding transactions	Number of outstanding transactions	Value of outstanding transactions
Chief Executive's	96	£42,091.05	134	£61,664.03
Economy & Communities	194	£14,037.24	315	£30,733.63
Education	319	£32,526.23	290	£25,867.55
HSCP	363	£28,641.32	534	£39,247.72
Place	372	£58,646.89	343	£54,918.33
<b>TOTAL</b>	<b>1,344</b>	<b>£175,942.73</b>	<b>1,616</b>	<b>£212,431.26</b>

- 3.32** The above indicates that despite staff being reminded of the need to adhere to Procurement Card guidance, there is still an issue with transactions being approved timeously. In the last quarter, the total number of outstanding transactions for the Council overall has increased.
- 3.33** Transactions can either be outstanding because they are awaiting review (carried out by cardholder) and/or awaiting approval (carried out by approver). Further analysis of the outstanding transactions as at 10/12/21 highlighted that 68% of the transactions were outstanding due to approvers not completing their part of the overall process. The remaining 32% of transactions required both review and approval.
- 3.34** Approvers do not currently get notification of transactions awaiting approval. However eProcurement are testing a process that will allow emails to be targeted to approvers who have outstanding transactions. These emails will be sent in addition to the general reminder emails that are sent to all cardholders and approvers.

## **4 Internal Audit Opinion**

- 4.1** Overall, reasonable assurance was obtained with regard to the procurement card processes.
- 4.2** The increase in outstanding transactions highlighted by this report is an issue for Services to take action on. Staff should be reviewing and approving all card transactions timeously. eProcurement has introduced reports to further support Services in doing this and are also working to improve the notification process.

## Definitions of Assurance Levels:

<b>Substantial</b>	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.
<b>Reasonable</b>	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.
<b>Limited</b>	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.
<b>None</b>	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

## PERFORMANCE INDICATORS

### 1 Background

- 1.1 Performance Indicators are used to:
- monitor the Council's progress towards its key targets
  - benchmark the Council's performance against other Scottish Councils
- 1.2 In order to provide useful information for management, the PIs must be calculated accurately and consistently from year to year.
- 1.3 Audit selected 3 PIs for detailed testing – 2 from the Council Plan, and 1 from the Local Government Benchmarking Framework (LGBF). The PIs tested were:-
- CP\_12 Percentage of learning disability service users accessing employment support activities (Council Plan)
  - CP\_14\_Percentage of households in fuel poverty (Council Plan)
  - SOL\_ECDEV01 Percentage of Unemployed People Assisted into Work from Council Operated / Funded Employability Programmes (LGBF)
- 1.4 Detailed testing was based on the most recent PI outcomes reported, as at 27<sup>th</sup> October 21.

### 2 Objectives and Scope

- 2.1 The objective of this audit was to ensure:-
- Services have procedures in place to ensure the accurate and consistent calculation of Council Plan PIs
  - PI calculations are accurate

### 3 Findings

- 3.1 The Council has a 'Performance Indicator Report' template that should be completed for all PIs.
- 3.2 This report contain information such as:-
- The purpose of the PI
  - Targets 2020 – 2023
  - High level information on how the PI should be calculated
  - Responsible officers
- 3.3 A Performance Indicator Report was available for all 3 PIs selected for detailed testing.

#### **PI CP\_12**

#### **Percentage of learning disability service users accessing employment support activities**

#### General Information

- 3.4 This is a Council Plan PI and is reported on quarterly, with the most recent figures available being for quarter 2 2021/22.

## Procedures

- 3.5 The Service does not have detailed procedures on the calculation of this PI. **(action point a)**

## PI calculation and evidence

- 3.6 The Service was able to provide spreadsheets showing (as at the 30<sup>th</sup> September 21):-
- the number of learning disability service users being supported by Learning Disability Social Work Team's job coaches (either directly or via linking up with an external supplier)
  - the total number of individuals being supported by the Learning Disability Social Work Team
- 3.7 Audit were able to use information from the above spreadsheets to confirm the accuracy of the quarter 2 2021/22 PI calculation.
- 3.8 During discussions with the Service, it was highlighted that the above PI is not necessarily the most useful measure of the work being undertaken by the job coaches within the Learning Disability Social Work Team. The Service has agreed to identify alternative PI(s) for consideration when the Council Plan is being updated in May 22. **(action point b)**

## **PI CP\_14**

### **Percentage of households in fuel poverty**

## General Information

- 3.9 This is a Council Plan annual PI, with the most recent figure available being for 2020/21.
- 3.10 The Council doesn't directly contribute to this PI.
- 3.11 This PI is lifted directly from the Scottish House Condition Survey (SHCS).
- 3.12 The SHCS consists of an interview with householders and a physical inspection (by surveyors) of the dwelling they occupy. This provides a picture of Scotland's occupied housing stock. Results from interviews and surveys are then extrapolated out, based on a number of factors and using a number of models.
- 3.13 Audit obtained a copy of the most recent published SHCS report (published in February 2019 and based on the analysis of 2016-2018 local authority data) and confirmed the figures quoted in the Council's annual PI to it.

## **PI SOL\_ECDEV01**

### **Percentage of Unemployed People Assisted into Work from Council Operated / Funded Employability Programmes**

## General Information

- 3.14 This is an annual LGBF PI, with the most recent figure available at the time of audit testing being for 2019/20.

- 3.15 The Council doesn't directly calculate this PI.
- 3.16 The Improvement Service use information submitted by the Council to SLAED (Scottish Local Authorities Economic Development Group) to calculate it.
- 3.17 Council Officers use the published LGBF figure to update council records.
- 3.18 Audit have focussed on auditing the figure submitted to SLAED in 19/20 – which was 604 unemployed individuals supported into permanent employment.

#### Procedures

- 3.19 The Service does not have detailed procedures on the calculation of this PI. **(action point a)**

#### PI calculation and evidence

- 3.20 Audit identified double counting when reviewing the method of calculating the figure for the SLAED return.
- 3.21 Based on the evidence available in the supporting documents provided by the Service, Audit estimates that the 19/20 figure should have been 452 as opposed to the reported 604.
- 3.22 The Service has recently submitted 20/21 figures to SLAED. The submitted template and supporting documentation were reviewed by Audit. No evidence of double counting was noted.
- 3.23 From 2021/22 the Service has indicated that all employment support is recorded on YETI (a management information system). This is a streamlining of the previous process which involved engagements being recorded in different ways, depending on who was delivering the support. It was during the consolidation of the data from these multiple sources that double counting occurred in 19/20. **(action point a)**
- 3.24 Errors in the figures reported to SLAED have a knock-on effect on the figures calculated by The Improvement Service for LGBF, meaning these will also be incorrect. **(action point c)**

## **4 Internal Audit Opinion**

- 4.1 Reasonable assurance was obtained with regard to the calculation of PI CP\_12. Procedures will help to minimise the risk of errors or inconsistencies in the calculation process.
- 4.2 Substantial assurance was obtained with regard to the calculation of PI CP\_14.
- 4.3 Limited assurance was obtained with regard the calculation of PI SOL\_ECDEV01. Whilst the Service has indicated that a new recording process is in place which should eliminate the opportunity for double counting, this only started in 2021/22 and therefore annual figures based on this new recording process are not yet available for detailed auditing.

### Definitions of Assurance Levels:

<b>Substantial</b>	The framework of governance, risk management and control is adequate and effective.
<b>Reasonable</b>	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
<b>Limited</b>	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.
<b>None</b>	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

NB The level of assurance given is at the discretion of Internal Audit.



## KEY FINDINGS AND ACTION PLAN PERFORMANCE INDICATORS

<b>Action</b>	a(1)
<b>Finding</b>	There are no written procedures detailing the methodology for the calculation of PI CP_12.
<b>Action Description</b>	Written procedures on the calculation of PIs should be produced.
<b>Risk</b>	Inaccurate and/or inconsistent PI figures being published due to errors in calculations; business continuity implications
<b>Priority (1, 2, 3)</b>	1
<b>Paragraph Reference</b>	3.5
<b>Managed by</b>	Thelma Bowers, Head of Mental Health
<b>Assigned to</b>	Dominic Jarrett (Development Manager, HSCP)
<b>Due Date</b>	30 June 2022
<b>Management Comment</b>	<p>Service leads are working with the HSCP performance team to review PI data recording processes and procedures.</p> <p>For the current PI the information is logged off-system on a spreadsheet. We will improve this in alignment with the improvement action recommended in this report with data system development and centralisation of data collation where appropriate and applicable to do so – this will be undertaken in alignment with the identification of new PI's and measures moving forward.</p>

<b>Action</b>	a(2)
<b>Finding</b>	There are no written procedures detailing the methodology for the calculation of PI SOL_ECDEV01. Double counting was identified in SOL_ECDEV01.
<b>Action Description</b>	Written procedures on the calculation of PIs should be produced.
<b>Risk</b>	Inaccurate and/or inconsistent PI figures being published due to errors in calculations; business continuity implications
<b>Priority (1, 2, 3)</b>	1
<b>Paragraph Reference</b>	3.19; 3.23
<b>Managed by</b>	Caitriona McAuley, Head of Economic Development and Regeneration
<b>Assigned to</b>	Laura Neill (Senior Manager, Employability and Skills)
<b>Due Date</b>	28 <sup>th</sup> February 2022
<b>Management Comment</b>	Written procedures on calculating PIs to be generated by the Economic Development & Regeneration Compliance Team to ensure a consistent approach is used for all reports.

<b>Action</b>	b
<b>Finding</b>	The current PI might not provide the most useful information to the public and Council Officers.
<b>Action Description</b>	HSCP to identify more useful PIs to be considered for inclusion in the upcoming Council Plan update.
<b>Risk</b>	The public and managers are missing out on more useful information due to the current PIs
<b>Priority (1, 2, 3)</b>	2
<b>Paragraph Reference</b>	3.8
<b>Managed by</b>	Thelma Bowers, Head of Mental Health
<b>Assigned to</b>	Dominic Jarrett (Development Manager, HSCP)
<b>Due Date</b>	30 June 2022
<b>Management Comment</b>	The HSCP are currently developing a new Strategic plan and in alignment with this, service leads are reviewing more appropriate measures to reflect Transformation activity that has been undertaken within Learning Disabilities services in regard to the key strategic ambition for the Employability agenda and the new Day opportunities model at Trindlemoss.

<b>Action</b>	c
<b>Finding</b>	PI reported to SLAED for 19/20 is incorrect. As a result, PIs calculated for LGBF, which rely on the SLAED information, will also be incorrect.
<b>Action Description</b>	Service should seek advice on correcting the error – whether revised figures should be submitted or whether it is sufficient to explain the movement in results when the 2021/22 figures are submitted.
<b>Risk</b>	Factually inaccurate information in the public domain; statistics available to management for decision making and benchmarking are inaccurate.
<b>Priority (1, 2, 3)</b>	1
<b>Paragraph Reference</b>	3.24
<b>Managed by</b>	Caitriona McAuley, Head of Economic Development and Regeneration
<b>Assigned to</b>	Laura Neill (Senior Manager, Employability and Skills)
<b>Due Date</b>	28 <sup>th</sup> February 2022
<b>Management Comment</b>	The Service will update SLAED and provide accurate, amended figures for 2019/20.

### Priority Key used in Action Plan

<b>1 (High)</b>	Control weakness where there is a material impact on the achievement of the control objectives, generally requiring prompt attention.
<b>2 (Medium)</b>	Control weakness which needs to be rectified, but where there is no material impact on the achievement of the control objectives.
<b>3 (Low)</b>	Minor weakness or points for improvement.

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## NORTH AYRSHIRE COUNCIL

Agenda Item 8  
08 March 2022

### Audit and Scrutiny Committee

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<b>Title:</b>	<b>Internal Audit Plan 2022-23</b>
<b>Purpose:</b>	To inform the Committee of the proposed Internal Audit plan for 2022-23.
<b>Recommendation:</b>	That the Committee (a) approves the Internal Audit plan for 2022-23 and (b) agrees the indicators and targets at 2.7.

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#### 1. Executive Summary

- 1.1 This report brings forward the proposed Internal Audit Plan for 2022-23. A review has been carried out, including consultation with members of the Executive Leadership Team, to identify all service areas which will be subject to audit review.
- 1.2 The audit plan is risk-based and fully utilises the available resource of 615 productive audit days.

#### 2. Background

- 2.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) / Institute of Internal Auditors (IIA) Public Sector Internal Audit Standards (PSIAS) require the preparation of a risk-based audit plan.
- 2.2 The PSIAS also requires that the plan should be based on a clear understanding of the organisation's functions and the scale of potential audit areas. The plan should be partly informed by consultation with key stakeholders. The Audit and Scrutiny Committee should approve the Internal Audit plan.
- 2.3 A review has been carried out to identify all areas within the Council that could potentially be subject to Internal Audit work. A number of sources of evidence have been used to identify all the auditable areas and to assess the risk or significance of each one:
  - consultation with members of the Executive Leadership Team (ELT);
  - review of the strategic and service risk registers;
  - review of the Council Plan;
  - key issues arising from the External Audit Report on the 2020-21 annual accounts;
  - review of other local authorities' Internal Audit plans; and
  - knowledge and experience of Internal Audit staff.
- 2.4 The risk or significance of each area has been assessed as high, medium or low. Where an area has been identified as having high risk or significance to the Council, Internal Audit will aim to review either all or part of this every 1 to 2 years. Areas of medium risk or significance will be reviewed every 3-4 years. Areas of low risk or significance are not

routinely audited but are included in 'reserve lists' each year to be audited if the approved plan is completed or priorities change.

- 2.5 The total available audit time is estimated at 710 days. Productive audit time is estimated to be 615 days (87%) and non-productive time, covering management and administration, staff training and meetings, is estimated to be 95 days (13%).
- 2.6 Appendix 1 contains the detailed audit plan for 2022-23 and indicates when it is intended to commence each audit. This may be subject to some change depending on available resources and any requirement to carry out ad-hoc investigation work throughout the year. Twenty of the 615 days have been set aside for contingencies.
- 2.7 In order to assist with tracking the performance of Internal Audit against the agreed plan, the undernoted indicators will be used. Performance against these indicators will be monitored quarterly and reported to the Audit and Scrutiny Committee as part of the Annual Report:

Indicator	Target 2022-23
Percentage of auditor time spent productively	87%
Training days per auditor	3.6
Audits complete in budgeted days	75%
Draft reports issued within 21 days of fieldwork completion	100%
Final reports issued within 14 days of agreement of action plan	100%

### 3. Proposals

- 3.1 It is proposed that the Committee (a) approves the Internal Audit plan for 2022-23 and (b) agrees the indicators and targets at 2.7 above.

### 4. Implications/Socio-economic Duty

#### Financial

- 4.1 None.

#### Human Resources

- 4.2 None.

#### Legal

- 4.3 None.

#### Equality/Socio-economic

- 4.4 None.

#### Environmental and Sustainability

- 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 2019-2024.

### **Community Wealth Building**

- 4.7 None.

## **5. Consultation**

- 5.1 Consultation has taken place on an individual basis with the Executive Leadership Team during the preparation of the Internal Audit plan.

**Mark Boyd**  
**Head of Finance**

For further information please contact **Laura Miller, Senior Manager (Audit, Fraud, Safety and Insurance)**, on **01294 324524**

### **Background Papers**

None.

Key Corporate Systems	Audit Objective	Days	Apr-June	July-Sept	Oct-Dec	Jan-Mar	Last Audited
Income collection	Carry out a review of the controls within the new Civica Pay income collection system.	20				✓	2018-19
Employee Services - HR/Payroll system and processes	Review a range of controls relating to the CHRIS21 payroll system.	30			✓		2017-18
<b>TOTAL AUDIT DAYS</b>		<b>50</b>					

Other Systems	Audit Objective	Days	Apr-June	July-Sept	Oct-Dec	Jan-Mar	Last Audited
Museums and Heritage	Review the effectiveness of a range of controls within the Museums and Heritage service.	15			✓		-
Early years provision	Review the service arrangements for payments to private nurseries	15			✓		-
Glow	Review the Council's compliance with Education Scotland Guidance on the use of Glow	15				✓	-
Agency staff and workers	Examine the Council's use of agency staff and workers.	15	✓				2019-20
Transformation	Review the Council's approach to transformation and its progress with best value	20				✓	-
Residential placements (HSCP/Education)	Review the use of placements within other authorities, residential schools or private educational establishments.	15				✓	2019-20
Social Services Clients - financial assessments	Consider the financial assessment process carried out for Health and Social Care Partnership clients by the Finance team.	15		✓			2017-18
Integration Joint Board audit days	Carry out audit work as agreed by the Performance and Audit Committee of the Integration Joint Board.	15				✓	2021-22
Roads - stores control	Examine the controls within the Roads materials store.	15		✓			2018-19
Transport - Journeys and Hires	Review controls in the Transport Hub in relation to transportation, with a particular focus on the use of taxis.	15	✓				2018-19
Building Services - procurement (inc. sub-contracts and materials)	Review controls around procurement within Building Services.	15	✓				2017-18
Facilities Management - Procurement	Review controls around procurement within Facilities Management.	15	✓				2017-18
Scottish Housing Regulator	Review the governance arrangements around the Annual Assurance Statement	15		✓			-
PMI - commercial and industrial rents	Review the governance arrangements and processes around commercial and industrial property rentals.	20		✓			2018-19
<b>TOTAL AUDIT DAYS</b>		<b>220</b>					



ICT Auditing	Audit Objective	Days	Apr-June	July-Sept	Oct-Dec	Jan-Mar	Last Audited
ICT network controls	Review a range of controls within the corporate network	20	✓				2017-18
ICT assets	Review controls over a range of ICT assets.	20			✓		2019-20
<b>TOTAL AUDIT DAYS</b>		<b>40</b>					

Governance	Audit Objective	Days	Apr-June	July-Sept	Oct-Dec	Jan-Mar	Last Audited
Risk management	Review the Council's approach to risk management and risk control	15		✓			-
HR - Workforce Planning (inc. VER/VR schemes)	Review the Council's workforce planning arrangements.	15				✓	2015-16
Gifts and hospitality	Examine compliance with the Council's guidance on Gifts and Hospitality within the Employee Code of Conduct.	10	✓				2017-18
Locality Planning/CPP	Review the Council's approach to locality planning	15				✓	-
<b>TOTAL AUDIT DAYS</b>		<b>55</b>					

Regularity Audits	Audit Objective	Days	Apr-June	July-Sept	Oct-Dec	Jan-Mar	Last Audited
Accounts Payable transaction testing	Use data analysis software to interrogate the HR/Payroll system and examine any anomalies which arise.	15		✓		✓	2021-22
Payroll transaction testing	Use data analysis software to interrogate the Accounts Payable system and examine any anomalies which arise.	15	✓		✓		2021-22
Primary Schools (incl ASN School)	Review financial controls within the Council's primary and ASN schools using self-assessment audit questionnaires and investigate any concerns which arise.	30			✓		2021-22
Social Care establishments	Review financial and other controls within a range of operational establishments managed by the Health and Social Care Partnership.	20		✓			2017-18
<b>TOTAL AUDIT DAYS</b>		<b>80</b>					

Following the Public Pound	Audit Objective	Days	Apr-June	July-Sept	Oct-Dec	Jan-Mar	Last Audited
Community Councils	Annual audit of Community Councils accounts' to ensure Council funding is used in accordance with the Council's Scheme of Administration.	10	as required				2021-22
Tenants and Residents Associations	Annual audit of the accounts of various Tenants and Residents Associations.	2	as required				2020-21
<b>TOTAL AUDIT DAYS</b>		<b>12</b>					

Other Planned Audit Work	Audit Objective	Days	Apr-June	July-Sept	Oct-Dec	Jan-Mar	Last Audited
Other year audit work	Finalising audits from the 2021-22 audit plan that were not fully complete by the end of March 2022 or starting audits early from the 2022-23 audit plan.	20	✓			✓	2021-22
Audit consultancy: ad-hoc advice	Providing advice to council services in response to ad-hoc queries	10	as required				2021-22
Audit consultancy: project work	Participating in project work to support developments in other council services.	25	as required				2021-22
Follow-up	Follow up of previous audit reports to ensure that appropriate action has been taken.	15	as required				2021-22
Audit planning and monitoring	Preparing audit plans and monitoring progress and performance against plans.	20	as required				2021-22
Audit and Scrutiny Committee	Supporting the Council's Audit and Scrutiny Committee by preparing reports, attending meetings and delivering training for elected members as required.	25	as required				2021-22
Governance documents	Review of governance documents	2	as required				2021-22
Development of the Audit service	Carry out developmental work to further enhance the efficiency of the audit section.	5	as required				2021-22
Internal Audit self-assessment against PSIAS	Undertake a quality assurance programme for Internal Audit in line with the requirements of the Public Sector Internal Audit Standards (PSIAS).	2	as required				2021-22
Internal Audit EQA (assess or being assessed)	Participate in the Scottish Local Authorities Chief Internal Auditors Group (SLACIAG) review network for the external quality assessment programme.	10			✓		2017-18
Grant claims	Certification of expenditure funded by specific grants from external funding bodies	2	as required				2021-22
Annual Accounts	Work in relation to the Council's annual accounts, including stock counts, reviewing imprests and preparing the Annual Governance Statement.	2	✓				2021-22
<b>TOTAL AUDIT DAYS</b>		<b>138</b>					

<b>TOTAL PLANNED WORK</b>	<b>595</b>
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Contingencies & Investigations	Audit Objective	Days	Apr-June	July-Sept	Oct-Dec	Jan-Mar	Last Audited
Non-Fraud Investigations		20	as required				2021-22
<b>TOTAL AUDIT DAYS</b>		<b>20</b>					

<b>TOTAL AUDIT PLAN 2022-23</b>	<b>615</b>
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## NORTH AYRSHIRE COUNCIL

8<sup>th</sup> March 2022

### Audit and Scrutiny Committee

<b>Title:</b>	<b>Procurement Annual Activity Report (20-21)</b>
<b>Purpose:</b>	To provide Audit and Scrutiny Committee with an update on Procurement activity for the period 20/21
<b>Recommendation:</b>	Audit and Scrutiny Committee notes the report

#### 1. Executive Summary

- 1.1 It was agreed by Council in September 2020 that an annual procurement report should be produced for Cabinet. The first report covering the period 19-20 went to Cabinet in May 2021, this second report covers the procurement activity during the year 20-21 and was presented to Cabinet on 30 November 2021.
- 1.2 During the year, 188 different procurement exercises were undertaken resulting in contracts being awarded to 353 suppliers with a total value of £94.8m. The Council publishes a register of all live contracts and a 2-year plan of future tendering opportunities.
- 1.3 In terms of total procurement expenditure, the Council spent a total of £211.3m with 3406 suppliers, £45.1m (21.39%) was spent locally with 650 North Ayrshire suppliers. The top 10 local suppliers, by spend value, receive over half of the £45.1m.
- 1.4 The report also contains information on what category of goods/services are purchased, the top 20 suppliers by value, size and locality of the suppliers used and community benefits delivered.
- 1.5 The combined spend for North Ayrshire Council (NAC), East Ayrshire Council, South Ayrshire Council, NHS Ayrshire & Arran, Scottish Fire and Rescue Service is over £744m with £56m (7.5%) spent with local North Ayrshire suppliers.
- 1.6 Included as a key performance measure within the Council Plan, the Council has set a target to increase spend with local suppliers to 26% by 2024. To achieve this will require a significant effort to identify and work with local suppliers who are capable of supplying goods and services procured by the Council. Progress continues to be made in this area through engagement with the local supplier base helping provide visibility of upcoming procurement opportunities and access to training and support to maximise their chances of success in securing Council contracts. This progress continues to be set within the context of the duty on the Council to secure Best Value through the procurement process.

## 2. Background

- 2.1 At the Council meeting in September 2020, it was agreed that Cabinet should receive a detailed annual report covering all procurement activity. The first report covering the period 19-20 went to Cabinet in May 21. This report covers the 20-21 procurement activity and was presented to Cabinet on 30 November 2021.
- 2.2 During the 20-21 period, 188 different procurement exercises were undertaken NAC, resulting in contracts being awarded to 353 suppliers with a total value of £94,859,352. The different procurement types undertaken are listed in below.

Procurement Type - Awarded	No. Procurements	
	Awarded	Total Value Awarded
Quick Quotes	39	£ 1,569,347
Single Tender Actions	43	£ 3,882,566
Direct Awards	32	£ 2,588,180
OJEU Tenders	8	£ 15,739,822
OJEU Multi Supplier Frameworks	6	£ 38,626,535
Non-OJEU Tenders	9	£ 4,632,364
Non- OJEU Multi Supplier Frameworks	1	£ 1,337,316
Mini Competitions	22	£ 25,970,485
Self Directed Support	28	£ 512,737
Total	188	£ 94,859,352

Public sector procurement legislation dictates the procurement type required based on the type of goods, services or works needed and the anticipated value for the life of a contract. There are 3 main regulations that the Council need to comply with

- Procurement Reform (Scotland) Act 2014
- Public Contracts (Scotland) Regulations 2015
- Procurement (Scotland) Regulations 2016

Each regulation has specific thresholds and requirements to be adhered to, failure to do so could lead to costly legal challenges. In addition to the external legislation the Council's Standing Orders relating to Contracts also has requirements on how officers are permitted to procure. The diagram below shows the activity required at specific values.



Tenders are carried out for above Quick Quote threshold procurements and depending on the proposed contract values these fall into lower value Non-OJEU or higher value OJEU tenders (Official Journal of European Union). Following the UK's withdrawal from the EU, tenders started in 2021 now require to comply with GPA (Government Procurement Agreement) rules. Tenders cannot be restricted and are open to any suppliers registered on Public Contract Scotland to submit a bid.

The Council has a legal obligation to maintain a register of all "live" contracts and for this to be openly published. The Council's corporate contract register is published through the open data portal and can be accessed from this link [Contract Register](#).

- 2.3 In addition to the above contracts completed during 2020-21, purchases were made utilising existing NAC contracts, as well as other collaborative contracts and frameworks. The collaborative contracts and frameworks most frequently used are typically those owned by Scotland Excel, Scottish Government, Crown Commercial Service and those of the other Ayrshire Councils.
- 2.4 The Procurement Reform (Scotland) Act 2014 requires that the Council publishes an annual procurement report on its regulated procurements. To give potential suppliers visibility of future tendering opportunities, there is a requirement to provide as part of the report a list of all known tender opportunities for the following two years. This visibility is also very important within the context of the Council's Community Wealth Building aspirations. The Council's annual report is published on the NAC website and can be accessed from the link [Procurement annual report 20-21](#).

#### **Analysis of total spend**

- 2.5 On an annual basis, Scottish Government funding is available for public sector bodies (incl NAC) to have their purchase ledger spend data analysed by the data analytic company Spikes Cavell. This data then allows public bodies to analyse how much they spend, on what category of goods/services, and the size and locality of the suppliers used. It also allows organisations to compare their data with that of other public bodies.
- 2.6 The Spikes Cavell data shows that the Council spent a total of £211.3m with 3406 suppliers. Further analysis shows that of the total spent, £45.1m (21.39%) was spent locally with 650 North Ayrshire suppliers, this is an increase of £1.9m local spend from the previous year. This information is vital in supporting the procurement pillar of the Community Wealth Building strategy and the Council Plan performance indicator "percentage of procurement spent on local enterprises".

Spikes Cavell determine supplier locality based on the address from which the invoice is sent. Therefore, it is recognised that this can underrepresent the true economic impact of procurement spend in the local area. Further supporting analysis has been carried out to show more details of the local economic impact of the procurement spend and this is outlined in section 2.24.

- 2.7 The Council buys a vast array of supplies, service and works and the table below details the top 20 categories by value, as well as the number of suppliers used within each category.

Vcode Vendor Category	Spend	Count of Suppliers
Development Agencies	£ 45,572,422.26	2
Nursing Homes	£ 14,435,420.41	56
Outsourced Building Management Service Providers	£ 13,179,261.86	1
Disability & Special Needs Services Providers	£ 7,105,075.18	19
House Builders	£ 6,393,343.70	2
Adult Residential Care Providers	£ 5,949,670.31	42
General Builders	£ 5,756,052.27	7
Other Social Care & Social Service Providers	£ 5,506,473.97	9
Sports & Leisure Centres	£ 5,080,570.00	5
Other Community Healthcare Service Providers	£ 4,499,191.78	4
Other Child Care Services Providers	£ 4,459,779.62	27
Roofers	£ 4,270,602.90	4
Home Care Service Providers	£ 3,791,818.44	10
Housing Associations	£ 3,311,698.85	6
Early Years Service Providers	£ 3,101,351.18	18
Community-Based Adult Mental Health Service Providers	£ 3,089,877.64	3
Mechanical Engineers	£ 2,871,121.68	4
Non-Residential Main Building Contractors	£ 2,562,811.72	9
Plumbing, Heating & AC (HVAC) Contractors	£ 2,491,739.96	8
Bitumen & Surface Dressing Suppliers	£ 2,313,071.04	2
Total	£ 145,741,354.77	238

- 2.8 An analysis of the spend by suppliers shows that 39 of the 3406 suppliers used, received more than £1m of business in the last year, equating to 63% of the total annual spend. At the opposite end of the spend profile 1570 suppliers had less than £1,000 spend.
- 2.9 The top 20 suppliers by spend is shown in appendix 1. These suppliers account for £108.4m or 51% of the total expenditure. The suppliers shown in red are local suppliers i.e. 7 of the 20 suppliers are local and account for £20.3m of spend.
- 2.10 Spikes Cavell uses the invoice address to determine the locality of suppliers. Using this dataset, it shows that most suppliers used are Scottish. The table below shows the amount spent in each of the 4 nations.

Supplier Location	Spend	% of total Spend	No. of Suppliers
Scotland	£ 171,680,110.80	81.3%	1684
England	£ 35,899,640.10	17.0%	1661
Northern Ireland	£ 3,486,554.87	1.7%	19
Wales	£ 206,057.93	0.1%	42
	£ 211,272,363.70	100.0%	3406

- 2.11 The data also shows that where the size of the company is known, 78.5% are SME's. The chart below shows more detail and confirms most companies used fall in the small company definition i.e., less than 50 employees.





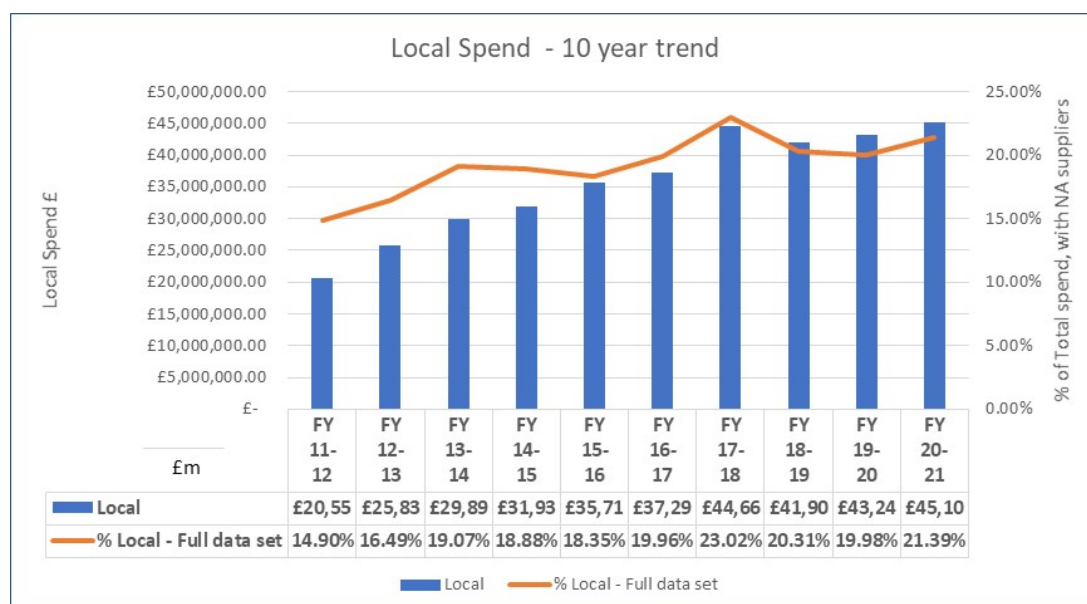
- 2.12 It is also recognised that Third Sector Organisations (TSO) have a key role in delivering vital services for North Ayrshire citizens and strengthening community empowerment and during 2020-21 over £29m was spent with TSOs.

### Community Wealth Building and Local Economic Impact

- 2.13 From a Community Wealth Building (CWB) perspective, buying from local companies is a strategic priority for the Council, however procurement legislation does not permit preferential treatment for companies based on location. In the year covered by the report 21.39% of the total spend was with local companies, this is a 1.41% increase on the previous year. In the Council Plan a target has been set to increase this to 26% by 2024. Achieving the new target, while remaining compliant with procurement legislation, will be challenging and will require a diverse local business base to build capacity and upskill in bidding for and winning public contracts.
- 2.14 The Council's Procurement and service teams work together to maintain a tender wave-plan of all future tendering opportunities and participate in Meet the Buyer events to raise awareness of opportunities with local suppliers.
- 2.15 The Council's Business Development Team undertake a vital role and continue to engage with local suppliers to ensure they have visibility of upcoming quick quote and tendering opportunities, assess sector capacity and willingness to bid and provide access to specific training to maximise the success of local companies in winning Council contracts. To outline recent activity, support for businesses in the first half of 21-22 has seen 127 interventions with a cohort of 78 businesses ranging from capacity building, specialist support, consultancy, helping access procurement contract within NAC. This increased support is starting to pay dividends with a number of local suppliers winning quick quotes who previously would not have been invited to tender. Work also continues with the procurement board regarding wave plan opportunities where the Business Development Team have identified tenders totalling c £17m that could be secured locally. Over 100 businesses have been identified who could potentially bid for works and each will be engaged and supported as above should they wish to tender.

This progress is also supported by ongoing research and analysis to enhance the understanding of local spend impact and to identify sector gaps where there is limited local presence is also important to help build local capacity.

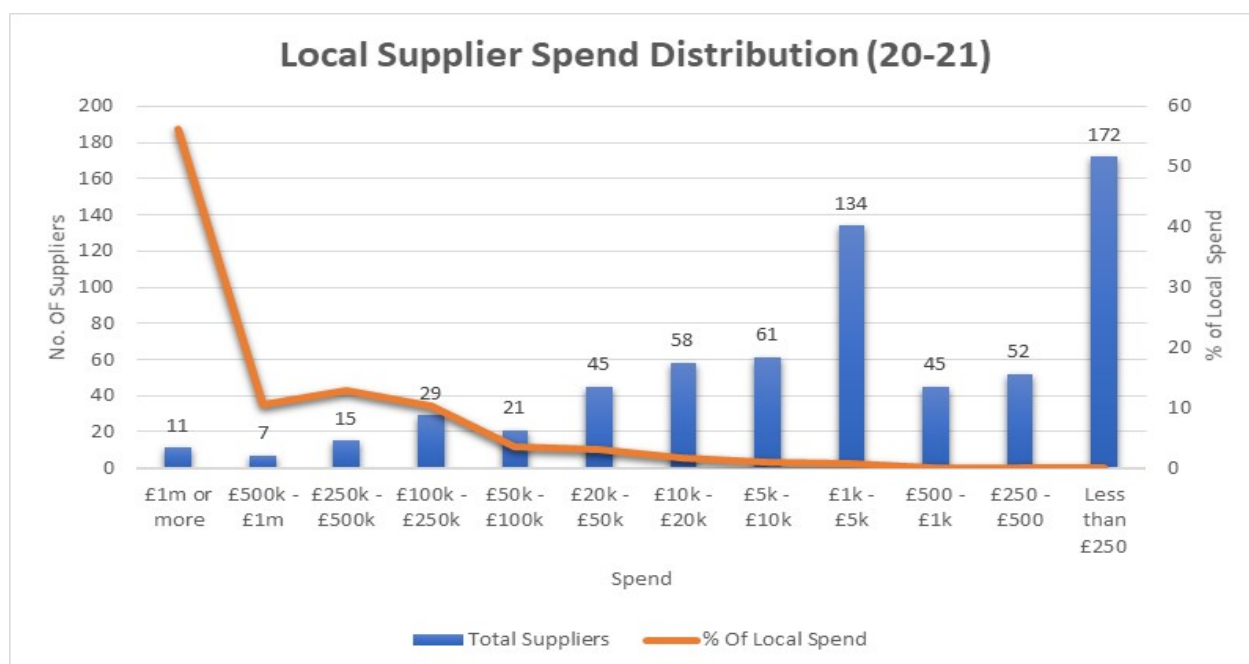
- 2.16 As stated above, the Council spent £45.1m with 650 local suppliers during the year which was an increase from the previous year of £1.9m spent locally. The graph below shows both the actual spend as well as the percentage of the total annual spend with local suppliers over the last 10 years.



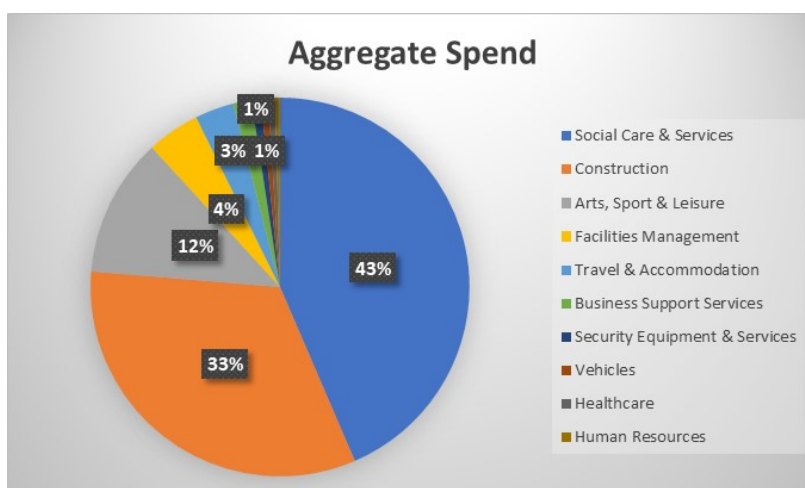
(Note: Data sourced from Spikes Cavell utilising the full spend detail report for each year)

The actual spend data shows a steady increase throughout the 10-year period, more than doubling from £20.5m in 2011-12 to £45.1m in 2020-21

- 2.17 From the local suppliers used, the top 11 suppliers by value all received more than £1m and the total value for the top 11 suppliers was £25.4m (56% of total local spend). At the opposite end of the spend spectrum 269 suppliers received less than £1,000. The graph below shows the spend distribution across local suppliers.



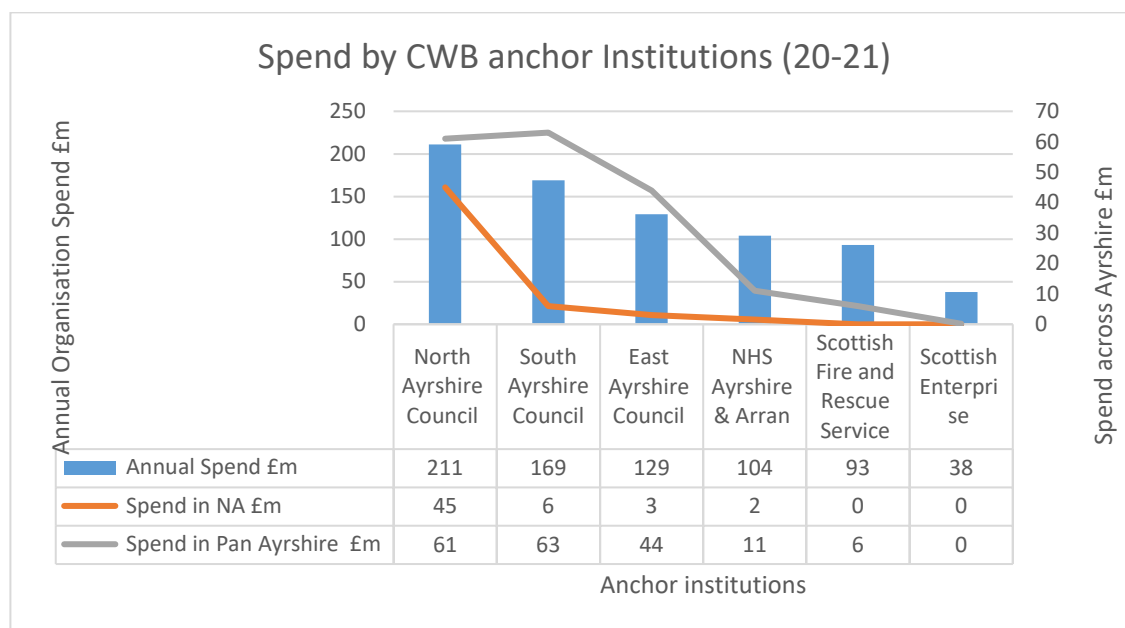
2.18 An analysis of the spend with local suppliers shows that over 75% of the total was spent within the Social Care and Construction sectors.



2.19 For lower value procurements, between £10K and £50K for supplies and services and between £10K and £100K for works, the Council use the Quick Quote functionality. The process states that if 5 local suppliers have the capability and capacity to do the work and agree to bid then the procurement will be restricted to those local suppliers, therefore ensuring that a local company benefits from the contract. During 20-21, 39 Quick Quotes with a value of £1.5m were awarded of which 9 with a value of £0.39m were awarded to local suppliers.

2.20 Developing the local supplier base is a key area of focus for the Business Development team, working with potential local suppliers to support business transition and preparedness requirements associated with public sector procurement. As part of our CWB Strategy additional staffing resources are now in place to support greater linkages with Procurement activity. In addition, regular communication and engagement with Council officers involved in the procurement process continues to raise awareness of the local supplier base and their capability to supply the Council.

2.21 Through an analysis of other organisations spend data, a report on other CWB anchor institutions shows that Councils have the highest annual spend and have invested the most within North Ayrshire. The combined spend for NAC, East Ayrshire Council, South Ayrshire Council, NHS Ayrshire & Arran, Scottish Fire and Rescue Service and Scottish Enterprise was £744m with £56m (7.5%) spent with local North Ayrshire suppliers. The graph below shows further details on each organisations total spend, spend across all Ayrshires, and spend within North Ayrshire.



2.22 Although procurement legislation does not permit preferential treatment for companies based on location, there is a strong desire within the Council to enable and support local suppliers to be more successful in winning Council contracts. Further, through the CWB Commission and the participation of the other anchor institutions, there is both the scope and opportunity for further growth in local business opportunities. All Officers involved in procuring goods and services can help achieve this ambition. Further, an Ayrshire CWB Procurement Lead Officer Working Group was formed during the year and will carry out further work across the anchors institution to identify potential opportunities for more to be spent within Ayrshire.

2.23 As part of the tendering process, community benefits are requested either on a voluntary basis or as a mandatory requirement, dependant on the value of the proposed contract. The community benefits requested during 20-21 focused on employment, education, supply chain and community projects. The table below shows what was delivered during 20-21

Benefit Type	Delivered Quantity
New Apprenticeships (Weeks)	418
New Jobs (Weeks)	2920
Work Placements	36
School Projects	23
SME/TSO Workshops	21

As part of CWB a new approach to community benefits is being developed to maximise the benefits from contracts, this will include the uses of TOMS (Themes, Outcomes and Measure), scoring tenders and the introduction of a community wish-list.

### **Additional Local Economic Impact of Procurement expenditure**

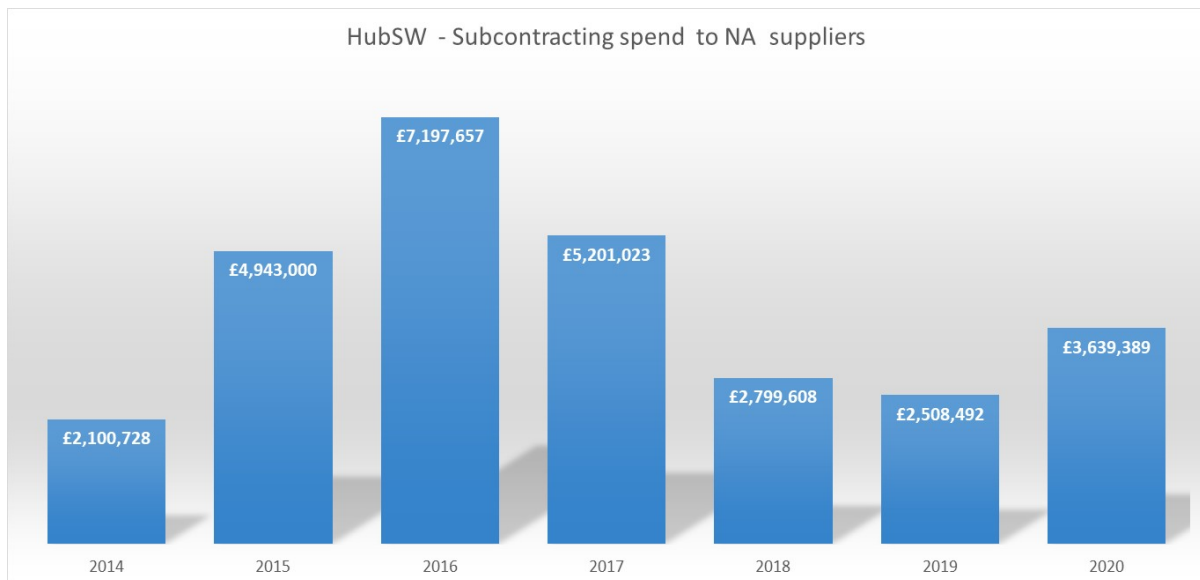
- 2.24 There are many examples of businesses with a local presence, employing local people, that have a head office out with the Council area. Similarly, high value contracts often involve an element of sub-contracting that could be with local suppliers. Some further analysis has been carried out on the 20-21 spend data to try and identify additional economic benefit from procurement spend in the following areas: Care Homes, Care at Home, Community Support for Adults and construction sub-contracting opportunities. This information is important and based on the rationale outlined below suggests there is a strong argument that it more accurately reflects the local economic impact of the £211.3m spent by the Council.

**Care Homes** - A review of all adult care home spend was undertaken to identify those homes that are located within North Ayrshire but have an invoice address out with the Council area. An additional £5.3m was identified as being spent with locally based care homes.

**Care at Home** – As care at home requires service users to be visited frequently in their North Ayrshire homes, there is a very high probability that the suppliers from out with the Council boundaries will employ local people to provide the service. A review of the spend data shows a further £4.3m that is likely helping to provide local based employment.

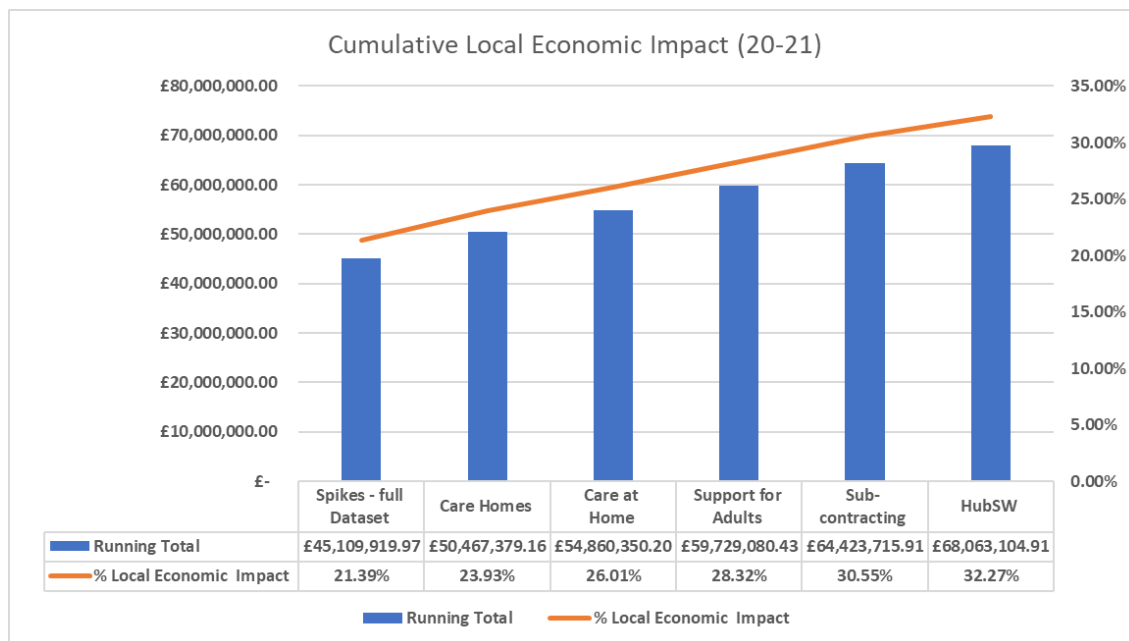
**Community Support for Adults** - like the above, there is a high likelihood of local employment opportunities to provide support for Adults within North Ayrshire. Initial spend analysis has indicated a total of £4.8m being spent on Services delivered locally.

**Sub- contracting opportunities** – Contact was initiated with the 10 main construction contractors who were asked for details of sub-contracting to local North Ayrshire companies. Of the 4 suppliers who provided a response their total contracted spend was £12.6m of which £4.7m was sub-contracted to local suppliers. Similarly, a significant amount of expenditure is contracted annually with HubSW. Following a request for information on local sub-contracting activity, HubSW advised that they used North Ayrshire suppliers to provide both goods and services and that these suppliers were used for both North Ayrshire contracts as well as other public sector contracts. The graph below illustrates that between 2014 and 2020 local suppliers benefited from over £28m spend from HubSW projects, with £3.6m in 2020.



2.25 Although the Spikes Cavell data shows that £45.1m (21.39%) is the Council's local spend data, as detailed above the impact from the procurement expenditure has a much greater local economic impact when we consider locally based care homes, employment opportunities from care at home and community support for adults as well as sub-contracting opportunities.

The graph below illustrates the cumulative impact of the additional areas of spend.



The analysis undertaken to date shows that in addition to the £45.1m direct local spend, a further £22.9m can be shown to have a local economic impact from businesses based in North Ayrshire or creating employment opportunities for North Ayrshire residents. This equates to a cumulative position of 32.7% of total spend in 20-21.



### **3. Proposals**

3.1 Audit and Scrutiny Committee notes the contents of the report.

### **4. Implications/Socio-economic Duty**

#### **Financial**

4.1 No direct financial implications within this report, however, all progress in growing the level of local spend will continue to be set within the context of the Council's duty to secure Best Value.

#### **Human Resources**

4.2 None

#### **Legal**

4.3 Council procurement activities complies with all relevant procurement legislation and the Council's Standing Orders

#### **Equality/Socio-economic**

4.4 None

#### **Environmental and Sustainability**

4.5 None.

#### **Key Priorities**

4.6 None

#### **Community Wealth Building**

##### **4.7 Procurement**

- Community Benefits are requested as part of relevant tenders
- Local suppliers will be identified and invited to quick quotes and supported through tendering and framework opportunities wherever possible.

**Employment** – As a Living Wage Accredited Employer, the Council strongly believes that all employees should be paid the living wage. The Council encourages all bidders to pay the living wage and as part of future tendering activities, bidders will need to provide more information on their payment of Living Wage practices. This will include the number of staff who are paid and those that are not paid the living wage, with reasons for non-payment also recorded. Procurement and Business Support will use this information to work with suppliers to help them achieve payment of the living wage to all employees on future contracts.

**Land and Assets** – Not applicable

**Financial Power** – Not applicable  
**Democratic Ownership** – Not applicable

## **5. Consultation**

- 5.1 Throughout all procurement exercises there is direct involvement with all relevant Directorate teams and engagement with other anchor institutions through the Community Wealth Building Commission.

**Mark Boyd**  
Head of Service (Finance)

For further information please contact Suzanne Quinn , **Senior Manager – Corporate Procurement** , on 01294 324039.

## **Background Papers**

[Click here to enter text.](#)

## Appendix 1

### Top 20 Suppliers by spend – 2020/21

Supplier Name	Aggregate Spend
HUB SOUTH WEST SCOTLAND LTD	£ 45,570,922.26
PPP SERVICES (NORTH AYRSHIRE)	£ 13,179,261.86
NORTH AYRSHIRE LEISURE LIMITED	£ 5,053,915.00
MCTAGGART CONSTRUCTION LTD	£ 4,728,895.97
MARLEY CONTRACT SERVICES	£ 3,967,226.29
HANSEL ALLIANCE	£ 3,710,968.86
CSN CARE GROUP LTD T/A CAREWATCH	£ 2,990,350.84
MCLAUGHLIN & HARVEY LTD	£ 2,981,023.94
RICHMOND FELLOWSHIP SCOTLAND	£ 2,949,634.33
EMTEC PROPERTY SERVICES LTD	£ 2,789,075.34
JAMES FREW LTD	£ 2,378,088.40
BUCKREDDAN LODGE NURSING HOME	£ 2,367,289.82
D MCLAUGHLIN & SONS	£ 2,284,394.78
CORNERSTONE	£ 2,242,489.30
HILLHOUSE QUARRY GROUP T/A MACASPHALT	£ 2,105,152.86
HAMILTON TARMAC	£ 1,962,135.19
KEY HOUSING ASSOCIATION LTD	£ 1,954,522.44
HC ONE OVAL LTD-FULLARTON CARE HOME	£ 1,786,750.84
QUARRIERS	£ 1,714,245.00
CALEDONIA CARE HOME	£ 1,709,513.15
	£ 108,425,856.47