NORTH AYRSHIRE COUNCIL

29 May 2025

Audit and Scrutiny Committee

Title:	**2023/24 External Audit Action Plan Update**
Purpose:	To invite Committee to note the updated actions identified in the 2023/24 External Audit Action Plan.
Recommendation:	That Committee notes the updates to the agreed Action Plans as outlined in Appendix 1.

1. Executive Summary

1.1 Audit Scotland's Annual Audit Report for 2023/24 was presented to Audit & Scrutiny Committee on 14 November 2024.

1.2 Audit Scotland's reports included action plans in relation to the recommendations for improvement identified during the course of the audit and full details of the proposed management actions were appended to the reports.

1.3 Appendix 1 provides an update on the management actions taken to date and provides updated target dates for any outstanding items.

2. Background

2.1 The 2023/24 audit of the Council's accounts was conducted by Audit Scotland and their report on the Annual Audit was presented to Audit & Scrutiny Committee on 14 November 2024.

2.2 The recommended actions identified in the reports related to a range of issues, including:

- Asset registers;
- Sickness absence;
- Workforce planning;
- Digital technology improvements;
- Digital skills;
- Agile working; and
- Joint workforce arrangements.

2.3 A review of the proposed management actions has now been undertaken and details of the completed actions and their completion dates have been detailed in Appendix 1. Where any actions have not yet been completed, the appendix provides an update on the proposed management action and the target date for completion.

2.4 In summary, the updates note:

- 2023/24 Annual Audit Report - All actions completed; and

- Best Value Thematic Report – The majority of actions have been completed with the exception of 2 actions with later target dates:
  - The agreed action in relation to joint workforce arrangements is ongoing with an agreed target date of 31 March 2026; and
  - Progress on measuring the impact of workforce planning is on track for completion by the target date of 30 September 2025.

3. Proposals

3.1 It is proposed that Committee notes the updates to the agreed Action Plans as outlined in Appendix 1.

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

Community Wealth Building

4.7 None.

5. Consultation

5.1 Responsible Officers identified within the Audit and Best Value reports have been consulted as part of the review.

Mark Boyd
Head of Service (Finance)

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

Background Papers
External Audit Report on the 2023/24 Audit and Best Value Work – Audit & Scrutiny Committee, 14 November 2024

2023/24 Annual Audit Report

Issue / Risk	Recommendation	Agreed management action	Actions Completed	Completion Date
1. Asset register – fully depreciated assets The asset register includes around 840 assets which are fully depreciated with an original cost and accumulated depreciation of £57.226 million. Where assets are no longer in use they should be formally scrapped or sold. Significant assets continuing in use should be revalued and depreciated over the remaining useful economic life. **Risk:** There is a risk that assets are inaccurately recorded in the council's asset register and financial statements**.**	Where significant fully depreciated assets are still in use they should be revalued and depreciated over their remaining useful economic life. Other assets should be considered for disposal. The council should obtain evidence at least annually to confirm that assets on the asset register remain in use.	A full review of all fully depreciated assets will be carried out during 2024-25 and items will be removed from the asset register, where appropriate. Remaining assets will be reviewed in conjunction with services to update valuations and useful economic lives as required. **David Forbes, Senior Manager - Finance and Revenues** **31 March 2025**	Fully depreciated assets have been reviewed and removed from the asset register as appropriate. Year end procedures have been updated to include this is an ongoing task in future years.	**31 March 2025**
2. General Ledger – Security Management Plan The system supplier's Security Management Plan for the general ledger system has not been updated since 2021. The council raised this with the supplier who confirmed that the security plan has not changed, however it does need to be updated to reflect a change in ownership of the business. The supplier advised that this work is currently ongoing. **Risk:** There is an increased risk to business continuity if the security management plan is not kept up to date.	Although the updating of the security management plan is in progress there is a role for the council as customer to monitor the supplier's progress in this area and ensure the security management plan is updated in a timely manner.	The Finance Service will liaise with the software supplier to ensure that the security management plan is updated. **David Forbes, Senior Manager - Finance and Revenues** **31 March 2025**	Updated documentation received from the software supplier.	**29 October 2024**

Appendix 1

Issue / Risk	Recommendation	Agreed management action	Actions Completed	Completion Date
3. Sickness absence High absence rates were reported in areas which require cover arrangements, specifically teachers and waste collection. In 2023/24 this resulted in additional costs of £1.980m associated with mandatory cover for teacher absence. There was also a £0.653 million overspend in employee costs for Waste Services. The statutory nature of the service requires additional resources to cover unforeseen absences. **Risk -** a high sickness absence level will impact on the council's ability to achieve financial balance and could adversely impact on safe and efficient service delivery.	The effectiveness of existing measures to reduce absence levels should be assessed to ensure they are appropriate and can deliver improved attendance at work.	Lead Officers for Waste and Education will progress a programme of work to monitor absence and effectively implement the policy with support provided from HR as required. Absence will be monitored corporately and appropriate interventions will be considered and implemented to improve attendance at work. **Russell McCutcheon, Executive Director – Place;** **Sam Anson, Executive Director – Education;** **Fiona Walker, Head of People & ICT** **31 March 2025**	Within Education, staff absence management procedures have been updated with regular emails being sent to Heads of Establishments to improve recording. Education is working collaboratively with HR and data analytics colleagues on a range of areas. Within Waste there are a variety of actions being progressed to support the management of absence. In addition to the action being taken within these Directorates, a variety of interventions are in place and will continue to be progressed council wide to support managers in the application and management of the absence policy, support employees' wellbeing and improve attendance. Full details of the actions being taken across Directorates is detailed below.	**31 March 2025**

Appendix 1

3. Sickness absence additional – Full details of actions being taken across Directorates

Within Education, staff absence management procedures have been updated with regular emails being sent to Heads of Establishments to improve recording. Education is working collaboratively with HR and data analytics colleagues on a range of areas including:

- Improving the information we provide directly to Heads and Improving service specific guidance and training to support Heads and school staff recording absence.
- Missing or out of date fit notes are being requested directly from Head Teachers from the central team and the email details any other outstanding issues or potential supports such as discretion / OH referrals.
- Information from HR is due to be sent to Heads of Establishment w/b 22 April regarding 'How To' sessions on absence and this will be supported by the central team.

Within Waste there are a variety of actions being progressed to support the management of absence and are summarised below:

- Temporary dedicated resource recruited to assist line managers with the implementation of the Wellbeing at Work Policy.
- Weekly e mail sent to Head of Service and management team detailing the number of absences and supports in place for each individual.
- Fortnightly meeting held between Head of Service, Waste Management Team and HR Advisor to discuss progress, supports, interventions required.
- Employees being supported back to work with referrals to Occupational Health.
- Alternative duties for employees unable to carry out normal duties.
- Health checks being delivered for all employees from a preventative health perspective.
- Absence trend is improving – Jan 2024 was 2.8 days Feb 2024 was 3.62 days and March 2024 days was 4.09 days per employee. This compares to Jan 2025 2.29 days Feb 2025 2.8 days and March 2025 2.07 days per employee.

In addition to the action being taken within these Directorates, a variety of interventions are in place and will continue to be progressed council wide to support managers in the application and management of the absence policy, support employees' wellbeing and improve attendance. These interventions, albeit not exhaustive, include:

- Targeted awareness sessions and support have taken place with staff involved in absence management within Place and Education ensuring a tailored package of advice and guidance specifically for those areas that require cover arrangements. Targeted support for managers within HSCP is also being provided to ensure a confident approach to managing absence.
- Automated absence reports issued to Managers across the Council on a regular basis to ensure assessment of absence levels are monitored, recording of absence is accurate and appropriate wellbeing supports are put in place for individuals.
- Absence information reported on a regular basis to ELT in conjunction with Directors to ensure oversight of absence levels and action being taken to improve attendance.
- Dedicated temporary HR resource to support council wide absence management.
- Regular analysis by HR of absence reports to provide support to managers and ensure they have the right advice and guidance on managing individual absences, accessing wellbeing interventions and utilising other policies where appropriate.
- Analysis of absence information conducted to inform new categories of absence which should provide more accurate and robust monitoring and reporting.
- Information sessions delivered for managers to ensure a full understanding of absence in relation to the policy, monitoring and wellbeing.
- Absence performance measures have been communicated through relevant channels to ensure managers are informed and focused on the importance of absence management.
- Case management support being provided by HR to managers on complex cases to ensure appropriate steps are being taken to support employees.
- Information sessions delivered in conjunction with our Occupational Health provider, providing managers with guidance on making an effective OH referral.
- Variety of Wellbeing initiatives are available through our Livewell programme and Occupational Health provider to support employees, such as our Employee Assistance Programme and sessions for menopause, grief and loss, weight management, Health Check etc, as well as sporting activities such as golf, hiking and indoor climbing.

Appendix 1

BV Thematic Report

Issue / Risk	Recommendation	Agreed management	Actions Completed	Completion Date
1. Corporate workforce planning priorities and action plan The Workforce Strategy 2023-28 sets out the council's approach to workforce planning but does not articulate what its strategic workforce priorities are or include a corporate-level action plan. **Risk:** There is a risk that the council's approach to workforce planning is not strategic and progress cannot be measured.	The council should establish corporate workforce planning priorities and develop a SMART action plan to allow progress in delivering these priorities to be measured.	The Workforce Strategy will be updated to include corporate workforce planning priorities and an action plan to allow progress to be measured. **Fiona Walker, Head of People and ICT** **31 March 2025**	The Workforce Strategy has been fully updated to align with internal/external factors, workforce challenges, Council Plan priorities and other key strategies/plans. An Action Plan and Corporate Performance Indicators have also been included to allow progress to be measured. This refreshed Strategy was agreed at the Executive Leadership Team on 29 January 2025 and at Cabinet on 18 March 2025.	**18 March 2025**
2 Alignment of workforce strategy to key strategies and plans and inclusion of data The Workforce Strategy 2023-28 is not aligned to the council's other key strategies and plans and does not include an analysis of council-level workforce data. **Risk:** There is a risk that the council is not clear about the way in which workforce planning can help deliver its strategic priorities and it may not be using the council-level workforce data it has to full effect.	The council's workforce strategy should be updated to align with all four Council Plan 2023-28 priorities and with other key strategies and plans. It should include an analysis of council-wide workforce data and set out what the required skills, learning and development needs of its staff are	The Workforce Strategy will be updated to ensure alignment to all Council Plan priorities, other key strategies/plans and include an extract of council-wide workforce data. **Fiona Walker, Head of People and ICT** **31 March 2025**	The Workforce Strategy has been fully updated to align with internal/external factors, workforce challenges, Council Plan priorities and other key strategies/plans. The Strategy has also been updated to include an extract of council wide workforce data. This refreshed Strategy was agreed at the Executive Leadership Team on 29 January 2025 and at Cabinet on 18 March 2025.	**18 March 2025**

Appendix 1

Issue / Risk	Recommendation	Agreed management action	Actions Completed	Completion Date
3 Measuring the impact of digital technology improvements The council has established the workforce benefits and productivity gains of its digital technology improvements but there is scope for more of these to be quantified. **Risk:** There is a risk that the council does not fully understand the workforce benefits from digital technology improvements to inform future decision-making	The council should build on the work it has done to date to demonstrate and quantify what workforce benefits and productivity gains have been made through its use of digital technology.	Further work will be undertaken to capture and quantify efficiencies from digital improvements and for this work to be incorporated within the Council's Medium-Term Financial Planning. **Mark Boyd, Head of Finance** **31 March 2025**	On the back of the Accessing Our Council workstream the Transformation Board recently approved the creation of a new Digital Programme workstream. The intention is that this will allow digital activities to be monitored against the Council's Digital Strategy. To provide some initial evidence of progress, the Council's Budget on the 26 February 2025 included savings associated with the Channel shift to digital solutions of £100,000 per year for 25/26 and 26/27. 2 posts were identified in 25/26 (through non-filling of vacant posts) and further posts will be identified for 26/27 as part of the Council's Purchase to Pay project which aims to centralise the accounts payable process and further advance e-invoicing. Reporting progress through the new digital workstream provides the framework to capture and monitor the workforce benefits.	**26 February 2025**

Appendix 1

Issue / Risk	Recommendation	Agreed management action	Actions Completed	Completion Date
4 Improving digital skills The council is considering how to further enhance the digital skills and knowledge of its workforce. **Risk:** There is a risk that the council does not focus its digital skills training in the right areas because it does not know what its employees' digital learning needs are.	The council should consider conducting another digital skills survey to inform the support it provides for improving the digital skills and knowledge of its workforce.	A digital skills survey will be conducted to inform future development interventions. **Fiona Walker, Head of People and ICT** **31 March 2025**	The Digital Skills survey was conducted during November/December 2024 and was open to all North Ayrshire Councils employees. The survey focused on key themes designed to assess digital confidence and competence across a range of everyday and work-related tasks. Completion of this survey has captured a comprehensive picture of digital skills that are relevant both in the workplace and in personal life and to inform future development intervention. An Action Plan has been created to monitor the progress of interventions.	**28 February 2025**
5 Gathering feedback on the Impact of agile working The council has gathered feedback on wellbeing and productivity in relation to agile working through various channels during the past few years. A council-wide employee engagement survey has not been conducted since 2019/20 due to resource limitations driven by financial constraints. **Risk:** There is a risk the council is not aware of the impact of agile working on wellbeing and productivity.	The council should consider gathering further feedback from staff on the impact of agile working on wellbeing and productivity.	Further feedback will be gathered from those employees who are deemed an agile workstyle to gauge continued benefits on wellbeing and productivity. **Fiona Walker, Head of People and ICT** **31 March 2025**	The Agile working wellbeing survey was conducted during December 2024 and was open to all North Ayrshire Councils employees deemed as an agile workstyle. The survey focused on key themes designed to assess how people viewed agile working, their productivity, work-life balance and wellbeing. An Action Plan has been developed in line with key themes arising from the results. Chief Officers have also received specific results in relation to their directorate/service to allow any local action to be considered/progressed.	**28 February 2025**

Appendix 1

Issue / Risk	Recommendation	Agreed management action	Actions Completed	Completion Date
6. Joint workforce arrangements There is scope for the council to explore further where it can work together with partners to share services and increase collaboration. **Risk:** There is a risk the council may not be utilising opportunities for shared services and collaboration opportunities across partner organisations.	The council should explore further where it can work together with partners to share services and increase collaboration.	The Medium-Term Financial Planning process for 2025/26 to 2027/28 will include the exploration of further opportunities for sharing services and collaboration across partner organisations. **Mark Boyd, Head of Finance** **31 March 2026**	Collaborative opportunities continue to be explored with South and East Ayrshire Councils on options around sharing services on a regional basis. The work to date has been led by the 3 Ayrshire Chief Executives. A recent £500,000 bid was submitted to the Scottish Government Public Sector Reform Fund to further develop opportunities on a spend to save basis. It is anticipated that, should the bid be successful, this work will form part of the SOLACE transformation programme.	**Ongoing**
7 Measuring the impact of workforce planning The council could improve how it monitors the effectiveness of its workforce planning practice by regularly reporting progress against workforce planning priorities. **Risk:** There is a risk that the council's workforce planning arrangements are not supporting the delivery of the strategic priorities in its Council Plan.	In addition to providing general workforce planning updates, the council should regularly report its progress against its workforce planning priorities to elected members through its Council Plan updates or other means	Workforce planning updates and progress against priorities will be regularly reported through Council Plan updates and other means **Fiona Walker, Head of People and ICT** **31 March 2025**	The Action Plan aligned to the Workforce Strategy has been agreed and set up on Pentana. Lead officers will provide regular updates which will be included in the regularly reporting of the Council Plan. In addition, an update will be provided on a regular basis to the 1st tier JCC.	**31 March 2025**

Appendix 1

Issue / Risk	Recommendation	Agreed management action	Actions Completed	Completion Date
8 . Measuring the impact of workforce planning There is scope for the council to draw upon the information it already collects to develop a performance dashboard to monitor and inform future workforce planning practice. **Risk:** There is a risk that the workforce planning information the council already collects is not being used to full effect.	The council should develop a performance dashboard to provide a user-friendly overview of the impact of its workforce planning. This could help to inform future workforce planning.	A performance dashboard will be developed to monitor and inform future workforce planning. **Fiona Walker, Head of People and ICT** **30 September 2025**	A performance dashboard has been scoped in line with the Performance Indicators agreed as part of the Workforce Strategy. This dashboard is currently in design stage and on track for completion by the end of September 2025.	**In Progress – on track**