

Public Document Pack

Argyll and Bute Council
Comhairle Earra Ghaidheal agus Bhoid

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8 June 2021

NOTICE OF MEETING

A meeting of the **AUDIT AND SCRUTINY COMMITTEE** will be held **BY SKYPE** on **TUESDAY, 15 JUNE 2021** at **10:00 AM**, which you are requested to attend.

Douglas Hendry
Executive Director

BUSINESS

1. **APOLOGIES**
2. **DECLARATIONS OF INTEREST**
3. **MINUTE OF PREVIOUS MEETING HELD ON 16 MARCH 2021** (Pages 3 - 10)
4. **COUNCIL 6-MONTH PERFORMANCE REPORT - OCTOBER TO MARCH 2021**
(Pages 11 - 76)
Report by Executive Director with responsibility for Customer Support Services
- AUDIT ITEMS**
5. **INTERNAL AUDIT AND COUNTER FRAUD SUMMARY OF ACTIVITIES** (Pages 77 - 84)
Report by Chief Internal Auditor
6. **INTERNAL AND EXTERNAL AUDIT REPORT FOLLOW UP 2020-21** (Pages 85 - 106)
Report by Chief Internal Auditor
7. **INTERNAL AUDIT REPORTS TO AUDIT AND SCRUTINY COMMITTEE 2020/21**
(Pages 107 - 212)
Report by Chief Internal Auditor
 - *Capital Monitoring*
 - *Intercompany Controls*
 - *Charging for Non-residential Care Services*
 - *Sickness Absence*

- *Workforce Planning*
- *Warden Services*
- *Disaster Recovery Planning (ICT)*

8. INTERNAL AUDIT - ANNUAL REPORT 2020/21 (Pages 213 - 224)

Report by Chief Internal Auditor

9. 2020/21 AUDIT PROGRESS REPORT (Pages 225 - 232)

Report by Audit Scotland

10. ANNUAL AUDIT PLAN 2020/21 (Pages 233 - 248)

Report by Audit Scotland

SCRUTINY ITEMS

11. SCRUTINY - DEVELOPMENT SESSION (Pages 249 - 252)

Report by Chief Internal Auditor

12. STRATEGIC HOUSING FUND SCRUTINY REPORT (Pages 253 - 272)

Report by Chair of the Scrutiny Panel

13. REVIEW OF CODE OF CORPORATE GOVERNANCE (Pages 273 - 320)

Report by Executive Director with responsibility for Governance, Risk and Safety

14. UNAUDITED FINANCIAL ACCOUNTS - TO FOLLOW

Report by Chief Financial Officer

15. WORKPLAN (Pages 321 - 326)

For noting and updating

Audit and Scrutiny Committee

Martin Caldwell (Chair)

Councillor George Freeman

Councillor Sir Jamie McGrigor

Councillor Richard Trail

Councillor Jim Findlay

Councillor Jim Lynch (Vice-Chair)

Councillor Alan Reid

Councillor Andrew Vennard

Shona Barton, Committee Manager

Contact: Lynsey Innis, Senior Committee Assistant; Tel: 01546 604338

**MINUTES of MEETING of AUDIT AND SCRUTINY COMMITTEE held BY SKYPE
on TUESDAY, 16 MARCH 2021**

Present: Martin Caldwell (Chair)

Councillor Jim Findlay	Councillor Sandy Taylor
Councillor George Freeman	Councillor Richard Trail
Councillor Sir Jamie McGrigor	Councillor Andrew Vennard
Councillor Alan Reid	

Attending: Pippa Milne, Chief Executive
Kirsty Flanagan, Chief Financial Officer
Jane Fowler, Head of Customer Support Services
Jim Smith, Head of Roads and Infrastructure Services
Fergus Murray, Head of Development and Economic Growth
Laurence Slavin, Chief Internal Auditor
Shona Barton, Committee Manager
Anne MacDougall, Finance Manager
Iain Jackson, Governance and Risk Manager
Stuart Green, Corporate Support Manager
Annemarie McLean, Auditor
Jim Rundell, Audit Scotland
Gordon McAllister, Audit Scotland

1. APOLOGIES

The Chair welcomed everyone to the meeting.

There were no apologies for absence intimated.

2. DECLARATIONS OF INTEREST

There were no declarations of interest intimated.

3. MINUTE OF PREVIOUS MEETING HELD ON 15 DECEMBER 2020

The minute of the previous meeting of the Audit and Scrutiny Committee, held on 15 December 2020, was approved as a correct record.

4. INTERNAL AUDIT AND COUNTER FRAUD SUMMARY OF ACTIVITIES

The Committee gave consideration to a report providing a summary of Internal Audit activity and progress during quarter four of 2020/21 against the following areas:

Audits Completed

- Pupil Placements
- Contract Management – Property Services

Audits in Progress

- Capital Monitoring

- Sickness Absence
- Intercompany Controls
- Charging for Non-residential Care services
- Disaster Recovery Planning (ICT)
- Warden Services
- Workforce Planning

Information was also provided on the progress of the Counter Fraud Team (CFT), which is now fully operational utilising desktop investigations.

Decision

The Audit and Scrutiny Committee agreed to note and endorse the Summary of Activities report.

(Reference: Report by Chief Internal Auditor, dated 16 March 2021, submitted)

Councillor Vennard joined the meeting at 10:13am, during discussions at agenda item 4 (Internal Audit and Counter Fraud Summary of Activities).

5. INTERNAL AND EXTERNAL AUDIT REPORT FOLLOW UP 2020-21

Consideration was given to a report providing an update on all open actions as at 30 December 2020 including information on actions where the agreed implementation date had been rescheduled.

Decision

The Audit and Scrutiny Committee agreed to endorse the contents of the report.

(Reference: Report by Chief Internal Auditor, dated 16 March 2021, submitted)

6. INTERNAL AUDIT REPORTS TO AUDIT AND SCRUTINY COMMITTEE 2020/21

The Audit and Scrutiny Committee gave consideration to a report containing the action plans in relation to the following two audits:-

- Pupil Placements
- Contract Managements – Property Services

Decision

The Audit and Scrutiny Committee agreed to endorse the summary report and the detail within each individual report.

(Reference: Report by Chief Internal Auditor, dated 16 March 2021, submitted)

7. 2021/22 INTERNAL AUDIT PLAN

Consideration was given to a report introducing the 2021/22 Internal Audit Annual Audit Plan, which is risk based and aligned to the Council's long term outcomes, corporate objectives and strategic risk register. The plan also incorporates continuous monitoring and verification activity.

Decision

The Audit and Scrutiny Committee agreed to endorse the Internal Audit Annual Plan 2021/22.

(Reference: Report by Chief Internal Auditor, dated 16 March 2021, submitted)

8. INTERNAL AUDIT CHARTER AND INTERNAL AUDIT MANUAL

The Committee gave consideration to a report outlining the proposed changes to the Internal Audit Charter and Internal Audit Manual, both of which have been updated to reflect minor changes in the working practices within Internal Audit.

Decision

The Audit and Scrutiny Committee:-

1. approved the amended Internal Audit Charter (Appendix 1); and
2. approved the amended Internal Audit Manual (Appendix 2).

(Reference: Report by Chief Internal Auditor, dated 16 March 2021, submitted)

9. 2020/21 AUDIT PROGRESS REPORT

The Audit and Scrutiny Committee gave consideration to a report providing an update of current progress on external audit activity and recent national performance reports which have been published or are due.

Decision

The Audit and Scrutiny Committee noted the contents of the report.

(Reference: Report by Audit Scotland, dated 16 March 2021, submitted)

10. LOCAL GOVERNMENT IN SCOTLAND - FINANCIAL OVERVIEW 2019-20

The Audit and Scrutiny Committee gave consideration to a report presenting the main issues raised in the recent Local Government Financial Overview 2019-20 report by the Accounts Commission and highlighting relevant matters to the Committee.

Decision

The Audit and Scrutiny Committee considered the contents of the Accounts Commission report.

(Reference: Report by Section 95 Officer, dated 16 March 2021, submitted)

11. VERBAL UPDATE BY CHAIR(S) OF SCRUTINY PANEL

Councillor Taylor advised of the delay in progressing the review of the Strategic Housing Fund due to the Covid-19 pandemic. He advised of a number of factors taken into consideration by the Panel and advised of a meeting scheduled to take place on 8 April 2021 with officers from the Scottish Government in the hope of gaining the benefit of

external oversight, particularly in relation to how the Council deals with the Strategic Housing Fund.

Decision

The Audit and Scrutiny Committee agreed to note the contents of the verbal update by the Chair of the Scrutiny Panel.

12. ECONOMIC STRATEGY SCRUTINY REVIEW

Consideration was given to the Economic Strategy Scrutiny Review, which was the first scrutiny review carried out as per the 2019/20 Scrutiny Plan. The Scrutiny Panel consisted of Martin Caldwell (Chair) and Councillors Findlay and McGrigor with the support of internal audit officers. The review examined the foundation of the strategy to assess whether the approach adopted was robust and whether the approach or the strategy could be improved.

Decision

The Audit and Scrutiny Committee:-

1. agreed the Draft Economic Strategy Scrutiny Report; and
2. agreed that the Economic Strategy Scrutiny Report be presented to the Environment, Development and Infrastructure Committee for consideration.

(Reference: Report by Chair of the Audit and Scrutiny Committee, dated 16 March 2021, submitted)

Members discussed future arrangements for scrutiny. It was agreed that a development session would be arranged prior to the next meeting of the Committee to discuss possible scrutiny topics and the process for taking them forward. The Chief Internal Auditor agreed to provide a report to the meeting of the Audit and Scrutiny Committee on 15 June 2021 in this regard.

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13. SCRUTINY FRAMEWORK AND MANUAL UPDATE

The Committee gave consideration to a report outlining the proposed changes to the Council's Scrutiny Framework and Manual, both of which have been updated to reflect changes in working practices as the approach to scrutiny has evolved and to reflect on the Lessons Learned report considered by the Committee at its meeting on 17 March 2020.

Decision

The Audit and Scrutiny Committee:-

1. approved the amended Scrutiny Manual (Appendix 1); and
2. approved the amended Scrutiny Framework (Appendix 2).

(Reference: Report by Chief Internal Auditor, dated 16 March 2021, submitted)

14. BEST VALUE IMPROVEMENT ACTION PLAN UPDATE

Consideration was given to a report providing an update on the Best Value Improvement Action Plan, which emerged from the Accounts Commission findings of the Controller of Audits Statutory Report on the Council.

Decision

The Audit and Scrutiny Committee:-

1. noted the update against the themes of the Best Value Improvement Action Plan; and
2. noted the full update as set out within Appendix 1.

(Reference: Report by Chief Executive/Head of Customer Support Services, dated 16 March 2021, submitted)

15. PERFORMANCE MANAGEMENT REVIEW UPDATE

The Audit and Scrutiny Committee gave consideration to a report providing background information on the Performance Management Review including an update on the current status of the project.

Decision

The Audit and Scrutiny Committee noted the update on the Performance Management Review.

(Reference: Report by Executive Director with responsibility for Customer Support Services, dated 16 March 2021, submitted)

16. WASTE MANAGEMENT

Consideration was given to a report providing a detailed update in terms of the Council's position in relation to waste management. Discussion was had in relation to members understanding of the complexities of the waste strategy. The Committee Manager agreed to liaise with the Chief Internal Auditor and the Head of Roads and Infrastructure Services with a view to including this item as a topic for discussion at the development session to take place before the next meeting of the Committee.

Decision

The Audit and Scrutiny Committee noted the contents of the report.

(Reference: Report by Executive Director with responsibility for Development and Infrastructure Services, dated 16 March 2021, submitted)

17. REGULATION OF INVESTIGATORY POWERS (SCOTLAND) ACT 2000 (RIPSA) ANNUAL REPORT

In line with the Scottish Government Code of Practice on Covert Surveillance and Property Interference, the Committee gave consideration to the annual report on the use of The Regulation of Investigatory Powers (Scotland) Act 2000 (RIPSA).

The Governance and Risk Manager advised that the Council had recently had its 2 yearly inspection of the governance and procedural arrangements for complying with the requirements of RIPSAs and the Code of Practice by the Investigatory Powers Commissioner's Office (IPCO). He advised that the Commissioners report on the inspection on 5 March confirmed that he was satisfied that relevant staff continue to be sufficiently knowledgeable and proficient in the processes required to ensure compliance when deploying covert tactics and he was confident that those charged with compliance and governance with RIPSAs are fully invested in ensuring the Council will adopt best practice when using covert tactics.

Decision

The Audit and Scrutiny Committee agreed to note the terms of the report.

(Reference: Report by Executive Director with responsibility for Legal and Regulatory Support, dated 16 March 2021, submitted)

18. UNAUDITED ANNUAL ACCOUNTS 2020-21

Consideration was given to a report advising of the plans in place for financial year end 31 March 2021 and the preparation of the Council's Unaudited Annual Accounts for 2020-21.

Decision

The Audit and Scrutiny Committee agreed to note that plans are in place to prepare the Council's Annual Accounts, consistent with the Accounting Code of Practice and submit them to Council prior to 30 June 2021.

(Reference: Report by Section 95 Officer, dated 16 March 2021, submitted)

19. TREASURY MANAGEMENT STRATEGY AND ANNUAL INVESTMENT STRATEGY

The Committee gave consideration to a report seeking Member's endorsement of the proposed Treasury Management Strategy Statement and Annual Investment Strategy. The report also set out the policy for the repayment of loan fund advances for 2021-22. Following concerns of Members on the reporting mechanism for the Treasury Management Strategy and Annual Investment Strategy, the Chief Financial Officer agreed to consider the reporting timetable going forward.

Decision

The Audit and Scrutiny Committee:-

1. endorsed the proposed Treasury Management Strategy Statement and Annual Investment Strategy and the indicators contained within;
2. noted the continued use of the asset life method for the repayment of loan fund advances using a 5.1% annuity interest rate, with the exception of spend to save schemes where the funding/income profile method could be used;
3. noted the proposed asset repayment periods as detailed within section 2.6 of the Treasury Management Strategy Statement; and

4. noted the ability to continue to use countries with a sovereign rating of AA- and above, as recommended by Link Asset Services.

(Reference: Report by Interim Head of Financial Services, dated 16 March 2021, submitted)

20. WORKPLAN

In order to facilitate forward planning of reports to the Audit and Scrutiny Committee, Members considered the outline Audit and Scrutiny Committee workplan. The Chief Internal Auditor outlined a number of revisions required. The Senior Committee Assistant agreed to update the plan accordingly.

Decision

The Audit and Scrutiny Committee agreed to note the outline workplan.

(Reference: Audit and Scrutiny Committee workplan, dated 16 March 2021, submitted)

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ARGYLL AND BUTE COUNCIL**AUDIT AND SCRUTINY
COMMITTEE****CHIEF EXECUTIVE****15 JUNE 2021**

COUNCIL 6-MONTH PERFORMANCE REPORT – OCTOBER TO MARCH 2021

1. SUMMARY

- 1.1 The Performance and Improvement Framework (PIF) sets out the process for presenting the Council's performance reports.

As a consequence of Covid-19 alternative options for each PIF activity have been agreed by the Strategic Management Team (SMT). This paper presents the Council's 6-month Performance Report and Scorecard for October to March 2021 as agreed by the SMT

- 1.2 It is recommended that the Audit and Scrutiny Committee reviews the Council's 6-month Performance Report and Scorecard as presented for the purposes of scrutiny.
- 1.3 It is recommended that the Audit and Scrutiny Committee note the planned activity for Performance Management and Reporting during 2021/22 onwards.

Pippa Milne
Chief Executive

ARGYLL AND BUTE COUNCIL

AUDIT AND SCRUTINY

COMMITTEE

CHIEF EXECUTIVE

15 JUNE 2021

COUNCIL 6-MONTH PERFORMANCE REPORT – OCTOBER TO MARCH 2021

2. SUMMARY

- 2.1 The Performance and Improvement Framework (PIF) sets out the process for presenting the Council's performance reports.

As a consequence of Covid-19 alternative options for each PIF activity have been agreed by the Strategic Management Team (SMT). This paper presents the Council's 6-month Performance Report and Scorecard for October to March 2021 as agreed by the SMT.

- 2.2 The paper identifies the strategic activities that have occurred during the reporting period.
- 2.3 Planned activity for Performance Management and Reporting commencing 2021/22 is also mentioned within.

3. RECOMMENDATIONS

- 3.1 It is recommended that the Audit and Scrutiny Committee reviews the Council's 6-month Performance Report and Scorecard as presented for the purposes of scrutinising the Council's performance.
- 3.2 The Audit and Scrutiny Committee note that due to Covid-19 demands on staff and resources Performance Management was deprioritised. Attached is the Performance Report in a format that enables scrutiny of identified Key Performance Indicators (KPIs).
- 3.3 It is recommended that the Audit and Scrutiny Committee note the planned activity for Performance Management and Reporting during 2021/22 onwards.

4. DETAIL

- 4.1 The Performance and Improvement Framework (PIF) was approved by the Council in September 2017. The PIF sets out the agreed framework for planning, monitoring and reporting the Council's performance.

- 4.2 As a consequence of Covid-19 an unprecedented and unknown demand has been placed on staff and resources. Rather than report on the whole suite of Success Measures the decision was made to report and focus on a smaller number of Key Performance Indicators (KPIs).
- 4.3 To support scrutiny of performance by Elected Members and Senior Officers each Head of Service identified the Key Performance Indicators for this current reporting period.

In total 37 KPIs were identified covering all Services. Of the 37 KPIs 28 are on-track with 9 off-track.

Two KPIs are both off-track and performance has decreased since the last reporting period (FQ3 2020/21).

It should be noted that this is a reduction from 5 at the last Council 6-month report. For one of these 2 KPIs the reason is directly due to Covid-19 and for the other it is a Covid related delay in receiving the data.

Appendix 4 lists these two KPIs and detailed commentary along with other KPIs that although performance is currently off track it is improving.

All KPIs are presented in the full Performance Report (appendix 2) along with the detailed commentary.

The suite KPIs are presented in a format the following order –

- Chief Executive's Unit
- Education
- Legal and Regulatory Support
- Commercial Services
- Customer Support Services
- Road and Infrastructure Services
- Development and Economic Growth

- 4.4 Appendix 3 illustrates the Council's Scorecard and Management Information. The Council Scorecard shows our progress towards delivering our Outcomes. These are illustrated through our 17 Business Outcomes. Of our 17 Business Outcomes 4 are Green, 13 are Amber, none are Red.
- 4.5 The Management Information shows areas of high-level cross cutting information such as absence, risks and complaints. Supporting commentary is provided below.
- 4.6 **Absence**

FQ3 and FQ4 2020/21 have occurred during the Covid-19 pandemic. Ordinarily, both FQ3 & FQ4 have higher levels of absence than FQ1 & FQ2 due to higher

levels of infections during this period and also because it does not contain the main holiday periods where people are not at their work.

In November 2020 the country saw the introduction of the five level strategic framework which indicates the different levels of protection that would be needed based on transmission levels and therefore a tougher level of restrictions than in FQ2 of this year. December 2020 saw the country enter into lockdown again which remained in place during FQ4 however, this was less restrictive than the lockdown that took place in FQ1 and most services continued to operate in some capacity.

In FQ3 the number of workdays lost was 2.57 days lost in comparison with 2.97 the same quarter last year – a 13% reduction. In FQ4 the number of work days lost was 2.40 work days lost per FTE, a decrease from 3.00 in the previous quarter – a 20% reduction.

In terms of the split between short and long term absence both quarters were around 67% work days lost due to long term absence and 33% due to short term absence. This is a move away from a split of around 56% long term and 44% short term for the same periods last year. Upon further analysis the work days lost due to short term absence has fallen dramatically – around a 39% reduction. Further analysis into the reasons or the areas where this reduction has occurred continues to take place.

In terms of the reasons for absence stress related absences remains the number one reason for absence in both quarters - this year and last. However, last year in both quarters medical treatment accounted for the second highest level of absence but this year that has not been the case. It could be assumed that the majority of these absences are in relation to hospital operations and recovery which has been less possible during these periods. This year the second highest reasons for absence has been musculoskeletal conditions. Further analysis needs to be done to establish if these are increasing in prevalence or if it's the lack of other types of absence that has pushed the ranking up.

Work continues within HR to support staff. Regular wellbeing communications have continued. Support to line managers managing long term absence has been provided to managers. The Employee Assistance Programme has seen an increase in use by employees in both terms of calls and website hits for support. Training on Resilience and support for managers managing a virtual team has been provided. Support to managers with employees returning to the work place has been provided by both HR and Health and Safety teams. New Supporting Attendance procedures will be launched later this year.

4.7 Performance Review and Development (PRDs)

To allow managers to complete meetings that were delayed by the impact of Covid-19 the deadline for completing PRDs was extended to 30 April 2021. The performance data is correct based on completed PRDs to the end of March and

represents an increase on the previous figure. This figure will increase and a true reflection will be reported in the next Council report.

4.8 Complaints

The last 2 quarters of 2020/21 saw the number of complaints rising slightly, compared with the previous 2 quarters. 154 stage 1 complaints and 64 stage 2 complaints were received between 01 October and 31 March. Development and Infrastructure continues to receive the majority of complaints, and performance within timescale has vastly improved over the recent 2 quarters.

The table below provides a breakdown by Department.

	Stage 1			Stage 2		
	Total number	Number in time	% in time	Total number	Number in time	% in time
Chief Executive's Unit	16	15	100%	2	2	100%
Executive Direct Kirsty Flanagan	127	104	82%	46	38	83%
Executive Director Douglas Hendry	9	8	89%	16	8	50%
Live Argyll	2	2	100%	0	0	-
Totals	154	129	84%	64	48	75%

4.9 Audit Recommendations

Internal and External Audit Reports are presented at this committee meeting.

Audit recommendations are reported quarterly to the Strategic Management Team and actions to complete them are recorded and allocated to the responsible officers.

4.10 Finance

The overall underspend for 2020-21, after earmarkings have been accounted for, is £0.188m (0.07%) which compares to an underspend of £0.502m (0.20%) in 2019/20.

This breaks down as a net underspend of £0.003m in relation to Council services departmental expenditure, a net underspend of £0.230m in relation to other central costs and a net under recovery of income of £0.045m. Social Work, managed by the Health and Social Care Partnership (HSCP), were underspent by £0.907m and this amount has been used to reduce the HSCP's debt to the Council for historic social work overspends which is consistent with the IJB's Scheme of Delegation.

There have been a number of underspends and overspends within departmental budgets which have contributed to this overall net favourable position including underspends due to positive contract management within NPDO and Hub Schools, savings on bank staff within Cleaning, waste variation monies from Renewi, over-recovered vacancy savings, an underspend in SPT and a decrease in the bad debt provision. These being partially offset by overspends on minor repairs, residential placements and clothing grants, winter maintenance, street lighting electricity and glass collection

The outturn position for central/non-departmental expenditure includes underspends on Elected Members due to COVID travel restrictions, in NDR budgets and on the Loans Fund due to slippage within the capital programme. These were partially offset by an overspend on insurance costs. All three underspend areas have been reviewed and savings options have been agreed to help deliver a balanced budget in 2021-22 and beyond.

4.11 Strategic Risk Register (SRR)

The Strategic Risk Register (SRR) details significant challenges and the agreed approaches to manage them. These specific interventions are subject to scrutiny at Strategic Committee Level and kept under review by the Council's Strategic Management Team.

The reported SRR has thirteen risks in total. Four are red, five are amber and the remaining four are green. The four red risks relate to population and economic decline, the Health and Social Care Partnership, Waste Management, and the impact of COVID.

4.12 Operational Risks

The Chief Executive has two red risks which relate to a failure to achieve budgeted income from local taxes due primarily to the impact of COVID and the risk that financial impact of COVID will impact on service delivery and the Council's ability to agree a balanced budget.

Executive Director Kirsty Flanagan has eight red risks which relate to a potential shortfall in planning fee income due to COVID, the cost of delivering environmental health services in relation to public health, extreme weather impact on both the road network and the cost of winter maintenance, waste disposal, the affordability of maintaining ageing bridges and retaining walls on the road network, maintenance of ICT assets and the cessation of housing service adaptation work due to COVID.

Executive Director Douglas Hendry has two red risks which relate to the availability of capital funding to deliver key projects and compliance with the conditions of externally funded projects.

Key actions have been agreed to address these red risks and all other risks in the operational risk registers.

Other Strategic Activities

4.13 Leadership

Joanna MacDonald has departed her role as Chief Officer for the Argyll and Bute Health and Social Care Partnership for a new role with the Scottish Government. I wish to convey my thanks to Joanna for her sterling efforts in driving progress at the HSCP and particularly for her strong leadership during the pandemic and especially during the first lock down. Joanna's replacement Fiona Davies has been appointed on a two year interim contract and brings a wealth of experience to support the HSCP in its journey.

Looking ahead there are a number of vacant senior roles including within the HSCP, Education and Financial Services and it is a priority to ensure we recruit the right candidates at the first available opportunity.

4.14 Covid 19

Again the most significant activity over this period was responding to the ongoing pandemic and the second lockdown in the first part of 2021. This included all schools once again closing and the requirement for the Council to deliver remote learning to all pupils. This was successfully achieved and we are learning lessons from remote learning.

All staff continue to work from home where possible and the Council agreed as part of the budget setting process in February 2021 to make £400,000 savings by cutting down on the number of offices we use. A survey with staff commenced April 2021 to capture their feedback on developing new ways of working.

Further to the success of local authorities distributing Scottish Government Business Support Funding during the first lockdown, the range and value of funds has grown and become a considerable industry which has required the diversion of a considerable number of staff to support this. As of 24 March the status on these funds are as follows which is provided here to demonstrate the breadth and extent of work undertaken.

Strategic Framework Business Fund (SFBF)

- Closed 22 March 2021
- 3,076 applications received

- 2,347 approved for payment of which 515 are Island Equivalent Payment (IEP) - over £11.99m awarded plus over £3.23m Island Equivalent Payment
- 516 rejected
- 218 in progress - this includes 53 where further info has been requested but not yet supplied
- Review of potential frauds ongoing

Non-essential Retail, Hospitality and Leisure (RHL) Top-up Payment – via SFBF

- 747 approved for payment
- Over £5m awarded

Island Equivalent Payment – via SFBF

- 515 businesses awarded IEP
- Over £3.23m awarded
- 101 awarded RHL IEP; total awarded £704k.

Taxi Fund

- 410 licence holders have been written to
- 238 applications received
- 207 awarded a total of £310,500

Other funds included;

- Small Accommodation Providers Paying Council Tax Fund – 77 applications received.
- Support for larger self-catering properties – 248 Grants awarded
- Support for Exclusive use venues – 1 granted
- Contingency Fund Plus – Brewers/Travel Agents/ Indoor Football –
 - 5 applications granted worth total £70,000
- Discretionary Fund – 207 applications received and further phase to follow.
- Self – Isolation Support Grant
 - 139 applications - 32 awards
 - Total monies issued £16,000
- Argyll and Bute Flexible Food Fund
 - 439 applications received
 - 357 payments issued
 - Value of £61,120
 - 192 referrals made to date - 95% engagement rate

As CEO I wish to convey my thanks to all staff for their continued dedication during these unprecedented times and in particular my colleagues who have gone the extra mile working very long days over a long period to distribute as many funds as possible within the guidelines.

4.15 UK – EU Post Transition

On the 31st December 2020, EU Law jurisdiction in the UK, and access to the EU Single Market ended. The UK-EU Trade Cooperation Agreement (TCA) covered the most urgent matters and is wider in scope than most free trade agreements and makes provisions for workers, mobility, environmental and social standards, some easing on cross border services, participation in some EU programme and fisheries.

The TCA does have an impact on Argyll and Bute and the EU Withdrawal Tactical Group revised its risk assessment which covers the following themes:

- Economy and Population
- Trade
- Community
- Policy and Funding

Economy and Population

- (a) The downward trend projection for the population of Argyll and Bute is well established and it remains a risk. It is deemed that exiting the EU common market will exacerbate this trend, particularly with the loss of free movement of economically active EU residents to our area. This will have a direct impact on key sectors in Argyll and Bute including tourism, food production (fishing and aquaculture) and the care sector with the latter a growing issue for our communities. EU residents currently resident in the UK have until 30th June 2021 to apply for Settled Status in the UK and it is unknown how many this may be.
- (b) In partnership with other local authorities, Argyll and Bute Council successfully lobbied the Scottish Government to lead on a national initiative to tackle population decline which is an issue for many rural authorities including all those on the West of Scotland. On the 15 March 2021 the Scottish Government published the first [national population strategy](#) based on four key building blocks as follows;
1. A family friendly nation
 2. A healthy living society
 3. An attractive and welcoming country, and
 4. A more balanced population
- (c) With regard to the economy, there are a number of concurrent risks including COVID-19 volatility in the economy (resulting in a recession and closure or reduction of business activity), treasury function disruption and as described later, a potential impact on food exporters into EU.

- (d) Due to the ongoing pandemic, collectively we are all still in the resilience phase, however, you will note below that the Council has taken financial decisions to support economic recovery. Furlough support is currently scheduled to stop at the end of September 2021 and it is likely this will have an adverse impact on employment levels as some jobs may not be redeemed once this financial support ends.
- (e) It is possible to draw comparisons with the economic recession of 2008 – 2009 where UK government borrowing levels did not return to pre-recession levels until 2017 and a potential impact is a long period of financial reductions to the public sector (and particularly to local government) due to reduced income to governments and an objective to reduce the national deficit. Therefore a medium to long term risk is the continued squeeze on public finances.

Trade

- (f) A central part of the TCA is the first ever EU non-tariff, non-quota deal with another trading partner in the largest bilateral trade deal in the world by volume of goods. Nonetheless, custom checks and controls now apply to all UK exports entering the UK. A separate and important mechanism is the 'level playing field' where both the EU and UK retain the right to take countermeasures if they believe they are being damaged by measures taken by the other in subsidy policy (State Aid), labour and social policy, or climate and environment policy, and fisheries; in plain terms this means the right to introduce quotas and tariffs.
- (g) The single greatest risk currently for Argyll and Bute is for food exports to the EU as they now require an Export Health Certificate (EHC). Our current projections was that this will generate a demand for an additional 1,000 EHCs in Argyll and Bute alone as the EU is our greatest export market for shellfish and to a lesser extent for aquaculture which has a more global market.
- (h) A significant development is all major food exporters in Argyll and Bute are now using Commercial Hubs newly established in South Lanarkshire which reduced a significant burden on council services; possibly as many as an additional 19,000 EHCs per annum. Nonetheless, these suppliers now require attestation certificates from Argyll and Bute Council and this work is largely complete and will remain ongoing by request. This activity had a significant impact on resources within Regulatory Services and was prioritised at the expense of other statutory work. The Council continues to engage with and support industry at this time of change.
- (i) During the initial period of the new arrangements, due to issues with documentation (and primarily where multiple consignments were 'bundled'), a number of seafood exporters experienced lengthy delays at ports and a number of consignments were rotten. Allegedly single supplier vehicles were less impacted and were able to deliver goods on time. Regarding loss of income, the UK Government announced compensation for suppliers on top of the £100m fund that was previously set aside to invest in the UK fishing fleet. Whilst there is an improving picture, issues remain and currently it does not appear that trading will return to previous levels.

- (j) On fisheries the UK has accepted that EU vessels continue fishing within UK waters with a distinction that the EU handing over 25% of its present quota to UK owned operators. This agreement will expire in 2026 and will be the subject of annual negotiations between the UK Government and the EU. The Council Leader and CEO are currently liaising with the Clyde Fisherman's Association to identify areas where the council can support the industry.
- (k) It remains to be seen if there will be an impact on the supply chain for other products, including other food (e.g. fruit and vegetables); this risk relates to an increase in costs as well as a reduction in choice. Senior officers continue to engage regularly with Scotland Excel, the Public Sector Food Forum and industry to ensure continuity of supply that meets nutrition standards.
- (l) Regarding ports and harbours', the only site of consideration in Argyll and Bute is Campbeltown. The Council's Marine Operations Team forms part of the West of Scotland Port Security Committee and received an approval in November 2020 which permits custom operations at this site from 31st December 2020 to 1st July 2021. The Marine Operations Team continues to liaise with relevant agencies, including HMRC to ensure business continuity.

Community

- (m) The primary risk for communities in the short to medium term is food security for vulnerable people and senior officers continue to liaise with the Argyll and Bute Community Food Forum which has evolved and expanded in response to the COVID-19 crisis. In addition, senior officers are liaising with the Scottish Governments Islands Directorate and Food Insecurity Team, from the Social Justice Directorate, where they pick up issues raised by the Food Forum. Whilst this is currently not a high risk, it is critical this is monitored to prevent a future crisis.

Policy and Funding

- (n) The EU Structural and Investment funding programmes was replaced by the UK Shared Prosperity Fund and there is detail below on some of the new relative funding mechanisms (see Levelling Up and Community Renewal Funds).

4.16 Budgetary Matters

(a) Economy

In February the Council agreed a budget designed to support the area through the pandemic and includes £6.8m across 5 themes as follows;

- £830k to invest in Argyll and Bute's opportunities.
- £3.1m to keep Argyll and Bute connected.
- £1.7m to set up a Recovery and Renewal Fund.

- £1m to improve opportunities for people and communities.
- £96k to supporting Argyll and Bute's culture.

Also in February both the UK and Scottish Government signed the Heads of Terms for the £70m Rural Growth Deal and will be used to progress the following;

- Aquaculture
- Tourism
- Low Carbon Economy
- Rural Skills Accelerator Programme
- Housing
- Clyde Engineering and Innovation Cluster
- West Coast Aviation
- Argyll and Bute Digital Connectivity

There is a significant amount of funding available to areas from both the UK and Scottish Governments. These funds require the Council in some instances to enter into competitive bidding process to secure funding. Key current funds are highlighted below.

The UK Government announced new funds on 3rd March 2021 as part of the UK Budget process and were launched using the powers conferred to the UK Government through Sections 50 and 51 of the UK Internal Market Act 2020. Two of the funds relative to Argyll and Bute, the Levelling Up and Community Renewal Funds are described below. Details of these were reported to the Council's Policy and Resources Committee on 13th May 2021.

The Head of Development and Economic Growth is progressing with preparations to ensure that the council has sufficient skills and resources to bids into and manages these funds in pursuit of Council objectives.

(b) Levelling Up Fund

It is a UK wide £4.8 billion capital fund which will support investment projects with up to £20 million of funding; the fund will run for four years until 2024/2025. The current themes for funding are;

- transport projects
- town centre and high street regeneration
- support for maintaining and expanding the UK's world-leading portfolio of cultural and heritage assets.

Bids in Scotland can be submitted by any local authority and should have the support of local stakeholders and the constituency Member of Parliament. Officers are reviewing potential bids for the consideration of elected members.

(c) Community Renewal Fund

The UK Community Renewal Fund (UKCRF) will provide a total of £220 million of funding for 2021/22 across the whole of the UK.

The Fund will target areas most in need across the UK, focusing on domestic priorities. One hundred areas have been identified as priority areas for this fund, with Argyll and Bute Council being one of these and identified as a lead authority.

As a lead authority, Argyll and Bute Council will be eligible to draw down a flat rate of £20,000 to fund capacity to co-ordinate and assess bids, on the condition that an application is submitted to the UK Government.

Nationally, the Fund is being run as a competitive process with no set eligibility. Locally, lead partners have been asked to run an open bidding process whereby the programme will publicised openly, bids assessed and a shortlist of prioritised projects produced. Following this process, a bid will be submitted to the UK Government up to a maximum value of £3 million by 18th June 2021.

Argyll and Bute Council issued a call for projects on the Council's website on Monday 26 April 2021 [UK Government's Community Renewal Fund 2021-22 \(argyll-bute.gov.uk\)](https://www.argyll-bute.gov.uk). It has also been publicised on social media. The fund is 90% revenue based, and individual bids of £500,000+ are being encouraged to maximise impact and deliverability.

The investment priorities for the fund are;

- Investment in skills;
- Investment for local business;
- Investment in communities and place; and
- Supporting people into employment.

(d) Town Centre Capital Fund

£1,686,000 of funding from the Scottish Government's Town Centre Capital Fund was distributed across 28 projects across Argyll and Bute as agreed by the Environmental, Development and Infrastructure Committee 04 March.

(e) The Council's Transformation Projects and Regeneration Team within the Development and Economic Growth Service are responsible for applying to the Scottish Government's Regeneration Capital Grant Fund and in January 2021 was successful in securing a combined total of £1.73m for the following projects;

- Port Ellen Community Hub, Islay - £746,223
- Scalasaig housing and business units, Colonsay - £335,000
- Kilmory Business Park, Lochgilphead - £650,000

- (f) In December 2020 the Council secured £490,000 from the Scottish Government's Clyde Mission initiative which seeks to create jobs and benefit communities along the River Clyde. The funding is for the Dunoon STEM (science, technology, engineering and maths) hub to support building a skilled local workforce through new digital facilities.

Other Important Activity

4.17 PIF Activity

The data cleanse of Pyramid is continuing, simplifying where possible and removing old 'archived' data and improve the user experience.

Early May saw the final data refresh for the Local Government Benchmarking Framework (LGBF) 2019/20. The report will be an agenda item at the September committee meeting.

To help ensure the appropriate monitoring and scrutiny of performance management the focus will remain on the reduced suite of Key Performance Indicators (KPIs). These are currently monitored and reported on at appropriate Strategic Committees.

Pyramid remains 'live' with all Success Measures aligned to Service Plans and updated as agreed.

This agreed process will feed into the Performance Management Project which commenced in September 2020.

The 2021/22 Service Plans were agreed at Council in February 2021. This year the Service Plans contain a total 87 Success Measures and have been identified as KPIs for 2021/22.

The following is the reporting profile of the KPIs –

- 49 Quarterly Measures for reporting every Financial Quarter
- 4 Annual Measures for reporting in FQ1 only
- 10 Annual Measures for reporting in FQ2 only
- 4 Annual Measures for reporting in FQ3 only
- 20 Annual Measures for reporting in FQ4 only

In line with the above schedule the KPIs will all be reported to the appropriate Strategic Committees during the course of the 2021/22.

4.18 Performance Management Project

Following on from the BV3 audit an Improvement Plan has been developed and

approved by the Council on 30th June.

The actions from the Best Value Action Plan are currently being delivered through the Performance Management Project which commenced in September 2020.

The first phase is underway with a focus on consulting with our customers and stakeholders to collate their views on performance management style, content and tools.

Future updates on the project will be noted in the Council 6-month performance report presented at this committee.

5.0 CONCLUSION

This report updates the ASC on how we are Delivering Our Outcomes; the Key Challenges and how we plan to manage them; other Strategic activity along with implemented and planned changes to the PIF.

6.0 IMPLICATIONS

- 6.1 Policy; none
- 6.2 Financial; none
- 6.3 Legal; none
- 6.4 HR; none
- 6.5 Fairer Scotland Duty: none
- 6.5.1 Equalities - protected characteristics; none
- 6.5.2 Socio-economic Duty; none
- 6.5.3 Islands; none
- 6.6 Risk; this report sets out key challenges to the organisation and actions in response.
- 6.7 Customer Service; none

For further information contact:

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stuart.green@argyll-bute.gov.uk
- Sonya Thomas, Performance and Improvement Officer
sonya.thomas@argyll-bute.gov.uk

APPENDICES

- Appendix 1 - Seventeen Business Outcomes
- Appendix 2 - KPIs - All Services' FQ4 2020/21 Performance
- Appendix 3 - Council Scorecard: October to March 2021
- Appendix 4 – Summary of Red Performance October to March 2021

Pippa Milne, Chief Executive – Argyll and Bute Council

4 June 2021

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Joint Over-arching Vision	Argyll and Bute's Economic Success is built on a growing population						
Council Mission	Making Argyll and Bute a place people choose to Live, Learn, Work and do Business						
	Choose Argyll, Love Argyll						
	A Place people choose to Live			A Place people choose to Learn	A Place people choose to Work and Do Business		Getting It Right
Corporate Outcomes	People live active healthier and independent lives	People will live in safer and stronger communities	Children and young people have the best possible start	Education, Skills and training maximise opportunities for all	Our economy is diverse and thriving	We have an infrastructure that supports sustainable growth	
Business Outcomes	BO101 We Ensure Information And Support Is Available For Everyone.	BO104 Our Communities Are Protected And Supported.	BO106 Our Looked After Young People Are Supported By Effective Corporate Parenting.	BO108 All Our Children And Young People Are Supported To Realise Their Potential.	BO110 We Support Businesses, Employment And Development Opportunities.	BO113 Our Infrastructure Is Safe And Fit For The Future.	BO115 We Are Efficient And Cost Effective.
	BO102 We Provide Support, Prevention And Opportunities To Help People Make Better Lifestyle Choices.	BO105 Our Natural And Built Environment Is Protected And Respected.	BO107 The Support And Lifestyle Needs Of Our Children, Young People, And Their Families Are Met.	BO109 All Our Adults Are Supported To Realise Their Potential.	BO111 We Influence And Engage With Businesses and Policy Makers.	BO114 Our Communities Are Cleaner And Greener.	BO116 We Engage And Work With Our Customers, Staff And Partners.
	BO103 We Enable A Choice Of Suitable Housing Options.				BO112 Argyll & Bute Is Promoted To Everyone.		BO117 We Encourage Creativity And Innovation To Ensure Our Workforce Is Fit For The Future.
CROSS-CUTTING	Socio-Economic Duty, Equalities, Gaelic						
OUR VALUES	<p style="text-align: center;">Caring, Committed, Collaborative & Creative Cùramach, Dealasach, Cruthachail agus Com-pàirteach</p>						

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FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for all Services.

Delivering Our Outcomes – This highlights past performance as illustrated through the Services' Key Performance Indicators

KEY TO SYMBOLS

R Indicates the performance has not met the expected Target

G Indicates the performance has met or exceeded the expected Target

↓ ↑ → The Performance Trend Arrow indicates the direction of travel compared to the last performance reporting period

FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Chief Executive’s Unit.

DELIVERING OUR OUTCOMES – OUR KEY PERFORMANCE INDICATORS

Indicator: FIS102_01-Maximise distribution of Scottish Welfare Fund.

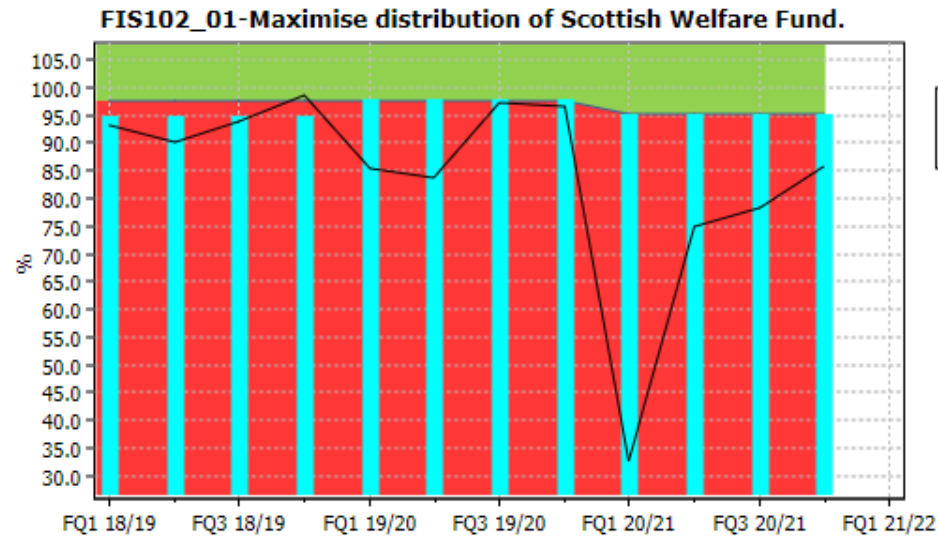
Why measure this? We distribute as much of the Scottish Welfare Fund as we can to help vulnerable people. We also have a statutory duty to do this.

Commentary: Spend as at 31 March 2021 is £657,474 which is less than the £765,421 available during the year. The total programme funding was increased by £293,000 in April from £472,421 due to the outbreak of Covid-19. Whilst our spend this year is 55% greater than the £424k spent in 2019/2020 we haven't been able to award the full amount of additional grant given to us. The Scottish Government has confirmed that we can carry forward the underspend to 2021/2022 so the funding is not lost and will be used to support vulnerable people in the new financial year.

This indicator is below target however performance has improved since the last reporting period

TARGET FQ4	ACTUAL FQ4	BENCHMARK	PERFORMANCE TREND
95.3%	85.9%	95.3%	↑

Latest status
FQ4 20/21
85.9 %



FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Chief Executive's Unit.

Indicator: FIS102_04a-All new benefit claims are processed promptly.

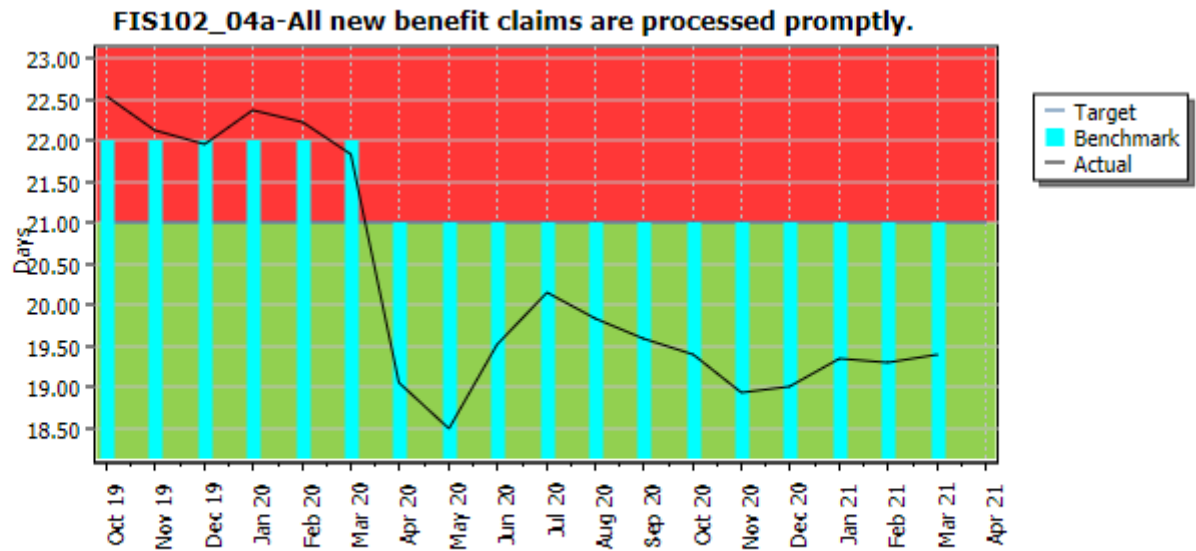
Why measure this? We process benefit claims as quickly as we can to help vulnerable people. We also have a statutory duty to do this.

Commentary: Despite Covid staff have managed to deliver an improved level of service whilst working from home. This demonstrates the ongoing commitment of officers to processing benefit claims at a time of great need for vulnerable people.

This indicator is above target however performance has decreased since the last reporting period (lower is better).

TARGET MARCH 2021 21 Days	ACTUAL MARCH 2021 19.41 Days G	BENCHMARK 21 days 2018/19 Scottish average	PERFORMANCE TREND ↓
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Latest status
Mar 21
19.41 Days



FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Chief Executive's Unit.

Indicator: FIS110_02-Maintain the percentage of suppliers that are paid within 30 days.

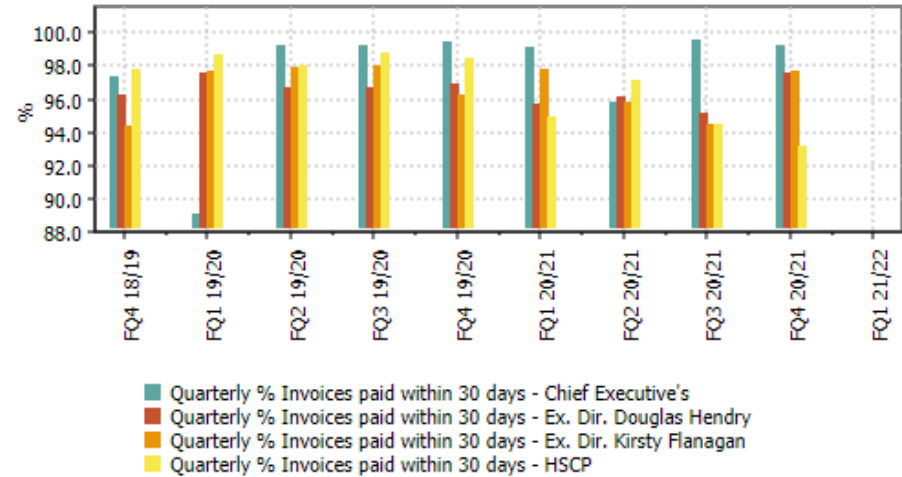
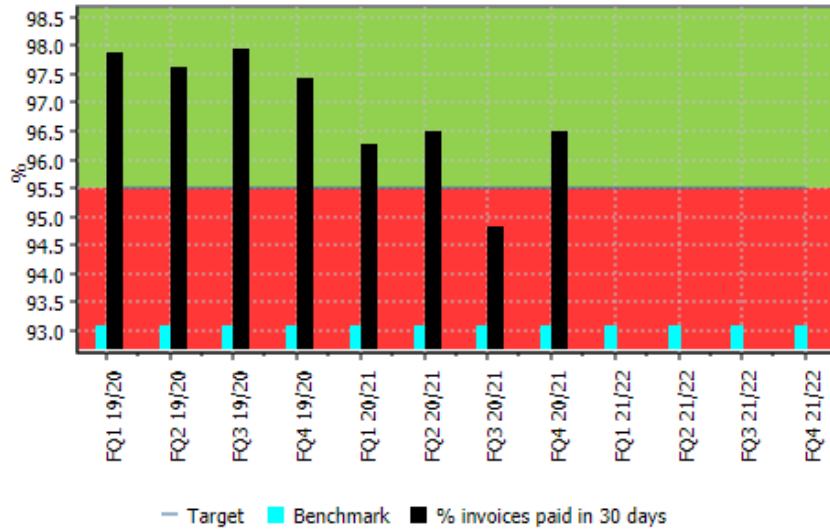
Why measure this? Based on good practice.

Commentary: Target exceeded. This has been achieved by officers despite the significant additional workload in relation to the payment of grants.

This indicator is above target and performance has improved since the last reporting period

TARGET FQ4 95.5%	ACTUAL FQ4 96.5% G	BENCHMARK 93.1%	PERFORMANCE TREND
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FIS110_02-Maintain the percentage of suppliers that are paid within 30 days.



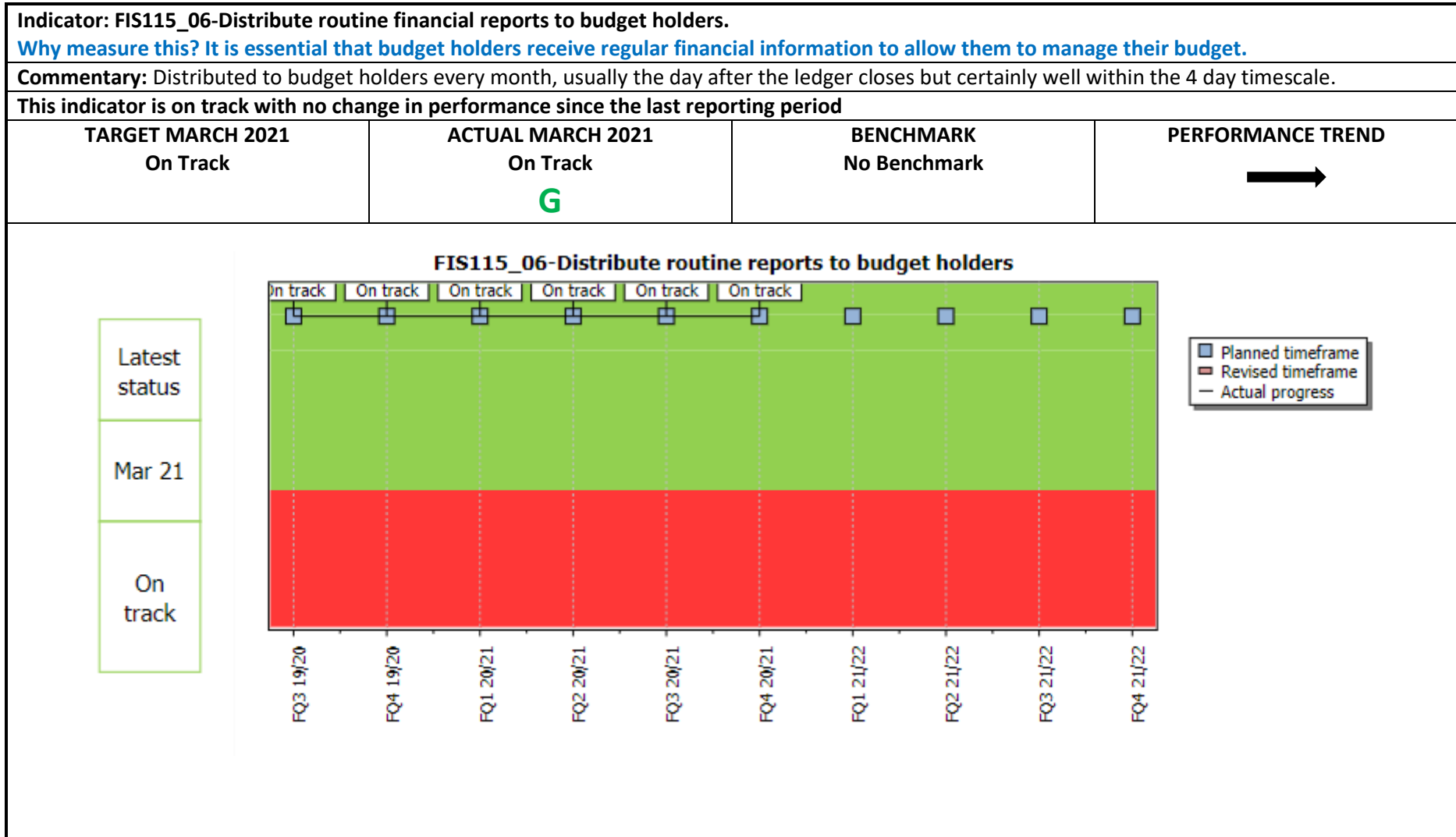
FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Chief Executive’s Unit.

Indicator: FIS115_05-The Medium Term Budget Outlook reviewed and updated. Why measure this? This ensures that regular forecast financial information is provided to Members to assist with decision making.			
Commentary: Budget outlook updated as part of the budget pack approved by Council and continues to be updated on an ongoing basis.			
This indicator is on track with no change in performance since the last reporting period			
TARGET FQ4 Complete	ACTUAL FQ4 Complete G	BENCHMARK No Benchmark	PERFORMANCE TREND ➔
FIS115_05-The Medium Term Budget Outlook reviewed and updated			
<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Latest status</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">FQ4 20/21</div> <div style="border: 1px solid black; padding: 5px;">Complete</div>			


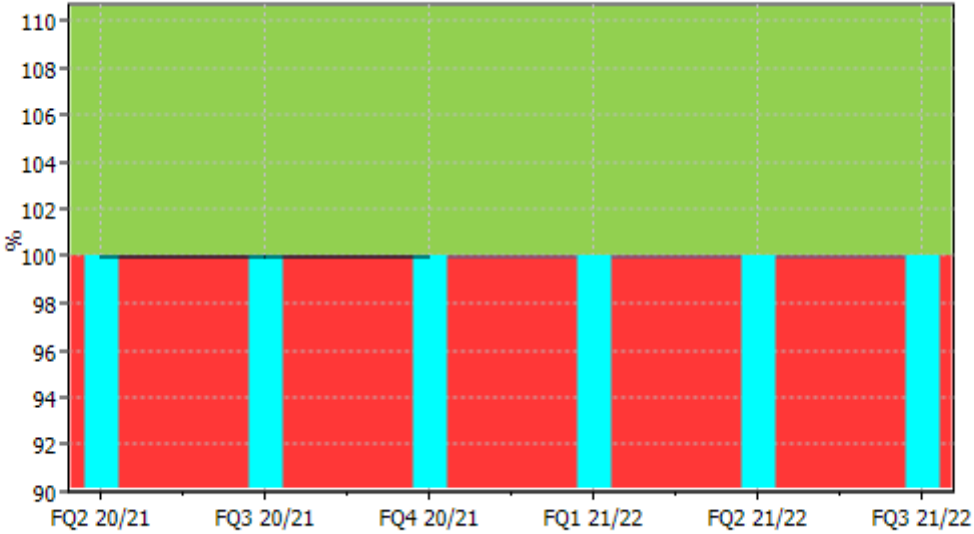
FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Chief Executive’s Unit.



FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Chief Executive’s Unit.

Indicator: FIS115_11-The agreed Audit Plan is delivered. Why measure this? The agreed audit plan provides assurance that our processes and procedures are thorough.																								
Commentary: Fifteen audits have been completed as at 31 March 2021. The plan is on track with all reports to be finalised and reported to the Audit & Scrutiny Committee on or before the June 2021 Committee.																								
This indicator is on target with no change in performance since the last reporting period																								
TARGET FQ4 100%	ACTUAL FQ4 100% G	BENCHMARK 100%	PERFORMANCE TREND 																					
FIS115_11-The agreed audit plan is delivered																								
<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Latest status</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">FQ4 20/21</div> <div style="border: 1px solid black; padding: 5px;">100 %</div>	 <table border="1"> <caption>Chart Data: FIS115_11-The agreed audit plan is delivered</caption> <thead> <tr> <th>Period</th> <th>Actual (%)</th> <th>Benchmark (%)</th> </tr> </thead> <tbody> <tr> <td>FQ2 20/21</td> <td>100</td> <td>100</td> </tr> <tr> <td>FQ3 20/21</td> <td>100</td> <td>100</td> </tr> <tr> <td>FQ4 20/21</td> <td>100</td> <td>100</td> </tr> <tr> <td>FQ1 21/22</td> <td>100</td> <td>100</td> </tr> <tr> <td>FQ2 21/22</td> <td>100</td> <td>100</td> </tr> <tr> <td>FQ3 21/22</td> <td>100</td> <td>100</td> </tr> </tbody> </table>			Period	Actual (%)	Benchmark (%)	FQ2 20/21	100	100	FQ3 20/21	100	100	FQ4 20/21	100	100	FQ1 21/22	100	100	FQ2 21/22	100	100	FQ3 21/22	100	100
Period	Actual (%)	Benchmark (%)																						
FQ2 20/21	100	100																						
FQ3 20/21	100	100																						
FQ4 20/21	100	100																						
FQ1 21/22	100	100																						
FQ2 21/22	100	100																						
FQ3 21/22	100	100																						

FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Chief Executive’s Unit.

Indicator: FIS115_14-Maintain the high rate of collecting Non-Domestic Rates. Why measure this? It is important that all local taxes due are collected. We also submit our performance to the Scottish Government.			
Commentary: Non Domestic Rates collection held up well despite the pandemic. The service has been able to grant an extra £11 million of relief this year because of Covid_19 and this has really helped keep the collection rate up.			
This indicator is above target and performance has improved since the last reporting period			
TARGET MARCH 2021 97.50%	ACTUAL MARCH 2021 98.11% G	BENCHMARK 97.3%	PERFORMANCE TREND ↑
<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border: 1px solid green; padding: 5px; width: 20%;"> <p style="text-align: center;">Latest status</p> <hr/> <p style="text-align: center;">Mar 21</p> <hr/> <p style="text-align: center;">98.11 %</p> </div> <div style="flex-grow: 1; text-align: center;"> <p>FIS115_14-Maintain collection of Non-Domestic Rates [NDR]</p> </div> <div style="border: 1px solid gray; padding: 5px; width: 15%; text-align: center;"> <p>— Target</p> <p>— Benchmark</p> <p>— Actual</p> </div> </div>			

FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Chief Executive’s Unit.

Indicator: FIS115_15-Maintain the high rate of collecting Council Tax.

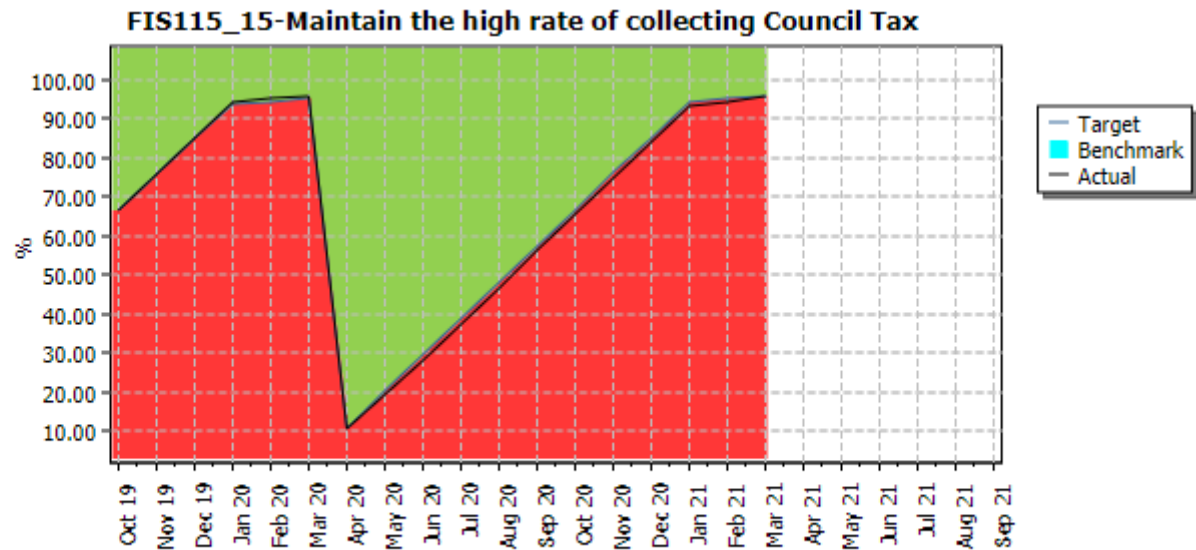
Why measure this? It is important that all local taxes due are collected. We also submit our performance to the Scottish Government.

Commentary: Council Tax collection is down 0.28% at the end of the year compared to the same position in 2019/2020 and 0.23% down on target. Council Tax collection was far more challenging due to Covid-19 however this position looks like a very good outcome for the Council given the challenges faced throughout the year. Data from other Scottish local authorities will become available shortly and this will be used for benchmarking purposes.

This indicator is below target however performance has improved since the last reporting period

TARGET MARCH 2021	ACTUAL MARCH 2021	BENCHMARK	PERFORMANCE TREND
96.00%	95.77%	No Benchmark	↑

Latest status
Mar 21
95.77 %



FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Education Service

DELIVERING OUR OUTCOMES – OUR KEY PERFORMANCE INDICATORS

Indicator: EDU107_01-Phasing in 1140 hours of Early Learning and Childcare (ELC) by 2020.

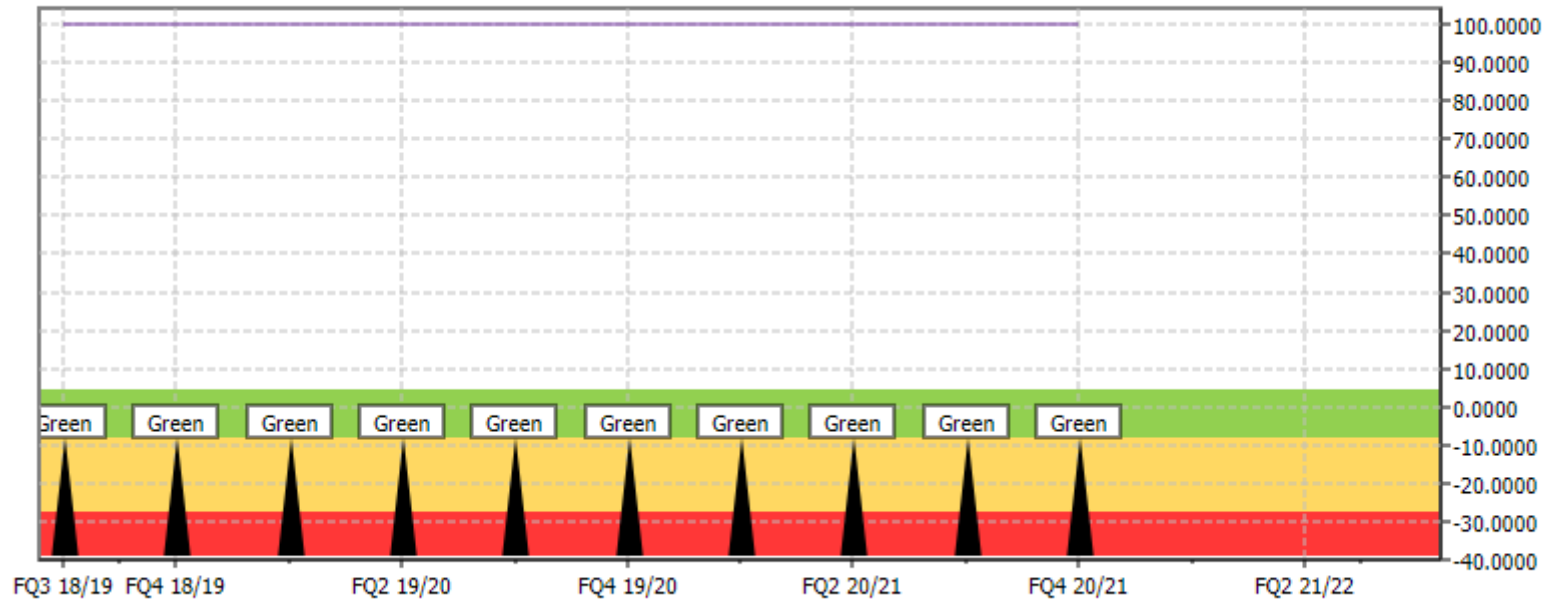
Why measure this? The need to ensure all 3 and 4 year olds have access to 1140 hours by August 2020.

Commentary: As of August 2020 all eligible children were able to receive 1140 hours. We were one of only 11 authorities to meet the original deadline. A new statutory date of Aug 21 has been set and we will deliver the funded meal in almost all settings by that date.

This indicator is on track with no change in performance since the last reporting period.

TARGET FQ4 Complete	ACTUAL FQ4 Complete G	BENCHMARK No Benchmark	PERFORMANCE TREND ➔
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EDU107_01-Phasing in 1140 hours of Early Learning and Childcare (ELC) by 2020_Phase 4



FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Education Service

Indicator: EDU107_02-Early level and childcare learners spend 50% of their funded time outdoors.

Why measure this? All early level and childcare learners should have access to 50% outdoor provision.

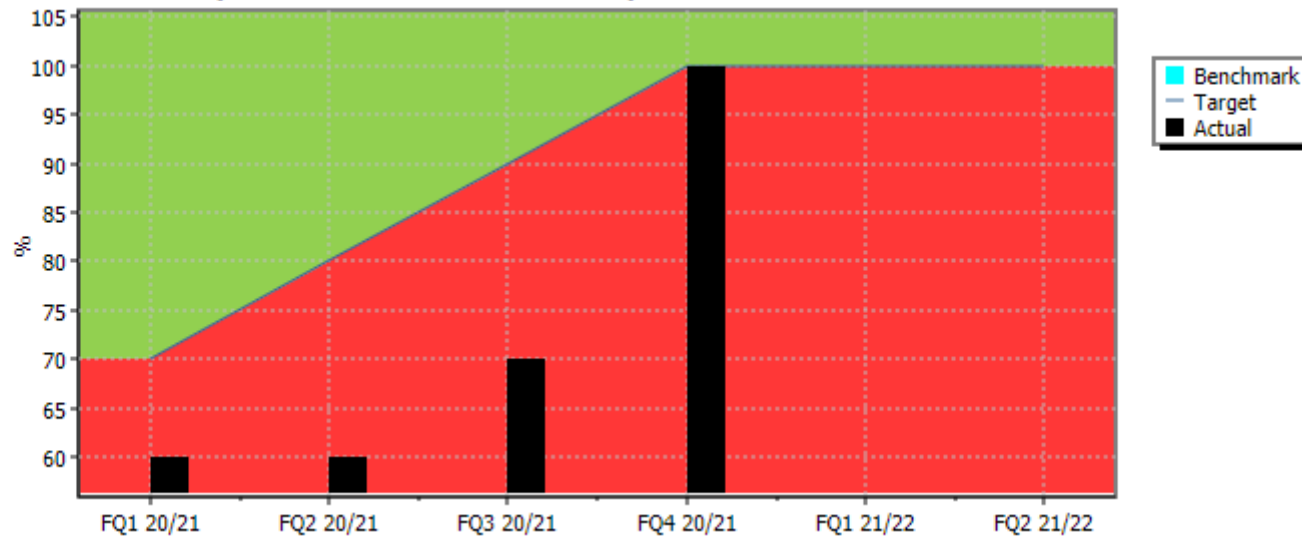
Commentary: Almost all learners are now are spending a minimum 50% of time outdoors. As a result of COVID 19 we have been unable to offer further training as planned again this quarter. However all settings have guidance to support high quality outdoor play. Our outdoor learning course has been verified by SQA and training for trainers will begin in May 2021 with a pilot training course offered by July 2021

This indicator is on target and performance has improved since the last reporting period

TARGET FQ4	Actual FQ4	BENCHMARK	PERFORMANCE TREND
100%	100%	No Benchmark	↑

EDU107_02-Early level and childcare learners spend 50% of their funded time outdoors

Latest status
FQ4 20/21
100 %



FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Education Service

Indicator: EDU107_04-A counselling service is available in all secondary schools

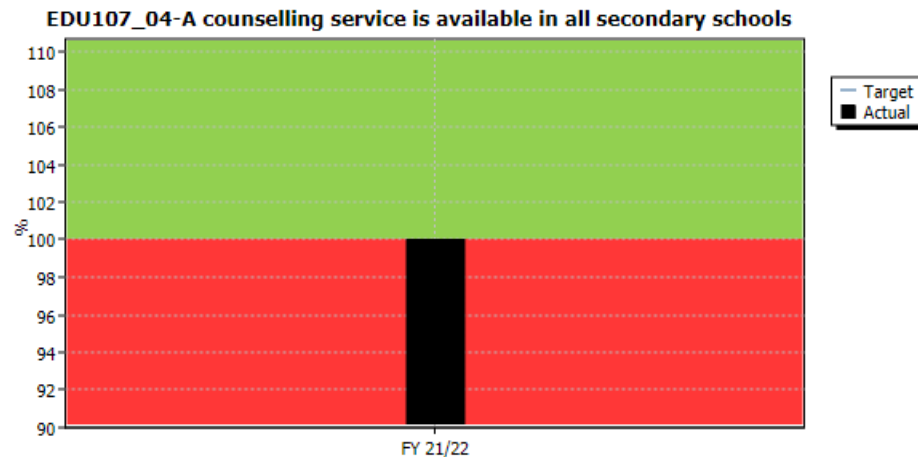
Why measure this? This will provide support for mental health and wellbeing in our young people.

Commentary: The school counselling service is progressing positively. Since the service started on February 8th of this year 63 referrals have been received with the average age of the young person being 14 years. There is a relatively even balance across males and females, with slightly more females being referred. A wide range of referral reasons have been recorded including anxiety, relationships, trauma and emotional regulation, bereavement, bullying, low mood and self-injury /self-harm. Referrals are mostly being received from school staff. Early indications are that young people with particularly vulnerabilities, such as having additional support needs, being care experienced or being a young carer, are supported to access the service. Analysis of trends has identified that the service is being used well across all but one area of the authority and the reasons for this are being investigated further to ensure equity of access. Moving forward, further data will be collected including length of engagement and impact for young people.

This indicator is on track with no change in performance since the last reporting period

TARGET FQ4 (ANNUAL)	ACTUAL FQ34 (ANNUAL)	BENCHMARK	PERFORMANCE TREND
100%	100% G	NO BENCHMARK	➔

Latest status
FY 21/22
100 %



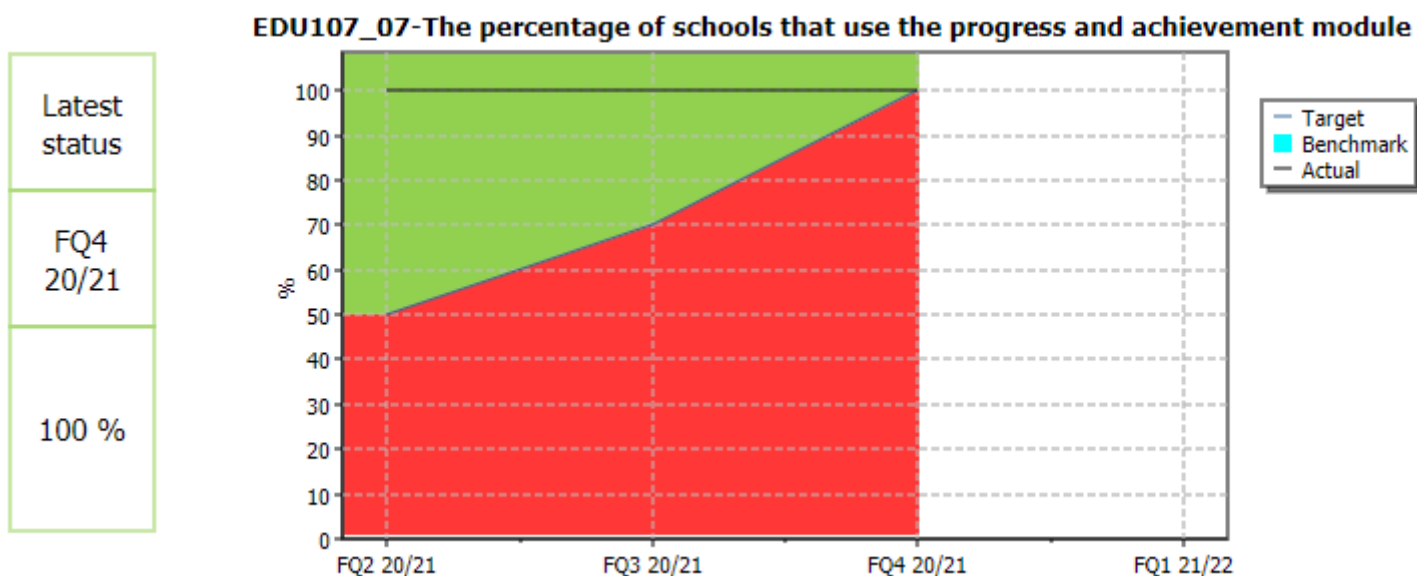
FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Education Service

Indicator: EDU107_07-The percentage of schools that use the progress and achievement module
Why measure this? This will enable the Education Service to assess and track children and young people's progress in raising their attainment
Commentary: 100% of schools across the authority are engaging with the Progress and Achievement module at 3 annual junctures - October, February and June. At these 3 points teachers of pupils from P1 to S3 enter data relating to every child's progress in literacy and numeracy within the Curriculum for Excellence level that they are currently working in. The resulting data sets are being used to develop planning and individualised targets for each pupil and identified groups. Data is analysed at school and authority level to ensure excellence and equity in provision. The authority uses the data to inform improvement planning with schools and clusters.

This indicator is above target with no change in performance since the last reporting period

TARGET FQ4 70%	ACTUAL FQ4 100% G	BENCHMARK NO BENCHMARK	PERFORMANCE TREND ➔
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FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Education Service

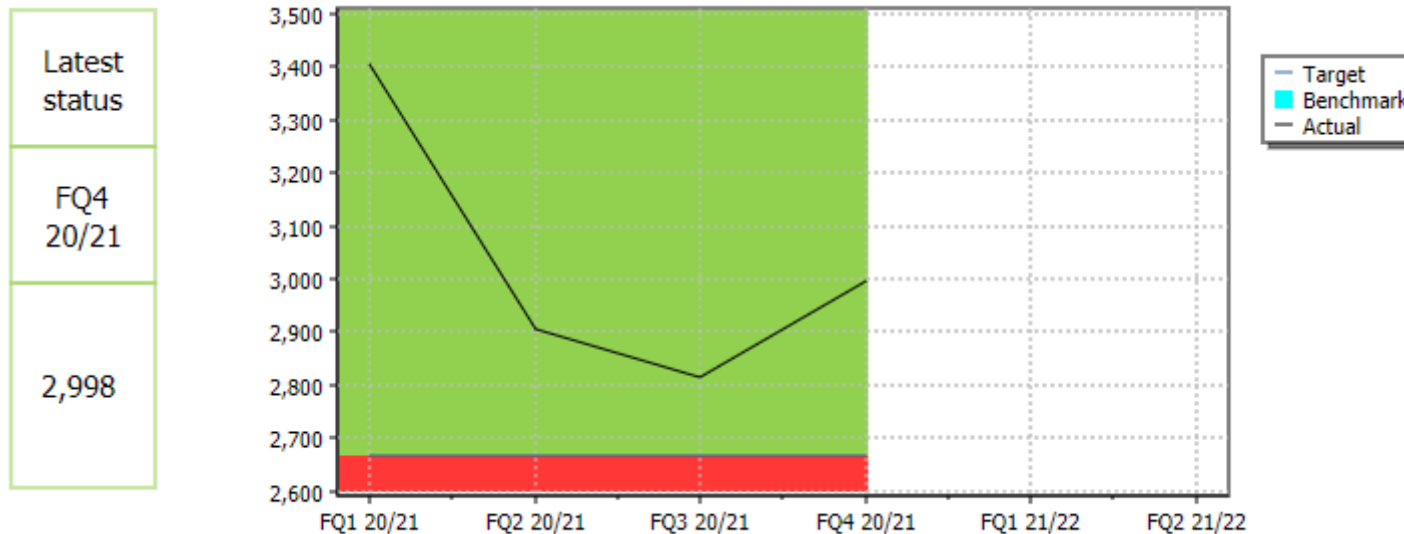
Indicator: EDU107_09-Support the increase in uptake of available Grants, Allowances and Entitlements.
Why measure this? To demonstrate the support we are putting in to the most vulnerable families in the Authority to support children. This also maximises the Pupil Equity Fund allocation to schools through Scottish Government.

Commentary: Education Maintenance Allowance (EMA) and Clothing Grant payments have decreased whilst there has been an increase in Free School Meal (FSM) payments. Covid-19 has had an impact on all grant uptake.

This indicator is above target and performance has increased since the last reporting period

TARGET FOR FQ4 (ANNUAL)	ACTUAL FQ4 (ANNUAL)	BENCHMARK 19/20 Performance	PERFORMANCE TREND
CG 1464 FSM 928 EMA 273	CG 1724 FSM 1071 EMA 203 G	CG 1839 FSM 982 EMA 282	↑

EDU107_09-Support the increase in uptake of available Grants, Allowances and Entitlements



FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Education Service

Indicator: EDU108_01-Develop a nurture strategy for Argyll and Bute with an associated sustainable training model. Why measure this? Upskilling staff within nurture will help to improve the health and wellbeing of our children and young people.			
Commentary: This strategy has been developed and adopted. Updates will be reported through the actions arising from the nurture strategy element.			
This indicator is now marked as Complete, there was no change in performance since the last reporting period			
TARGET FQ4 COMPLETE	ACTUAL FQ4 COMPLETE G	BENCHMARK NO BENCHMARK	PERFORMANCE TREND
EDU108_01-Develop a nurture strategy for Argyll and Bute with an associated sustainable training model			
<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Latest status</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">FQ4 20/21</div> <div style="border: 1px solid black; padding: 5px;">Complete</div>			

FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Education Service

Indicator: EDU108_07-Increase the uptake of wider achievement opportunities which offer alternative ways to develop learning, life and work skills.

Why measure this? These opportunities help to improve the life chances of our young people and help them to achieve their positive destinations.

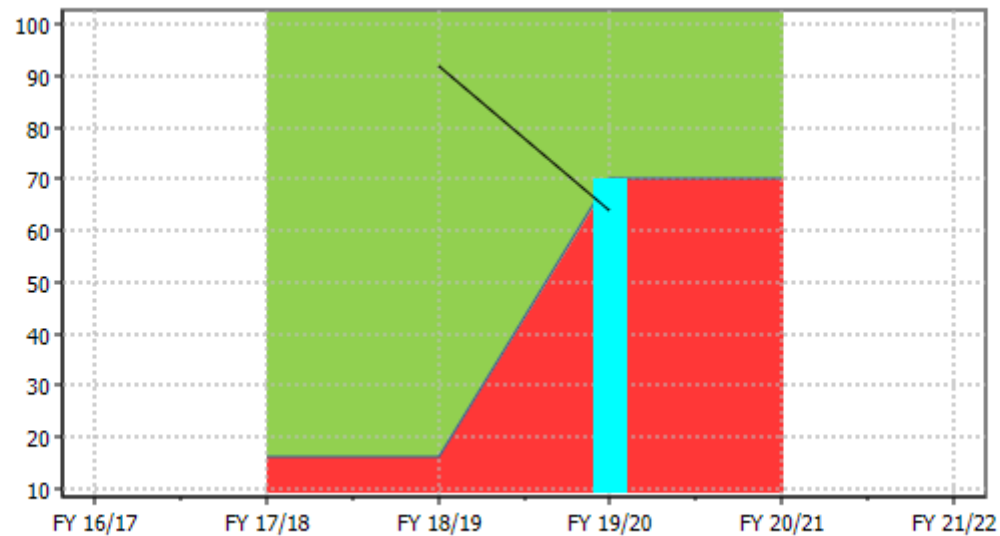
Commentary: The collation of this information has been delayed due to Covid restrictions and other demands. Will update as soon as available. As previously indicated, it is anticipated that numbers will be significantly lower.

This indicator is below target however performance has decreased since the last reporting period

TARGET FINANCIAL YEAR 2019/20	ACTUAL FINANCIAL YEAR 2019/20	BENCHMARK	PERFORMANCE TREND
70	64 R	70	↓

EDU108_07-Increase the uptake of wider achievement opportunities which offer alternative ways to develop learning, life and work skills.

Latest status
FY 19/20
64



FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Commercial Services' Service.

DELIVERING OUR OUTCOMES – OUR KEY PERFORMANCE INDICATORS

Indicator: COM113_04-The Council's Capital Plan is delivered on time [for projects managed by the Major Projects Client Management Team]
Why measure this? We can deliver major capital projects which add value to the community on time.

Commentary: The following Projects from the Capital Plan are being delivered by the Programme and Project Management Services team (PPMS):

1. Oban Public Realm Phase 2 (OPR2):

Main Contractor entered into Administration. Minor residual works to achieve Practical Completion are being closed out by A&BC Roads following insolvency of Main Contractor:

Original Forecast Completion – FQ1 FY16/17

Revised Forecast Completion - FQ4 FY20/21

2. Rothesay Pavilion Adaptive Restoration (RPN):

Main Contractor in Administration, with works 70% Complete. Replacement Contractor to be procured for works required to achieve Practical Completion.

Original Forecast Completion – FQ2 FY19/20

Revised Forecast Completion – FQ3 FY21/22

3 Helensburgh Waterfront Development (HWD) – Main Contract Awarded on 14 July 2020, construction works have commenced on site.

Original Forecast Completion – FQ4 FY22/23

Revised Forecast Completion – FQ4 FY22/236.

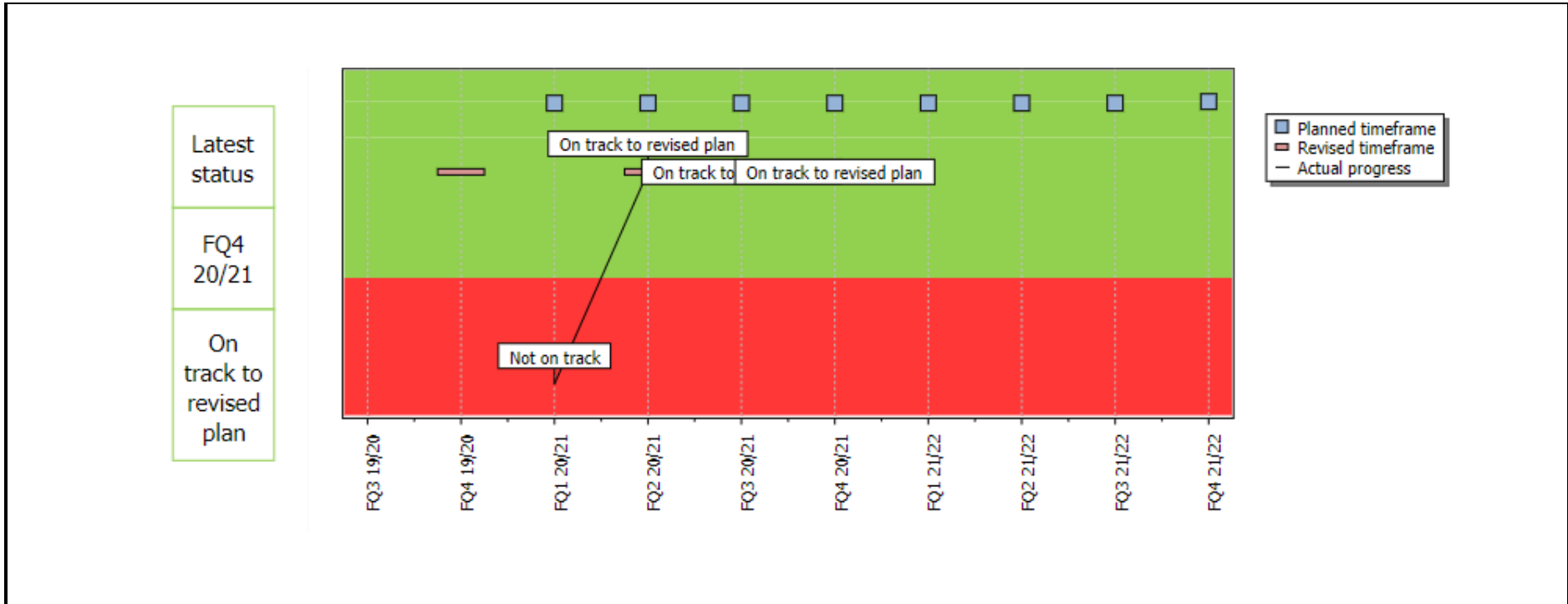
This indicator is now on track but to a revised plan, this is noted through the horizontal trend arrow

TARGET FQ4	ACTUAL FQ4	BENCHMARK	PERFORMANCE TREND
On Track	On Track To Revised Plan G	No Benchmark	

COM113_04-The Council's Capital Plan is delivered on time [for projects managed by the Major Projects Client Management Team]

FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Commercial Services' Service.



FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Commercial Services' Service.

Indicator: COM113_05-The Council's Capital Plan is delivered on time [for projects managed by Property Services]. Why measure this? We ensure safe and efficient development of Council properties.			
Commentary: The Covid-19 pandemic resulted in the closure of all non-essential construction works during spring/summer 2020 and as a result the capital programme in general and the Early Years (EY) programme in particular, was de-prioritised. While the construction industry has returned in line with the Scottish Government's Routemap, the Scottish Government has extended the completion deadline for EY projects from August 2020 until August 2021. The property related capital programme has been re-profiled to deliver a significant number of projects from summer 2020 in summer 2021. Given our knowledge of contractor availability there is a risk that there will be insufficient contractor capacity to undertake the works that will be required in summer 2021. The Property Design Team continue to have dialogue with Contractors but there remains a risk to project/programme delivery. A programme for 2021/22 and beyond is still being developed and should be presented to the Strategic Asset Management Board in May.			
This indicator is now on track but to a revised plan, this is noted through the horizontal trend arrow			
TARGET FQ4 On Track	ACTUAL FQ4 On Track To Revised Plan G	BENCHMARK No Benchmark	PERFORMANCE TREND ➔
COM113_05-The Council's Capital Plan is delivered on time [for projects managed by Property Services].			
<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Latest status</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">FQ4 20/21</div> <div style="border: 1px solid black; padding: 5px;">On track to revised plan</div>			

FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Commercial Services' Service.

<p>Indicator: COM113_08- The percentage of operational buildings that are suitable for their current use. Why measure this? This helps ensure property is safe and fit for purpose.</p>																																			
<p>Commentary: For financial year 2019/20, shows that there are 409 operational buildings of which 321 are suitable for their current use. This equates to 78.5%.</p>																																			
<p>This indicator is above target with no change in performance since the last reporting period</p>																																			
<p>TARGET FQ4 70%</p>	<p>ACTUAL FQ4 78.5% G</p>	<p>BENCHMARK 78% Scotland</p>	<p>PERFORMANCE TREND ➔</p>																																
<p>COM113_08- The percentage of operational buildings that are suitable for their current use.</p> <div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 5px; margin-right: 20px;"> <p>Latest status</p> <hr/> <p>FQ4 20/21</p> <hr/> <p>78.5 %</p> </div> <div style="flex-grow: 1;"> <table border="1" style="margin-top: 10px;"> <caption>Performance Trend Data (Estimated)</caption> <thead> <tr> <th>Quarter</th> <th>Actual (%)</th> <th>Target (%)</th> <th>Scotland Benchmark (%)</th> </tr> </thead> <tbody> <tr> <td>FQ1 18/19</td> <td>75.0</td> <td>70.0</td> <td>78.0</td> </tr> <tr> <td>FQ3 18/19</td> <td>75.0</td> <td>70.0</td> <td>78.0</td> </tr> <tr> <td>FQ1 19/20</td> <td>78.5</td> <td>70.0</td> <td>78.0</td> </tr> <tr> <td>FQ3 19/20</td> <td>78.5</td> <td>70.0</td> <td>78.0</td> </tr> <tr> <td>FQ1 20/21</td> <td>78.5</td> <td>70.0</td> <td>78.0</td> </tr> <tr> <td>FQ3 20/21</td> <td>78.5</td> <td>70.0</td> <td>78.0</td> </tr> <tr> <td>FQ1 21/22</td> <td>78.5</td> <td>70.0</td> <td>78.0</td> </tr> </tbody> </table> </div> </div>				Quarter	Actual (%)	Target (%)	Scotland Benchmark (%)	FQ1 18/19	75.0	70.0	78.0	FQ3 18/19	75.0	70.0	78.0	FQ1 19/20	78.5	70.0	78.0	FQ3 19/20	78.5	70.0	78.0	FQ1 20/21	78.5	70.0	78.0	FQ3 20/21	78.5	70.0	78.0	FQ1 21/22	78.5	70.0	78.0
Quarter	Actual (%)	Target (%)	Scotland Benchmark (%)																																
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FQ1 21/22	78.5	70.0	78.0																																

FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Legal and Regulatory Support Service.

DELIVERING OUR OUTCOMES – OUR KEY PERFORMANCE INDICATORS																															
Indicator: LRS104_01-Maintain the percentage of Anti-social Behaviour cases resolved within agreed timescale of 13 weeks. Why measure this? Identifies if cases are being dealt with promptly and monitors our compliance against Scottish Government targets.																															
Commentary: A strong focus was in situ to ensure the majority of cases were resolved prior to the end of this operational year 2020/21. Cases effectively resolved within the period by investigating thoroughly, feeding back and working with other partners , such as Police Scotland and adding intricate cases to the local Anti-Social Behaviour sub group meetings across Argyll and Bute. Furthermore, focus groups with relevant partners were held regularly to achieve the above																															
This indicator is above target and performance has improved since the last reporting period.																															
TARGET FQ4 80%	ACTUAL FQ4 100% G	BENCHMARK 100% Previous year's performance	PERFORMANCE TREND ↑																												
LRS104_01-Maintain the percentage of Anti-social Behaviour cases resolved within agreed timescale of 13 weeks.																															
<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Latest status</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">FQ4 20/21</div> <div style="border: 1px solid black; padding: 5px;">100.00 %</div>	<table border="1"> <caption>Performance Data from Chart</caption> <thead> <tr> <th>Quarter</th> <th>Target (%)</th> <th>Benchmark (%)</th> <th>Actual (%)</th> </tr> </thead> <tbody> <tr> <td>FQ2 20/21</td> <td>80.00</td> <td>100.00</td> <td>100.00</td> </tr> <tr> <td>FQ3 20/21</td> <td>80.00</td> <td>100.00</td> <td>100.00</td> </tr> <tr> <td>FQ4 20/21</td> <td>80.00</td> <td>100.00</td> <td>100.00</td> </tr> <tr> <td>FQ1 21/22</td> <td>80.00</td> <td>100.00</td> <td>100.00</td> </tr> <tr> <td>FQ2 21/22</td> <td>80.00</td> <td>100.00</td> <td>100.00</td> </tr> <tr> <td>FQ3 21/22</td> <td>80.00</td> <td>100.00</td> <td>100.00</td> </tr> </tbody> </table>			Quarter	Target (%)	Benchmark (%)	Actual (%)	FQ2 20/21	80.00	100.00	100.00	FQ3 20/21	80.00	100.00	100.00	FQ4 20/21	80.00	100.00	100.00	FQ1 21/22	80.00	100.00	100.00	FQ2 21/22	80.00	100.00	100.00	FQ3 21/22	80.00	100.00	100.00
Quarter	Target (%)	Benchmark (%)	Actual (%)																												
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FQ3 20/21	80.00	100.00	100.00																												
FQ4 20/21	80.00	100.00	100.00																												
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FQ3 21/22	80.00	100.00	100.00																												

FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Legal and Regulatory Support Service.

<p>Indicator: LRS110_10-Maintain the percentage of local suppliers that bid for business through the procurement portal.</p> <p>Why measure this? This demonstrates the proportion of local businesses that benefit from contract awards thus supporting and growing the local economy.</p>			
<p>Commentary: FQ4 - 27.9% (increase from FQ1 and FQ2). YTD local spend is 34.4%. This is due to the mix of contracts which have been awarded in FQ4</p>			
<p>This indicator is below target and performance has decreased since the last reporting period</p>			
<p>TARGET FQ4 35.0 %</p>	<p>ACTUAL FQ4 27.9 % R</p>	<p>BENCHMARK 34.1%</p>	<p>PERFORMANCE TREND ↓</p>
<p>LRS110_10-Maintain the percentage of local suppliers that bid for business through the procurement portal.</p>			
<p>Latest status</p>			
<p>FQ4 20/21</p>			
<p>27.9 %</p>			

FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Legal and Regulatory Support Service.

Indicator: LRS110_12-Maintain the percentage of all Small Medium Enterprises [SMEs] that win council contracts. Why measure this? This illustrates the level of support given to Small or Medium Enterprises. This is also reported to the Scottish Government.																															
Commentary: FQ4 - 83.8% above target and Benchmark. Overall YTD 86.0%. Detail of contracts bid for and won by SMEs is available in Pyramid.																															
This indicator is above target however performance has decreased since the last reporting period																															
TARGET FQ4 76 %	ACTUAL FQ4 83.8 % G	BENCHMARK 83%	PERFORMANCE TREND ↓																												
LRS110_12-Maintain the percentage of all Small Medium Enterprises [SMEs] that win council contracts.																															
Latest status	<table border="1"> <caption>Performance Data from Chart</caption> <thead> <tr> <th>Period</th> <th>Target (%)</th> <th>Benchmark (%)</th> <th>Actual (%)</th> </tr> </thead> <tbody> <tr> <td>FQ2 20/21</td> <td>76.0</td> <td>83.0</td> <td>81.5</td> </tr> <tr> <td>FQ3 20/21</td> <td>76.0</td> <td>83.0</td> <td>90.5</td> </tr> <tr> <td>FQ4 20/21</td> <td>76.0</td> <td>83.0</td> <td>83.8</td> </tr> <tr> <td>FQ1 21/22</td> <td>76.0</td> <td>83.0</td> <td>83.0</td> </tr> <tr> <td>FQ2 21/22</td> <td>76.0</td> <td>83.0</td> <td>83.0</td> </tr> <tr> <td>FQ3 21/22</td> <td>76.0</td> <td>83.0</td> <td>83.0</td> </tr> </tbody> </table>			Period	Target (%)	Benchmark (%)	Actual (%)	FQ2 20/21	76.0	83.0	81.5	FQ3 20/21	76.0	83.0	90.5	FQ4 20/21	76.0	83.0	83.8	FQ1 21/22	76.0	83.0	83.0	FQ2 21/22	76.0	83.0	83.0	FQ3 21/22	76.0	83.0	83.0
Period				Target (%)	Benchmark (%)	Actual (%)																									
FQ2 20/21				76.0	83.0	81.5																									
FQ3 20/21	76.0	83.0	90.5																												
FQ4 20/21	76.0	83.0	83.8																												
FQ1 21/22	76.0	83.0	83.0																												
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FQ4 20/21																															
83.8 %																															

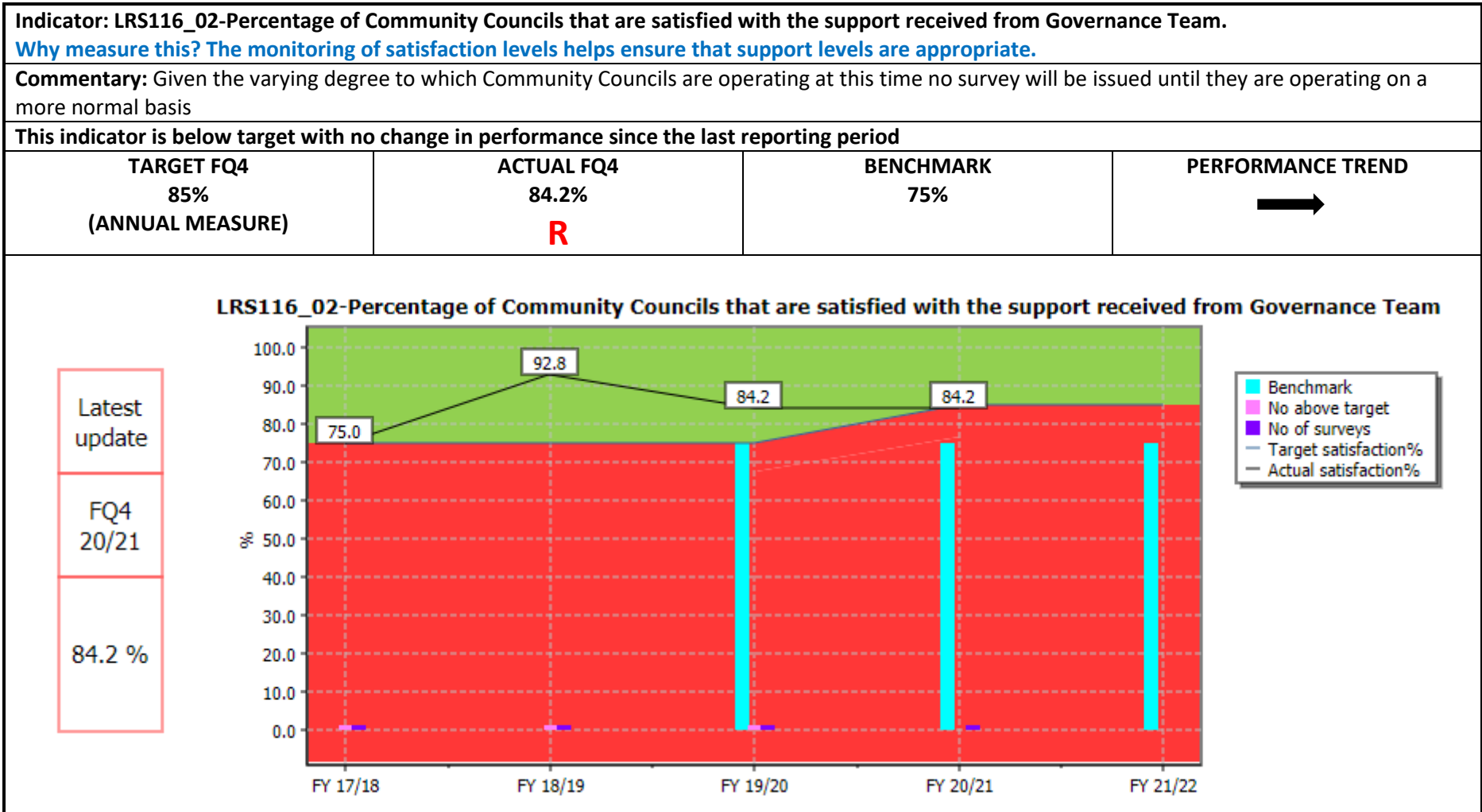
FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Legal and Regulatory Support Service.

Indicator: LRS111_01-Resolve trading standards requests received from businesses within 14 days from receipt of enquiry. Why measure this? We assist businesses to comply with legal requirements and can monitor the efficiency of our Trading Standards Team.																											
Commentary: Increase in enquires received in FQ4. Of the 91 received 87 were responded to within the 14 day timeframe.																											
This indicator is above target and performance has increased since the last reporting period																											
TARGET FQ4 88%	ACTUAL FQ4 95.6% G	BENCHMARK 88%	PERFORMANCE TREND ↑																								
LRS111_01-Resolve trading standards requests received from businesses within 14 days from receipt of enquiry.																											
<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Latest status</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">FQ4 20/21</div> <div style="border: 1px solid black; padding: 5px;">95.6 %</div>	<table border="1"> <caption>Performance Data from Chart</caption> <thead> <tr> <th>Quarter</th> <th>Actual (%)</th> <th>Target (%)</th> </tr> </thead> <tbody> <tr> <td>FQ2 20/21</td> <td>95.1</td> <td>88.0</td> </tr> <tr> <td>FQ3 20/21</td> <td>89.6</td> <td>88.0</td> </tr> <tr> <td>FQ4 20/21</td> <td>95.6</td> <td>88.0</td> </tr> <tr> <td>FQ1 21/22</td> <td>-</td> <td>88.0</td> </tr> <tr> <td>FQ2 21/22</td> <td>-</td> <td>88.0</td> </tr> <tr> <td>FQ3 21/22</td> <td>-</td> <td>88.0</td> </tr> <tr> <td>FQ4 21/22</td> <td>-</td> <td>88.0</td> </tr> </tbody> </table>			Quarter	Actual (%)	Target (%)	FQ2 20/21	95.1	88.0	FQ3 20/21	89.6	88.0	FQ4 20/21	95.6	88.0	FQ1 21/22	-	88.0	FQ2 21/22	-	88.0	FQ3 21/22	-	88.0	FQ4 21/22	-	88.0
Quarter	Actual (%)	Target (%)																									
FQ2 20/21	95.1	88.0																									
FQ3 20/21	89.6	88.0																									
FQ4 20/21	95.6	88.0																									
FQ1 21/22	-	88.0																									
FQ2 21/22	-	88.0																									
FQ3 21/22	-	88.0																									
FQ4 21/22	-	88.0																									

FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Legal and Regulatory Support Service.



FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Customer Support Services' Service

DELIVERING OUR OUTCOMES – OUR KEY PERFORMANCE INDICATORS

Indicator: CSS101_05-Increase public use of corporate social media sites on three categories of information: council news, community success and general use. Increase social media followers.

Why measure this? We issue positive and informative articles on Council services and achievements as well as the area overall. This supports the overall objective of attracting people to the area and promotes a positive reputation for the Council.

Commentary:

Followers continue to grow across all channels based on this content strategy: -

Facebook/Twitter:

- Council news (to promote the council)
- General-use info eg funding, health (to help make the pages 'always worth a look')
- Community success eg people's community spirit, awards (to showcase this as a great place to live and work and so support the council's objective to attract people to the area)

Linkedin:

- Great place to do business eg regeneration, great place to grow a career, great lifestyle (as that makes us stand out from other areas). Aim overall is to attract people to the area, and encourage interest in recruitment here.

Instagram:

- Promote our great lifestyle to showcase the area as a place to choose to live (rather than just visit)

As well as using #abplace2b, we use #closerthanyouthink as part of getting across that you can enjoy a rural/coastal lifestyle close to the city life of the central belt.

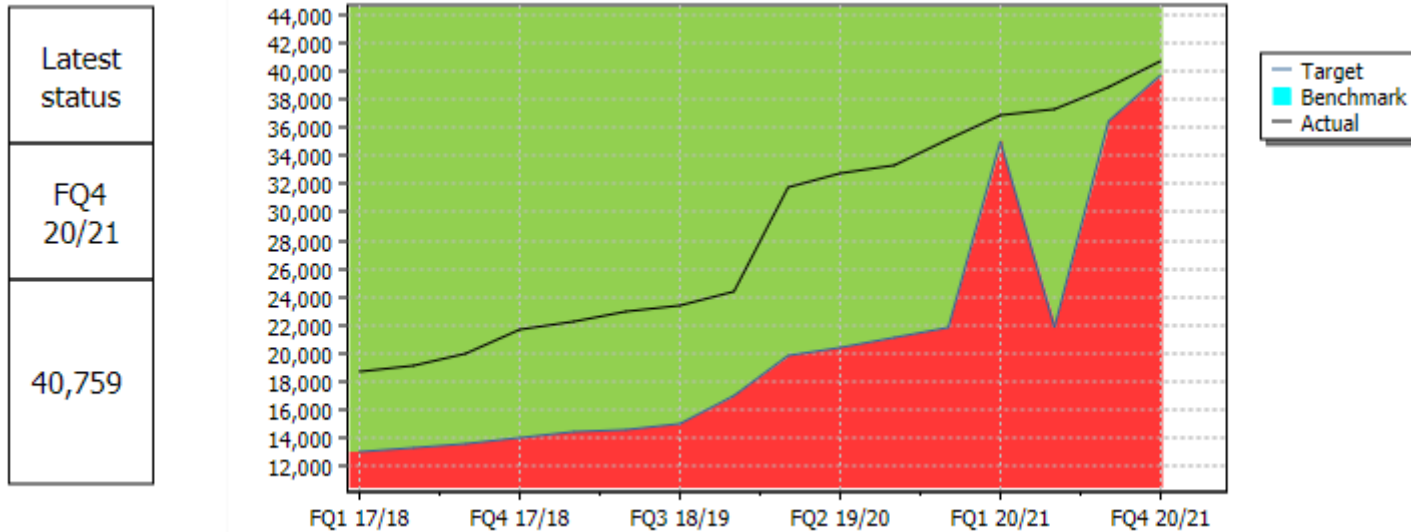
This indicator is above target and performance has increased since the last reporting period

TARGET FQ4	ACTUAL FQ4	BENCHMARK	PERFORMANCE TREND
39,681	40,759 G	No Benchmark	↑

FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Customer Support Services' Service

CSS101_05-Increase public use of corporate social media sites on three categories of information: council news, community success and general use.
Increase social media followers.



FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Customer Support Services' Service

Indicator: CSS108_01-The percentage of Modern Apprentices that go on to a positive destination after completing the Argyll and Bute Council Modern Apprentice Programme.

Why measure this? We have created Modern Apprenticeship opportunities, it is important that we measure their success in terms of gaining work or further training as a result of our investment.

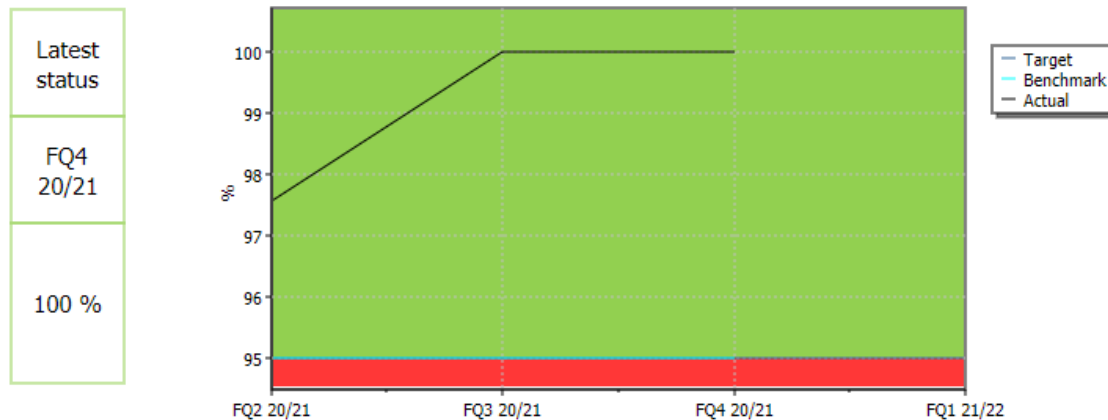
Commentary: In the past quarter a further 2 apprentices have completed their apprenticeship. 1 of which has secured a post within the council and the other has moved on to a positive destination out with the Council. The percentage of modern apprentices who complete their apprenticeship and go onto secure a positive destination remains high at 100%.

The percentage of completed apprentices who secure a post with Argyll and Bute Council on completion of their apprenticeship is 76%. This is down 1% from last quarter, however is still a positive figure.

This indicator is above target with no change in performance since the last reporting period

TARGET FQ4	ACTUAL FQ4	BENCHMARK	PERFORMANCE TREND
95%	100%	No Benchmark	➔
	G		

CSS108_01-The percentage of Modern Apprentices that go on to a positive destination after completing the Argyll and Bute Council Modern Apprentice Programme.



FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Customer Support Services' Service


Indicator: CSS113_06-Maintain the average time to resolve ICT incidents.

Why measure this? To support the Council to operate effectively and efficiently and any unforeseen ICT incidents are resolved as quickly as possible.

Commentary: In March the average fix time across service affecting incidents was 2.1 hours and within target for the month. Time to resolve issues during February 2021 averaged 1.7 hours and was well within performance target. Service Desk was resourced during February to accommodate teaching staff returning to school and overall call volumes were in line with prior months with similar average fix times. January was a very good month with average fix time for service affecting incidents at 2.38 hours. Overall drop in number of incidents during January.

Note: Graph shows Monthly performance

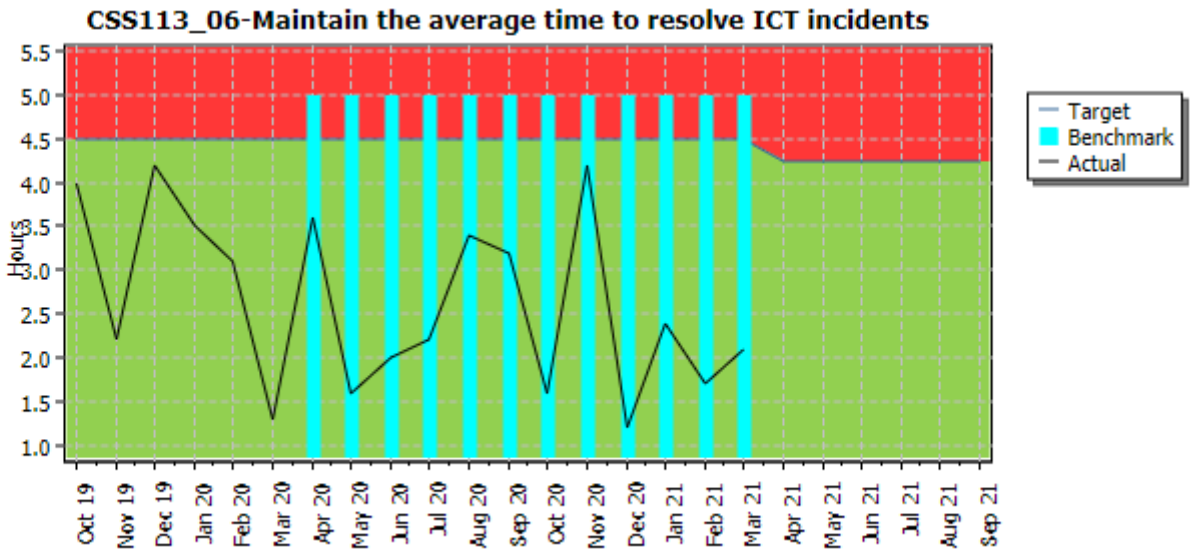
This indicator is above target however performance has decreased since the last reporting period

TARGET Monthly (March) 4.5 Hours	ACTUAL Monthly (March) 2.1 Hours G	BENCHMARK 5.0	PERFORMANCE TREND 
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Latest status

Mar 21

2.1 Hours



FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Customer Support Services' Service

Indicator: CSS115_04-Increase the percentage of all Self-Service and automated contacts though both the Customer Service Centre and the Web.
Why measure this? Increasing the volume of self-service and automated contacts reduces the use of other higher cost channels and improves our efficiency.

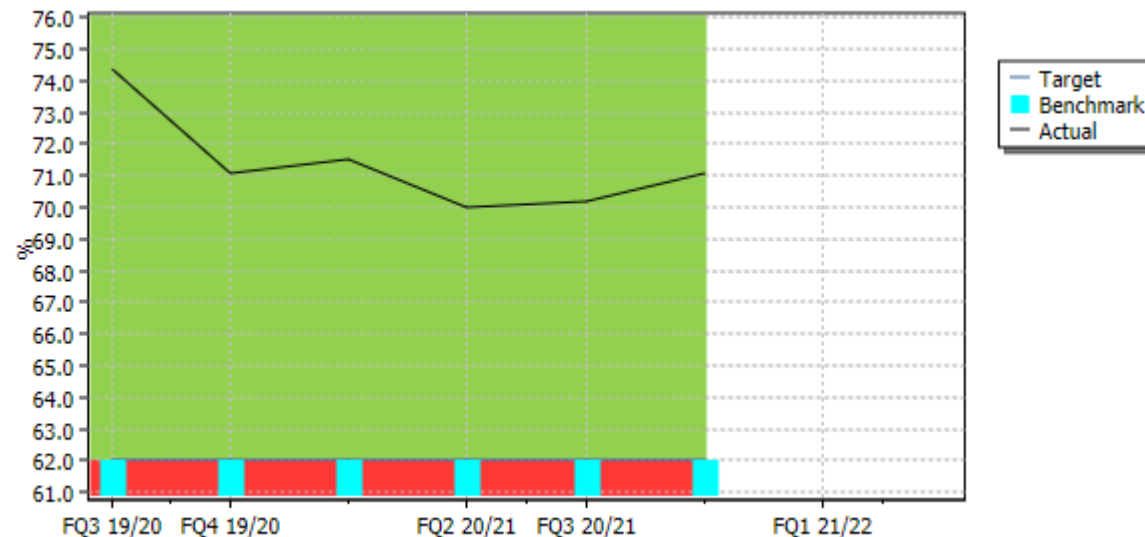
Commentary: In FQ4 there were 42,712 transactions dealt with by customer service agents (28.9%) and 104,938 automated or self-service transaction (71.1%) so the 62% target was well exceeded.

This indicator is above target and performance has increased since the last reporting period

TARGET FQ4	ACTUAL FQ4	BENCHMARK	PERFORMANCE TREND
62%	71.1% G	62%	↑

CSS115_04-Increase the percentage of all Self-Service and automated contacts though both the Customer Service Centre and the Web.

Latest status
 FQ4 20/21
 71.1 %



FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Development and Economic Growth Service.

DELIVERING OUR OUTCOMES – OUR KEY PERFORMANCE INDICATORS

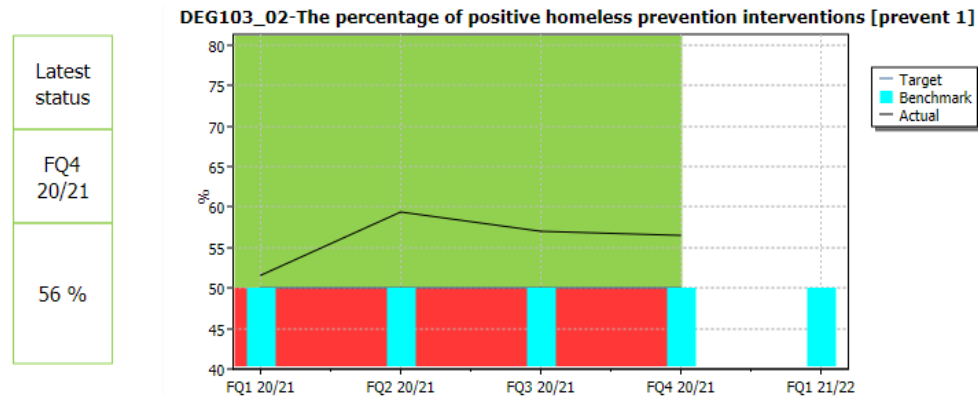
Indicator: DEG103_02-The percentage of positive homeless prevention interventions.

Why measure this? We personalise preventative measures to help people access a housing option that meets their needs. This statutory measure recognises the importance to prevent homelessness.

Commentary: This target is focused on the effective prevention work carried out by Housing staff and during the period of the Covid-19 pandemic the Housing Service has continued to provide housing advice and assistance via a virtual service. During quarter 4 this has resulted in positive interventions for 56% of households seeking advice. Of the remaining 44% - 25% made a homeless application, 11% lost contact and 8% resolved their housing issue. Positive interventions by Housing staff enabled 84 (46%) of households to remain in their own accommodation, 17 households (9%) secured an RSL tenancy and 6 (3%) secured a private tenancy. Overall, Helensburgh and Lomond recorded the highest number of households requiring to make a homeless application with 22 (50%) of households approaching the housing service in Helensburgh and Lomond making a homeless application. Number of homeless applications in other areas were: Bute and Cowal – 1 (4%) of households seeking advice within this area Oban, Lorn and the Isles – 11 (18%) of households seeking advice within this area Mid Argyll, Kintyre and Islay – 11 (20%) of households seeking advice within this area

This indicator is above target however performance has decreased since the last reporting period

TARGET FQ4	ACTUAL FQ4	BENCHMARK	PERFORMANCE TREND
50%	56% G	50%	↓



Latest status
FQ4 20/21
56 %

FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Development and Economic Growth Service.

Indicator: DEG104_02- The percentage of public health service requests that are resolved within 20 working days.

Why measure this? We work quickly to protect public health or nuisance conditions that impact on health and wellbeing. Any justified corrective action is taken quickly. This measure is also reported to the national performance network.

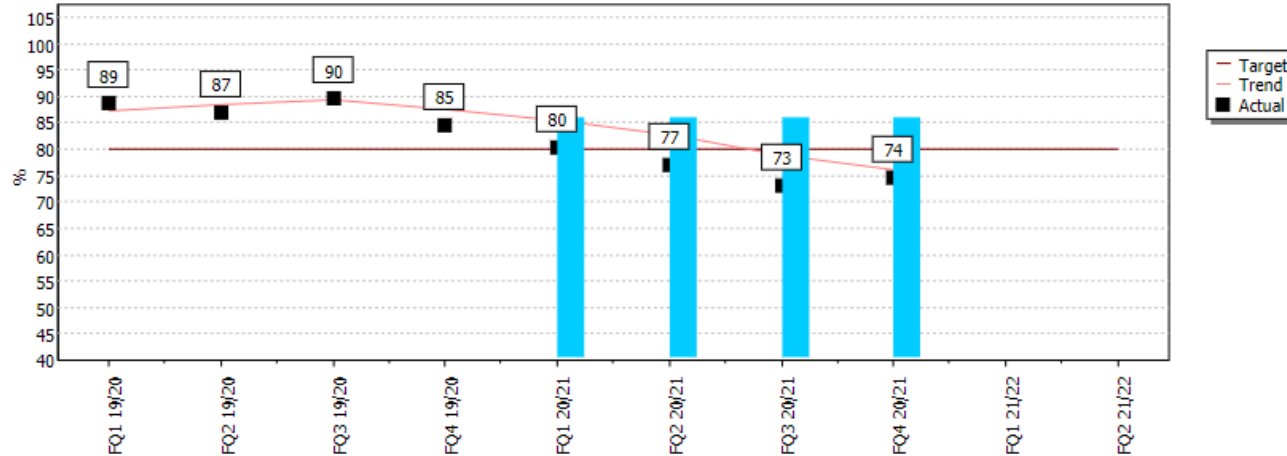
Commentary: Despite competing and new service demands especially relating to COVID and EU exit, we managed to halt the slide over the last 2 quarters for the measure relating to the resolution times for service requests. Whilst the target is 80%, we achieved 74%, an increase of 1% from Q3. It should be noted that all service requests are investigated and completed, timescales vary depending on the complexity of the matter and available resources. Service requests which are high priority are always dealt with first and these have focused on our general work, and also COVID referrals from Test and Protect or responding to complaints about standards in premises etc. In reviewing performance for FQ4 and comparing statistics, it is clear that: this is good performance as the service requests, excluding export health certificates, have increased by 12% this year.

This indicator is below target however performance has improved since the last reporting period

TARGET FQ4	ACTUAL FQ4	BENCHMARK	PERFORMANCE TREND
80%	74% R	86%	↑

DEG104_02-The percentage of public health service requests that are resolved within 20 working days

Latest status
FQ4 20/21
74 %



FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Development and Economic Growth Service.

Indicator: DEG105_01-Respond to Building Warrant applications within 20 days.

Why measure this? Providing a prompt service helps support the local economy. This national target allows us to benchmark our performance.

Commentary: Excellent team performance will all key performance measures above target. There is a dip in performance in this measure for responding to building warrants within 20 working days from 96.9% to 92.5% in Q4. This is due to a variety of different reasons including annual leave carry forward from 2020 which had to be taken in Q4, absence in the Helensburgh office, reactive work associated with agents coming back with further information, amended applications and work associated with dangerous buildings. However, performance is still well above our target.

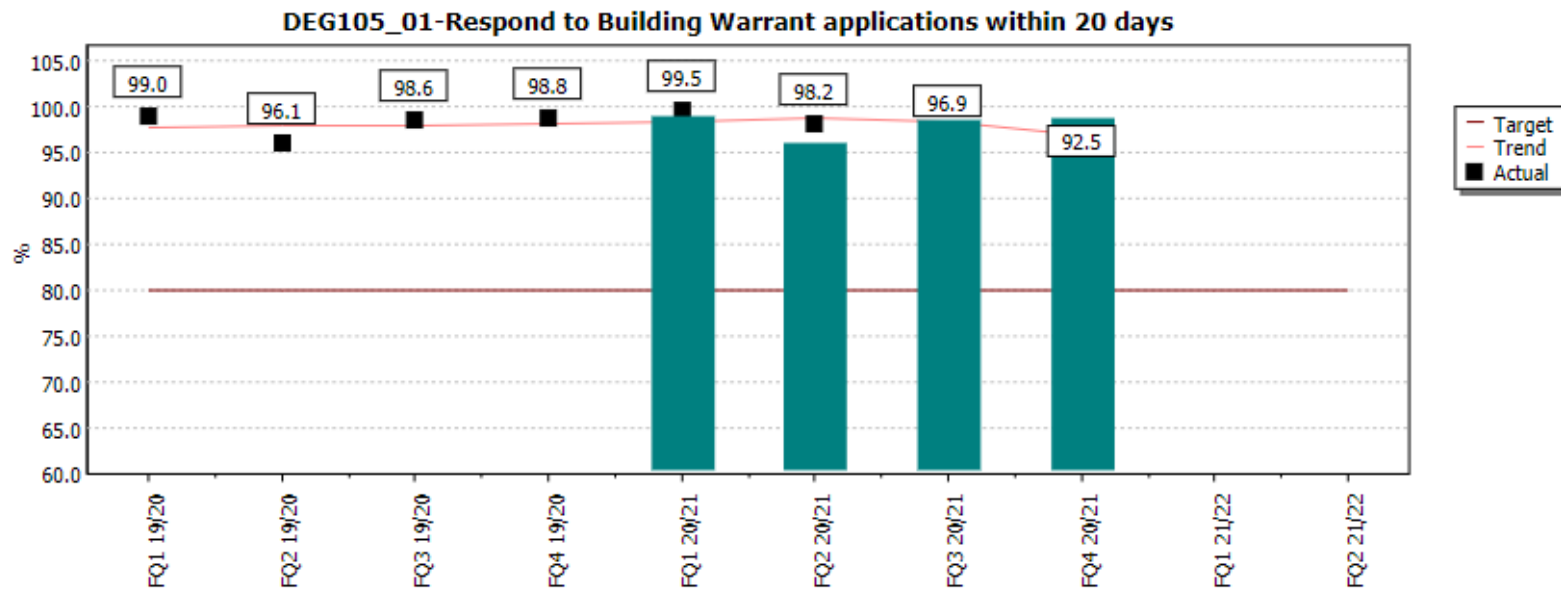
This indicator is above target however performance has decreased since the last reporting period

TARGET FQ4	ACTUAL FQ4	BENCHMARK	PERFORMANCE TREND
80%	92.5% G	99%	↓

Latest status

FQ4 20/21

92.5 %



FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Development and Economic Growth Service.

Indicator: DEG110_03-The number of new businesses start-ups supported.

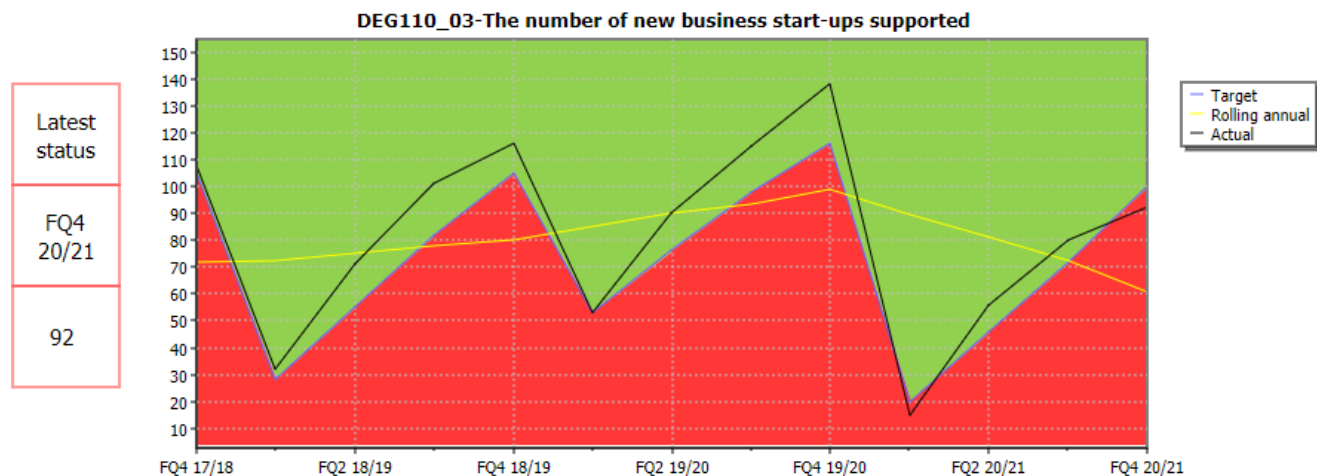
Why measure this? Topical or legislative workshops and/or advisory support is offered to new business start-ups. The advice given is free, impartial and confidential. This is a key driver to growing our economy.

Commentary: The number of new businesses supported in Q4 was 11 against a target of 28 (39% of target). This shortfall is due to there being no adviser capacity to follow up pre-start clients supported by Business Gateway to see if they had subsequently started up. This was due to the enormous workload placed on the team to administer the Strategic Framework Business Fund when Argyll and Bute moved into lockdown.

Start-ups for the year supported is 92 against a target of 100. This is the first year since Business Gateway started in 2009 that the target of 100+ has not been met. Although the target has not been met this is a great achievement during the pandemic year where many businesses have been closed and it has been extremely difficult for people to start a business.

This indicator is below target however performance has improved since the last reporting period

TARGET FQ4	ACTUAL FQ4	BENCHMARK	PERFORMANCE TREND
100	92 R	No Benchmark	↑



FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Development and Economic Growth Service.

<p>Indicator: DEG110_05-The above national average level of planning application approval rates is maintained. Why measure this? We commit resource at an early stage in the planning process to improve/negotiate any substandard submissions. The high approval rate indicates the Council's commitment to delivery positive outcomes.</p>																																															
<p>Commentary: Planning application approval rate was 96.1% It has consistently been above target (95%) for over seven years now, demonstrating that we are open for business.</p>																																															
<p>This indicator is above target however performance has decreased since the last reporting period</p>																																															
<p>TARGET FQ4 95%</p>	<p>ACTUAL FQ4 96.1% G</p>	<p>BENCHMARK 93.7% Scottish Average</p>	<p>PERFORMANCE TREND ↓</p>																																												
<p>DEG110_05-The above national average level of planning application approval rates is maintained</p>																																															
<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Latest status</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">FQ4 20/21</div> <div style="border: 1px solid black; padding: 5px;">96.1 %</div>	<table border="1" style="margin-top: 10px; width: 100%; border-collapse: collapse;"> <caption>DEG110_05 - Planning Application Approval Rates (%)</caption> <thead> <tr> <th>Quarter</th> <th>Rural Average</th> <th>Scottish Average</th> <th>Actual</th> </tr> </thead> <tbody> <tr> <td>FQ1 19/20</td> <td>96.5</td> <td>94.5</td> <td>97.5</td> </tr> <tr> <td>FQ2 19/20</td> <td>96.0</td> <td>94.5</td> <td>97.7</td> </tr> <tr> <td>FQ3 19/20</td> <td>96.0</td> <td>94.5</td> <td>97.0</td> </tr> <tr> <td>FQ4 19/20</td> <td>96.0</td> <td>94.5</td> <td>96.9</td> </tr> <tr> <td>FQ1 20/21</td> <td>-</td> <td>94.0</td> <td>98.5</td> </tr> <tr> <td>FQ2 20/21</td> <td>-</td> <td>94.0</td> <td>97.7</td> </tr> <tr> <td>FQ3 20/21</td> <td>-</td> <td>94.0</td> <td>97.3</td> </tr> <tr> <td>FQ4 20/21</td> <td>-</td> <td>94.0</td> <td>96.1</td> </tr> <tr> <td>FQ1 21/22</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>FQ2 21/22</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table>			Quarter	Rural Average	Scottish Average	Actual	FQ1 19/20	96.5	94.5	97.5	FQ2 19/20	96.0	94.5	97.7	FQ3 19/20	96.0	94.5	97.0	FQ4 19/20	96.0	94.5	96.9	FQ1 20/21	-	94.0	98.5	FQ2 20/21	-	94.0	97.7	FQ3 20/21	-	94.0	97.3	FQ4 20/21	-	94.0	96.1	FQ1 21/22	-	-	-	FQ2 21/22	-	-	-
Quarter	Rural Average	Scottish Average	Actual																																												
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FQ2 19/20	96.0	94.5	97.7																																												
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FQ2 20/21	-	94.0	97.7																																												
FQ3 20/21	-	94.0	97.3																																												
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FQ1 21/22	-	-	-																																												
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FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for Road and Infrastructure Services.

DELIVERING OUR OUTCOMES – OUR KEY PERFORMANCE INDICATORS

Indicator: RIS113_02-The percentage of roads in need of maintenance as defined by the annual survey.

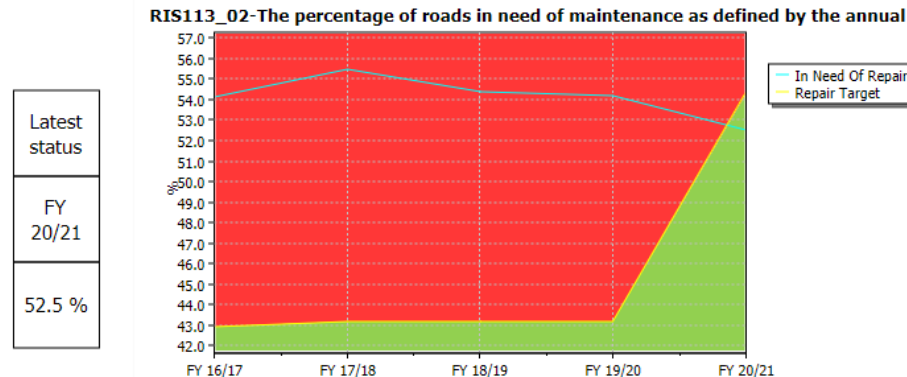
Why measure this? A safe and reliable road network is a key requirement to ensure our communities, businesses and the tourist sector can thrive. The Road Condition Index (RCI) is a set of indicators used across the whole of Scotland for the local road network.

Commentary: The latest Roads Condition Index (RCI) figure is 52.5%. Please note surveys were not carried out on the island road network when the main surveys were undertaken during 2020 due to the pandemic and various travel restrictions. Below are the nationally agreed Scottish Road Condition Survey requirements, with Argyll and Bute doing a full network survey to give a more accurate output once every 4 years, therefore this should not have a huge impact on the overall survey output. • 100 per cent of A class roads with the direction of travel changed in alternate years • 50 per cent of B and C class roads with the remaining 50 per cent surveyed the following year. The direction of travel is also alternated such that every B and C class road lane is surveyed every four years • 10 per cent of unclassified roads are surveyed in one direction each year.

This indicator is below target however performance has improved since the last reporting period

TARGET 2019/20	ACTUAL 2019/20	BENCHMARK	PERFORMANCE TREND
54.4%	52.5% R	64.7%	↑

RIS113_02-The percentage of roads in need of maintenance as defined by the annual survey.



Latest status
FY 20/21
52.5 %

FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for Road and Infrastructure Services.

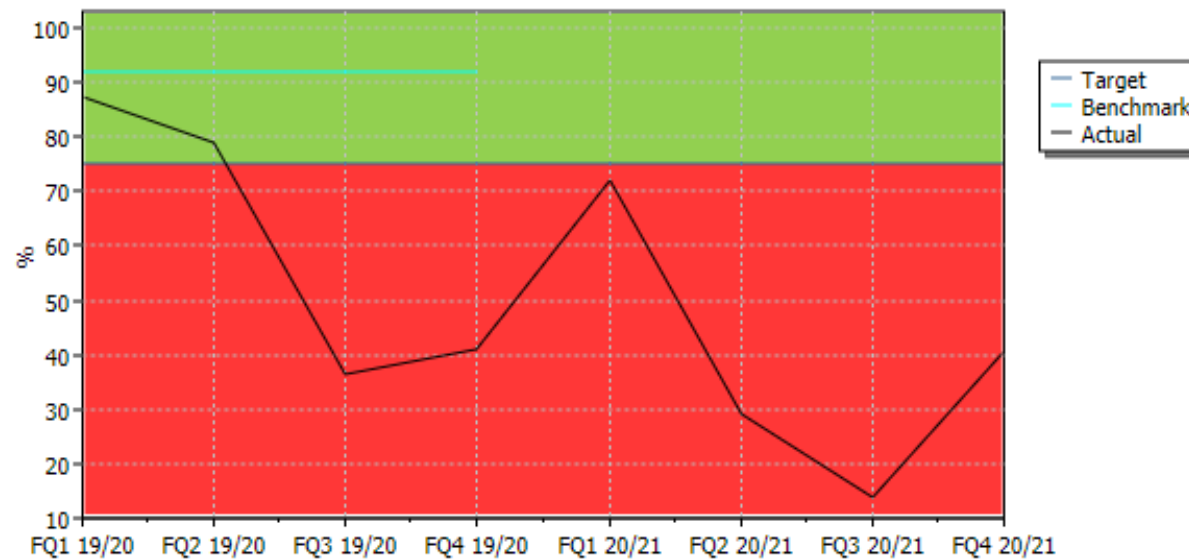
Indicator: RIS113_05-Percentage of street lighting fault repairs are completed within 10 days Why measure this? Robust street lighting repairs help keep our communities and roads safe.			
Commentary: Whilst the performance in FQ4 of 40% is an improvement from 14% in FQ3 the service acknowledges that performance is still below target and has implemented an action plan to improve performance. There is the overarching issue of the geographical spread of faults in the system and the related isolated and reduced level of physical resources to deliver the service. At present there remains one Electrician based in Dunoon covering mainly Eastern districts and one in Lochgilphead covering mainly Western and Island districts. The Operations Team are actively pursuing the appointment of a third Electrician based in Helensburgh, to give a more responsive service to this "third" of the Street lighting inventory. The interview process is planned for Late April / Early May. The service has introduced a Street Lighting Service Disruption page onto our Website and identified an issue with the Asset Management system (LMS) which does not automatically provide updates to customers reporting faults on our street lighting Network. We have been working with staff in the contact centre and RIS Administration to pick up updates from LMS and add these to Oracle to ensure better updates are being received. The team are holding regular Network and Operational Meetings to provide staff with support and highlight areas for improvement, this is being managed with a set of actions in an improvement plan. The Street Lighting report that went to March EDI Committee advised that a number of lighting faults are attributed to underground cabling faults that are the responsibility of electricity companies. The Northern Roads Collaboration is collectively lobbying for electricity providers to either effect speedier repairs to underground faults or allow Councils to progress the necessary works subject to being able to do this at no additional costs to Councils.			
This indicator is below target however performance has improved since the last reporting period			
TARGET FQ4 75%	ACTUAL FQ4 40% R	BENCHMARK TBC	PERFORMANCE TREND

FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for Road and Infrastructure Services.

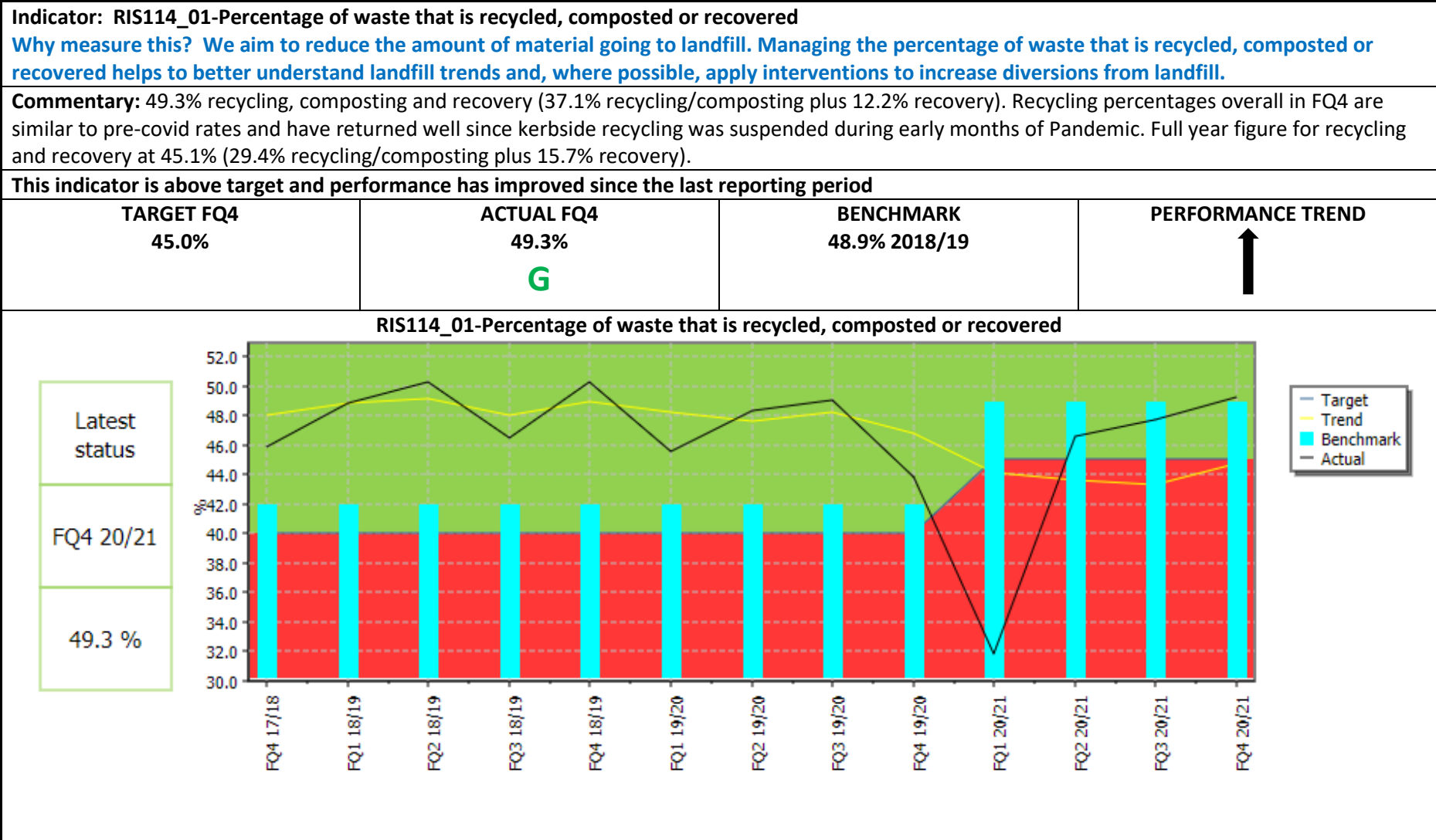
RIS113_05: The percentage of street lighting fault repairs that are completed within 10 days

Latest status
FQ4 20/21
40 %



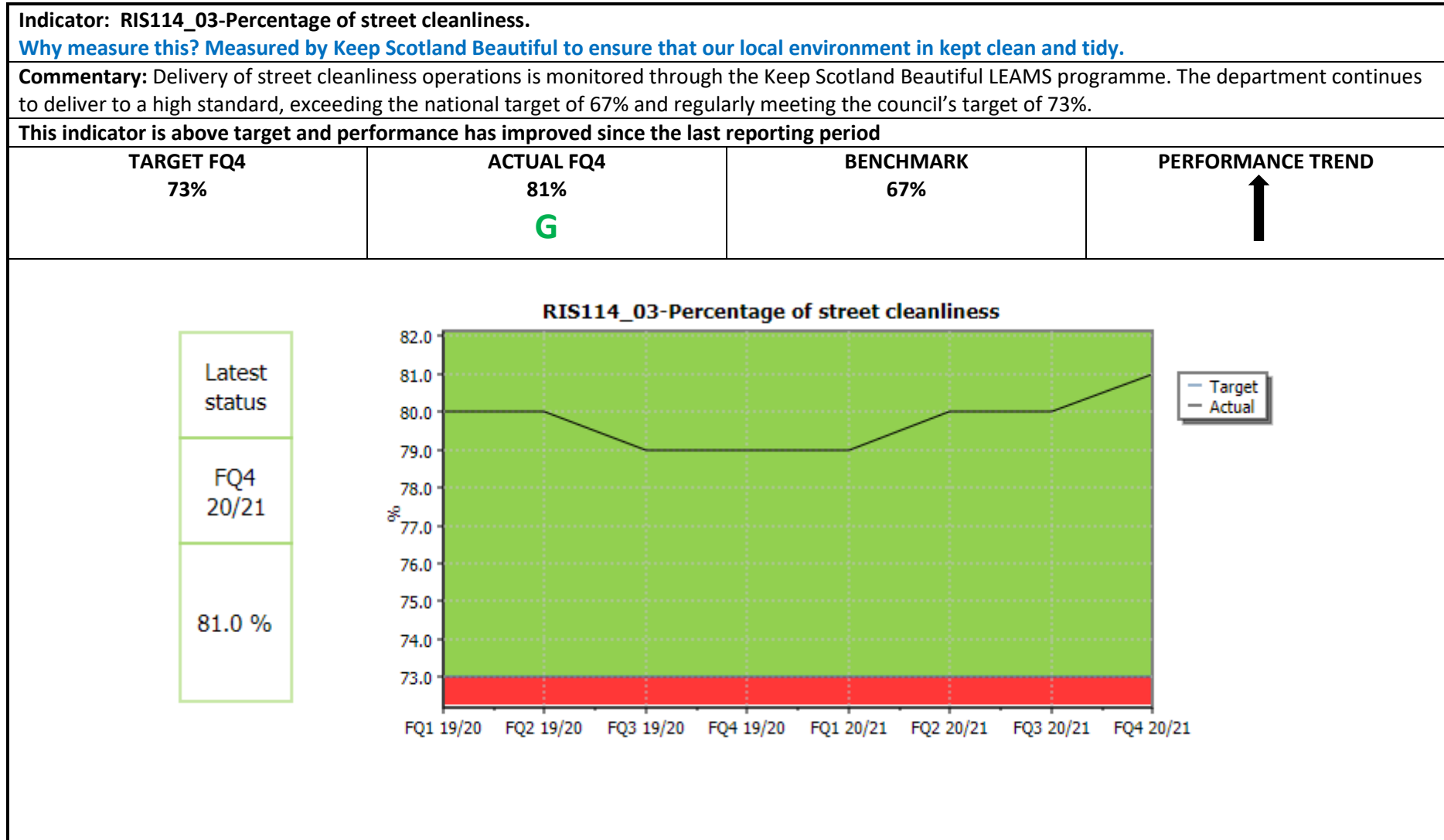
FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for Road and Infrastructure Services.



FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for Road and Infrastructure Services.



FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for Road and Infrastructure Services.

Indicator: RIS115_01-Percentage of bins collected on time.

Why measure this? The percentage of bins collected on time is something which our communities tell us is important therefore this is a measure that is made to ensure that we have a high compliance rate.

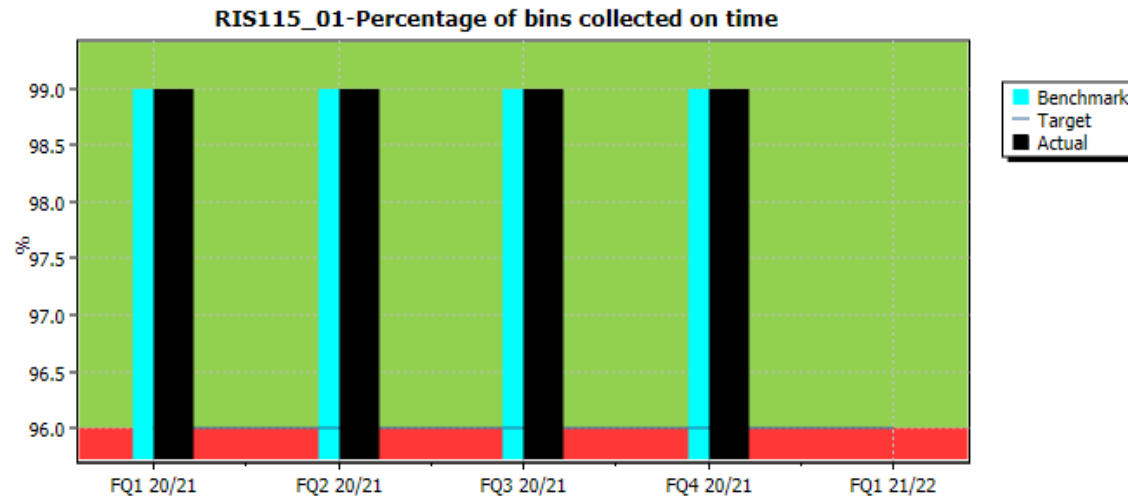
Commentary: In FQ4 99% of bins were collected on time. This is based solely on missed bin reports from customers and may not be totally reflective of service delivery on the ground since we don't record each and every individual collections.

18 bins are collected per minute for 5 full working days per week.

This indicator is above target with no change in performance since the last reporting period

TARGET FQ4 96%	ACTUAL FQ4 99% G	BENCHMARK 99%	PERFORMANCE TREND ➔
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Latest status
FQ4 20/21
99.0 %



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Council 6-Month Scorecard: October to March 2021

'Making Argyll and Bute a place people choose to live, learn, work and do business'

	Council Scorecard 2019-22	Scorecard owned by: Pippa Milne	Oct-Mar21
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Corporate Outcome 1 - People Live Active, Healthier and Independent Lives		
Success Measures	19	BO101: We Ensure Information And Support Is Available For Everyone
On Track	16	BO102: We Provide Support, Prevention and Opportunities To Help People Make Better Lifestyle Choices
		BO103: We Enable A Choice Of Suitable Housing Options
Corporate Outcome 2 - People Will Live In Safer and Stronger Communities		
Success Measures	14	BO104: Our Communities Are Supported And Protected
On Track	8	BO105: Our Natural And Built Environment Is Protected And Respected
Corporate Outcome 3 - Children and Young People Have The Best Possible Start		
Success Measures	21	BO106: Our Looked After Young People Are Supported By Effective Corporate Parenting
On Track	17	BO107: The Support And Lifestyle Needs Of Our Children, Young People And Their Families Are Met
Corporate Outcome 4 - Education, Skills and Training Maximise Opportunities For All		
Success Measures	14	BO108: All Our Children And Young People Are Supported To Realise Their Potential
On Track	9	BO109: All Our Adults Are Supported To Realise Their Potential
Corporate Outcome 5 - Our Economy Is Diverse and Thriving		
Success Measures	29	BO110: We Support Businesses, Employment And Development Opportunities
On Track	21	BO111: We Influence And Engage With Businesses And Policy Makers
		BO112: Argyll And Bute Is Promoted To Everyone
Corporate Outcome 6 - We Have An Infrastructure That Supports Sustainable Growth		
Success Measures	32	BO113: Our Infrastructure Is Safe And Fit For The Future
On Track	27	BO114: Our Communities Are Cleaner And Greener
Getting It Right		
Success Measures	49	BO115: We Are Efficient And Cost Effective
On Track	39	BO116: We Engage And Work With Our Customers, Staff And Partners
		BO117: We Encourage Creativity And Innovation To Ensure Our Workforce Is Fit For The Future

Chief Executive

Ex. Director Douglas Hendry

Ex. Director Kirsty Flanagan

Management Information



Council Scorecard 2019-22

Scorecard owned by: **Pippa Milne**

Oct-Mar21

[Back to Full Council Scorecard](#)

Management Information

RESOURCES

<i>People</i>		<i>Benchmark</i>	<i>Target</i>	<i>Actual</i>	<i>Status</i>	<i>Trend</i>
Sickness Absence ABC			4.72 Days	4.98 Days	R	↓
PRDs % complete ABC			90 %	53 %	R	↑
<i>Financial</i>		<i>Budget</i>	<i>Forecast</i>	<i>Status</i>	<i>Trend</i>	
Finance Revenue totals ABC		£k 166,206	£k 158,035	A	↓	
<i>Customer Relations</i>						
Customer Service ABC						
Customer satisfaction	90 %	Stage 1 Complaints	91 %	G	↑	
Number of consultations	0	Stage 2 Complaints	84 %	R	↑	

IMPROVEMENT

Strategic Risks

Strategic Risk Register **H 4** **M 5** **L 4**

A&B Council Audit Recommendations	R	Overdue	Due in future	Future - off target
		16 ↑	27 ↓	6 ↑

Asset Management Risks

	<i>No. of Risks</i>	<i>No. of Green Risks</i>	
HSCP & Live Argyll Red Risk Assets	0	0	
Ex. Dir. Douglas Hendry Red Risk Assets	0	0	
Ex. Dir. Kirsty Flanagan Red Risk Assets	9	8	R →

SUMMARY OF OFF-TRACK PERFORMANCE

The following two KPIs are currently off-track and performance has decreased since the last reporting period.

EDU108_07-Increase the uptake of wider achievement opportunities which offer alternative ways to develop learning, life and work skills.

The collation of this information has been delayed due to Covid restrictions and other demands. Will update as soon as available. As previously indicated, it is anticipated that numbers will be significantly lower.

LRS110_10-Maintain the percentage of local suppliers that bid for business through the procurement portal.

FQ4 - 27.9% (increase from FQ1 and FQ2). YTD local spend is 34.4%. This is due to the mix of contracts which have been awarded in FQ4.

The following 6 KPIs are currently off-track but performance has improved since the last reporting period.

FIS102_01-Maximise distribution of Scottish Welfare Fund.

Spend as at 31 March 2021 is £657,474 which is less than the £765,421 available during the year. The total programme funding was increased by £293,000 in April from £472,421 due to the outbreak of Covid-19. Whilst spend this year is 55% greater than the £424k spent in 2019/2020 we haven't been able to award the full amount of additional grant given to us. The Scottish Government has confirmed that we can carry forward the underspend to 2021/2022 so the funding is not lost and will be used to support vulnerable people in the new financial year.

FIS115_15-Maintain the high rate of collecting Council Tax.

Council Tax collection is down 0.28% at the end of the year compared to the same position in 2019/2020 and 0.23% down on target. Council Tax collection was far more challenging due to Covid-19 however this position looks like a very good outcome for the Council given the challenges faced throughout the year. Data from other Scottish local authorities will become available shortly and this will be used for benchmarking purposes.

DEG104_02- The percentage of public health service requests that are resolved within 20 working days.

Despite competing and new service demands especially relating to COVID and EU exit, we managed to halt the slide over the last 2 quarters for the measure relating to the resolution times for service requests. Whilst the target is 80%, we achieved 74%, an increase of 1% from Q3. It should be noted that all service requests are investigated and completed, timescales vary depending on the complexity of the matter and available resources. Service requests which are high priority are always dealt with first and these have focused on our general work, and also COVID referrals from Test and Protect or responding to complaints about standards in premises etc.

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Appendix 4

Bute moved into lockdown. Start-ups for the year supported is 92 against a target of 100. This is the first year since Business Gateway started in 2009 that the target of 100+ has not been met. Although the target has not been met this is a great achievement during the pandemic year where many businesses have been closed and it has been extremely difficult for people to start a business.

RIS113_02-The percentage of roads in need of maintenance as defined by the annual survey.

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RIS113_05-Percentage of street lighting fault repairs are completed within 10 days

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The following KPI is currently off-track with no change in performance since the last reporting period.

LRS116_02-Percentage of Community Councils that are satisfied with the support received from Governance Team.

Given the varying degree to which Community Councils are operating at this time no survey will be issued until they are operating on a more normal basis

The previous performance report to the committee contained 5 KPIs that were off Track and Decreasing. The performance summary of these 5 indicators is as follows -

Off-track with improving performance –

DEG104_02- The percentage of public health service requests that are resolved within 20 working days.

RIS113_05-Percentage of street lighting fault repairs are completed within 10 days

Off Track with decreasing performance -

LRS110_10-Maintain the percentage of local suppliers that bid for business through the procurement portal.

EDU108_07-Increase the uptake of wider achievement opportunities which offer alternative ways to develop learning, life and work skills.

Due to Covid it has not been possible to obtain data for the following off track and decreasing KPI -

DEG110_01-Increase visitor numbers by working in partnership with the tourism industry.

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ARGYLL AND BUTE COUNCIL**AUDIT & SCRUTINY COMMITTEE****FINANCIAL SERVICES****15 JUNE 2021**

INTERNAL AUDIT AND COUNTER FRAUD SUMMARY OF ACTIVITIES

1. SUMMARY

1.1 The objective of the report is to provide the Audit and Scrutiny Committee (the Committee) with a summary of Internal Audit activity and progress during quarter one of 2021/22.

1.2 Core activities together with a progress update statement are shown below:

- **2020/21 Audit Plan progress:** Complete
- **2021/22 Audit Plan progress:** On Track
- **Individual Audits undertaken:** Seven audits have been completed during the period. Five audits have been assessed as providing substantial assurance and two audits as providing limited assurance.
- **Scrutiny:** The Scrutiny review of the Strategic Housing Fund has completed and is submitted to this committee under a separate report. Discussions have taken place regarding reviews to be undertaken in 21/22.
- **Counter Fraud:** The team has completed training and functioning well.
- **Continuous Monitoring Programme Testing:** A number of auditable units are subject to continuous testing. Management have responded to previous quarter notifications and there are no outstanding issues.
- **Performance indicators:** Current status is green / on track.

2. RECOMMENDATIONS

2.1 To review and endorse the Summary of Activities report

3. DETAIL

3.1 Seven audits have been completed since the previous Committee in March 2021. One audit is currently in progress and will be reported to a future meeting of the Committee.

Audits Completed

- Capital Monitoring
- Sickness Absence
- Intercompany Controls
- Charging for Non-residential Care services
- Disaster Recovery Planning (ICT)

- Warden Services
- Workforce Planning

Audit in Progress

- Land and Asset Disposal

3.2 In addition to those already in progress indicative audits planned for Quarter 2 2021/22 are:

3.3 2021/22 Audit Plan

- Purchasing Cards
- Civil Contingencies
- Planning Applications

Scrutiny

3.4 The Strategic Housing Fund review panel met on 3 June 2021 and the final report is submitted to this Committee.

3.5 A Scrutiny Development Session was held on 27 April 21 and this is the subject of a separate report to this Committee.

Counter Fraud

3.6 The Counter Fraud Team (CFT) is now fully operational utilising desktop investigations to date. Both officers have completed the CIPFA (Chartered Institute of Public Finance and Accountancy) Accredited Counter Fraud Specialist Course and have received digital copies of their certificates.

3.7 An internal fraud e-learning course has been prepared and is with the Talent Management Team for testing and review.

3.8 In February 2021, the CFT received a whistleblowing employee referral. An investigation was carried out which concluded there was sufficient evidence to support the accusation of fraud. This has been discussed with the Council's Legal and Regulatory Support team and escalated to the appropriate Executive Director for consideration.

3.9 In April 2021, colleagues in Social Work contacted the CFT for advice regarding a Care at Home complaint and an allegation of misappropriation of client funds. The CFT are currently conducting a review to establish whether there is any evidence of fraudulent activity.

3.10 Investigations into reports of potential Council Tax anomalies are being carried out. These mainly consist of potentially false claims for single person discounts, fictitious tenants or claims of second home status for the avoidance of 100% premium of Council Tax. Investigations are mainly desk based utilising online tools for credit referencing and utility checks. The CFT have performed large scale reviews which have resulted in large billing values from penalty charges. This is a bi-annual investigation and part two will be run in September. This exercise uses external sources to data match our own records, and CFT staff cross reference anomalies.

- 3.11 As COVID restrictions are now easing this enables the CFT to be more proactive in terms of site visits to identify a range of possible frauds with a primary focus on empty homes. A review focusing on Bute is about to commence with properties identified for a site visit.
- 3.12 A rolling programme of reviews is carried out on Council Tax Discount and Exemptions and our current focus is to review:
- student exemptions and discounts that are 2 or 3 years old
 - repossessed dwellings
 - agricultural dwellings and buildings
 - levies due to be applied throughout the year.
 - properties changing to second homes and/or main residence.
 - data matches for COVID Grants with SLAIG (Scottish Local Authorities Investigators Group)

3.13 Table 1 summarises our counter fraud activity work in 2021/22 to date.

Table 1: Counter Fraud Activity 2021/22

Investigation Area	No. of Referrals	Summary
Council Tax	11	Investigative work has confirmed that there is no evidence of fraud in relation to these 11 referrals although: <ul style="list-style-type: none"> • one case referred to the Valuation Joint Board for further investigation • one referred to social work for assessment of possible care need.
Benefits	5	All passed to DWP.
Blue Badge	1	No offence found
Employee	1	Currently subject to executive director review
Other Referrals	4	<ul style="list-style-type: none"> • One general query • One highlighting a Council laptop found in London – reported to Council's Governance & Risk Manager and IT Department • Two in relation to COVID grants.
Proactive Work	N/A	Proactive reviews not based on referrals has resulted in removal of exemptions and applying extra charges and penalties where appropriate.
TOTAL	22	Total Additional Billing to Date £72,424

Additional Updates from Quarter One

- 3.14 The Chief Internal Auditor has been appointed as the full time Head of Financial Services on an interim basis until September 2022. There is therefore a vacancy for a new CIA for the same interim period and a recruitment campaign is currently underway.

- 3.15 Internal Audit continued to lead on the Council's Discretionary Fund to support local businesses impacted by COVID. The fund has now closed to applications. Two members of the Internal Audit team were redeployed to assess applications and have now returned to their roles in Internal Audit bar some work to finalise applications which are still in progress.
- 3.6 Internal Audit work for the Health and Social Care Partnership (HSCP) has commenced with a review of Care Programme Approach now in progress and the Chief Internal Auditor has facilitated a workshop to review the HSCP's Strategic Risk Register.

Continuous Monitoring

- 3.17 Our continuous monitoring programme is generally focused on transactional type activity. Standard audit tests are applied which are relevant to each auditable unit. Control design tests look at whether the controls in place adequately address the potential risk event.
- 3.18 A follow up process is in place whereby management are advised of continuous monitoring findings and, where appropriate, requested to take remedial action. There are currently no outstanding follow-up points arising from previous testing. Due to the volume of continuous monitoring tests carried out the decision was made to report by exception only. Due to the redeployment of staff to work on the Council's Discretionary Fund there was no continuous monitoring performed in quarter one. This work will recommence now that the Discretionary Fund work is complete.

National Reports

- 3.19 A follow up process for national reports is in place whereby management are advised of national reports published and asked to confirm what, if any, action is planned as a result of the report. Table 2 details the national reports issued during quarter one 2021/22.

Table 2: National Reports

National Report	Issued To	Detail	Management response/ Action taken
Improving outcomes for young people through school education	Executive Director Douglas Hendry	Attainment gap remains wide and better education data needed. Progress on closing the poverty-related attainment gap between the most and least deprived school pupils has been limited and more evidence is needed to understand educational achievement beyond exams.	The recommendations combined with those from the International Council of Education Advisors, the Organisation for Economic Co-operation and Development Curriculum for Excellence review and the National Equity Audit will be used to inform the updated National Improvement Framework which our

			Education Service will use to inform service planning and school improvement plans. (There are no specific outputs or timescales identified)
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National Fraud Initiative (NFI)

- 3.20 NFI data matching involves comparing computer records held by one body against other computer records held by the same or another body to identify potentially fraudulent claims and payments to be identified. Note though that the inclusion of personal data within a data matching exercise does not mean that any specific individual is under suspicion. Where a match is found it indicates that there may be an inconsistency which requires further investigation. No assumption can be made as to whether there is fraud, error or other explanation until an investigation is carried out. A reminder process is in place to ensure that matches are reviewed on a timely basis.
- 3.21 Matches are available for review and progress is monitored monthly by the Counter Fraud Team and reported quarterly to the Audit and Scrutiny Committee.

Table 3: National Fraud Initiative Progress at 09/05/2021):

Operational Area	Total Matches	Recommended / High Risk Matches	Matches Complete	WIP	Match Description
CT to Elect Register	1000	n/a	0	0	CT records to Electoral Register/ other data sets to ensure discount awarded to only those living alone aged over 18, taking into account disregarded occupants. (CT to other Datasets will not be progressed further due to poor quality data)
CT rising 18s	194	n/a	0	0	
Housing Benefits	26	12	13	1	HB records to records in other authorities / other datasets including student loans, payroll and pensions to identify undeclared income and capital.
Payroll	55	31	0	0	Payroll records to other datasets including other payrolls and pensions to ensure employee is not receiving additional income.
Blue Badges	255	157	184	0	Blue badge records to DWP data to identify deceased claimant with valid badge.
Housing Waiting list	242	65	111	50	Housing waiting list records to other organisations HBCTR and tenant data to identify undisclosed changes in circs or false info.
Council Tax Reduction	395	76	48	0	CTR records with records in other authorities / other datasets including; student loans, payroll and pensions to identify undeclared income and capital

Creditors	4839	253	40	0	Analyses Creditors data to identify possible duplicate vendors and payments, VAT errors or fraud and multiple vendors sharing a bank account.
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Overall Summary of Matches

Matches Complete	Work In Progress	Cleared	Frauds	Errors	Total Value £	Recovering	Recovering Value £
285	1	166	0	119	0	0	0

Internal Audit Development

3.22 The table below details progress against the action points in our Internal Audit development plan. No additional items have been added in quarter one.

Table 4: Internal Audit Development Key Actions:

Area For Improvement	Agreed Action	Progress Update	Timescale
VC and conference facility	Progress plan to use former audit room at Whitegates as a video conference facility. The new facility is well progressed but paused due to the Council's response to the pandemic situation.	Delayed	No current timescale due to ongoing office closures

3.23 Internal Audit scorecard data is available on pyramid. The indicators reported are aligned to those for internal audit in the Financial Services service plan. All indicators are shown as on currently being on track.

Internal Audit Team Scorecard 2020– 21 – FQ4 20/21 (as at March 2021)			
BO115 We Are Efficient And Cost Effective			
Internal Audit Level of Satisfaction	Actual	95%	G
	Target	80%	↑
Review of Strategic Risk register	Status	On Track	G
	Target	On Track	→
Percentage of audit plan completed	Status	100%	G
	Target	100%	↑
Percentage of audit recommendations accepted by management	Actual	100%	G
	Target	100%	→

4 CONCLUSION

- 4.1 The revised 2020/21 Audit Plan is now complete and the 2021/22 audit plan has commenced. The Counter Fraud Team is continuing to develop and delivering a positive output for the Council.

5 IMPLICATIONS

- 5.1 Policy - Internal Audit continues to adopt a risk based approach to activity
- 5.2 Financial –None
- 5.3 Legal –None
- 5.4 HR – None
- 5.5 Fairer Scotland Duty – None
- 5.5.1 Equalities – None
- 5.5.2 Socio-Economic Duty – None
- 5.5.3 Islands Duty – None
- 5.6 Risk – None
- 5.7 Customer Service – None

For further information please contact Internal Audit (01436 657694)

Laurence Slavin

Chief Internal Auditor

15 June 2021

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ARGYLL AND BUTE COUNCIL
AUDIT AND SCRUTINY COMMITTEE**FINANCIAL SERVICES****15 JUNE 2021**

INTERNAL AND EXTERNAL AUDIT REPORT FOLLOW UP 2020-21

1.0 INTRODUCTION

- 1.1 Internal and external audit reports include an action plan with a management response establishing the agreed action, timescale and responsible officer. Internal Audit record these in a database and, on a monthly basis, follow them up to ensure they are being progressed.
- 1.2 This report updates the committee on all open actions as at 31 March 2021 including information on actions where the agreed implementation date has been rescheduled.

2.0 RECOMMENDATIONS

- 2.1 To endorse the contents of the report.

3.0 DETAIL

- 3.1 The two tables below provide a numerical summary of open audit actions with a split between actions due by and due after 31 March 2021.

Actions Due before 31 March 2021

Service	Complete	Delayed / Rescheduled	Evidence Required	Total
Internal Audit				
Adult Care	0	1	0	1
Commercial Services	0	4	1	5
Cross Cutting	2	3	0	5
Customer Support Services	2	1	0	3
Education	3	0	0	3
Financial Services	8	0	0	8
Legal & Regulatory Support	20	4	0	24
Lifelong & Learning Support	0	0	1	1
Roads & Infrastructure Services	1	5	1	7
External Audit				
	0	0	0	0
TOTAL	36	18	3	57

Actions due after 31 March 2021

Service	Complete	On Course	Delayed & Rescheduled	No Response	Total
Internal Audit					
Adult Care	0	0	2	0	2
Commercial Services	0	1	0	0	1
Cross Cutting	0	1	0	0	1
Development & Economic Growth	0	2	0	0	2
Education	0	4	2	0	6
Financial Services	0	4	0	0	4
Legal & Regulatory Support	0	1	1	0	2
Lifelong learning & Support	0	1	0	0	1
LiveArgyll	0	0	1	0	1
Roads & Infrastructure Services	1	4	0	0	5
External Audit					
Financial Services	0	1	0	0	1
Customer Support Services	0	0	1	0	1
TOTAL	1	19	7	0	27

3.2 Appendix 1 provides further detail on actions that have either been delayed and rescheduled or for which Internal Audit have received no response from the service to inform this follow up.

4.0 CONCLUSION

4.1 COVID19 continues to impact on the progress services are making to complete audit action points.

5.0 IMPLICATIONS

- 5.1 Policy - None
- 5.2 Financial - None
- 5.3 Legal - None
- 5.4 HR - None
- 5.5 Fairer Scotland Duty - None
- 5.5.1 Equalities – None
- 5.5.2 Socio-Economic Duty – None
- 5.5.3 Islands Duty - None
- 5.6 Risk –None
- 5.7 Customer Service – None

Laurence Slavin
Chief Internal Auditor
15 June 2021

For further information please contact:

Laurence Slavin, Chief Internal Auditor, 01436 657694

APPENDICES

Appendix 1 – Action Plan Points Delayed & Rescheduled or with No Response

Appendix 1 - Action Plan Points Delayed & Rescheduled or with No Response

Action Plan Points Due by 31 March 2021						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer
Roads & Infrastructure – Fleet Management	Driving Hours Compliance Fleet drivers not subject to EU legislation maintain manual driving records which are handed to supervisors on a weekly basis to check and sign. This is a resource intensive process which is subject to human error. There would be clear process efficiency gains and less risk of error if the Council adopted the system already in place for fleet drivers subject to EU legislation and rolled out electronic driver cards to all fleet drivers.	Low	The key officer will ensure that all drivers hold and use tachograph cards to move away from the paper book records.	31 Dec 2020 31 Mar 2021 30 Jun 2021	Freight Transport Association Audit actions being followed through. Delayed & Rescheduled	Procurement/Technical Officer
Cross Cutting – Organisational Culture & 2019 Employee Survey Action Plan	Communication	N/A	Introduce standards to develop employee communication as a priority and practice: these to include requirement to give	31 Oct 2019 31 Dec 2019 31 Mar 2020 31 Dec 2020 31 Mar 2021 30 Sep 2021	Re-scheduled to allow for other priorities such as Covid/staycation communication. Delayed & Rescheduled	Communications Manager

Action Plan Points Due by 31 March 2021						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer
			'You said/we did' feedback to surveys			
Cross Cutting – Organisational Culture & 2019 Employee Survey Action Plan	Valuing Employees	N/A	Finalise new PRD format	31 Jan 20 31 Dec 20 31 Mar 21 31 Mar 22	Focus on the Covid response impacted on the HROD Team's priorities and resulted in a delay to progressing this. This work aligns well with the Performance Management Project, one of our BV3 actions, so the revised PRD will be developed to align with this, for the beginning of a new financial year. Delayed & Rescheduled	Head of Customer Support Services
Cross Cutting – Organisational Culture & 2019 Employee Survey Action Plan	Involvement in change	N/A	Use new approach of online exit questionnaires to help identify root causes for departures and assess the potential additional benefit of exit interviews.	31 Jan 20 31 Dec 20 31 Mar 21 30 Sep 21	Focus on re prioritised activities as part of the Covid response has prevented the HROD Team from designing and implementing a new Exit Questionnaire. This has been added to the 21/22 workplan. Delayed & Rescheduled	Head of Customer Support Services
Commercial Services – Legionella Improvement Plan	Appointment of Key Positions The Standard requires the Chief Executive to appoint the Duty Holder in writing and for the	High	Appointments to be made after appropriate training.	31 Dec 20 31 Mar 21 30 Jun 21	Appointment letters to be revised following CEO feedback. Delayed & Rescheduled	Responsibility for Commercial Services/Head of Commercial Services

Action Plan Points Due by 31 March 2021						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer
	Duty Holder to then appoint the FRPs, Deputy Duty Holder and Responsible Persons (Legionella) in writing. None of this has occurred although the Standard does establish an anticipation that the Duty Holder will be the Executive Director with responsibility for Commercial Services and that the FRPs will be Heads of Service.					
Commercial Services – Legionella Improvement Plan	Staff Resources Significant progress requires to be made to fully appraise staff resources and appoint key staff to undertake legionella management tasks within properties.	High	Undertake benchmarking exercise and review staff resource, following which provide guidance to FRP's for them to appoint key staff.	31 Dec 20 31 Mar 21 30 Jun 21	1. Benchmarking returns to be analysed to allow appraisal of resource to be finalised. 2. FRPs/Site & Premises Managers available on Premises Inspection Sharepoint. Heads of Service to confirm details on list for their properties as part of their appointment. Delayed & Rescheduled	Executive Director with Responsibility for Commercial Services/Head of Commercial Services

Action Plan Points Due by 31 March 2021						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer
Commercial Services – Legionella Improvement Plan	Risk Based Approach to Legionella A Contractor specialising in water quality undertakes various water hygiene checks on a monthly, quarterly, six monthly and annual basis at 72 of the 327 Council owned properties which have a water supply. The properties selected for Contractor visits were chosen on a risk based approach based on discussions with representatives within the water group and included consideration of users, location, water outlet types rather than a formalised risk based approach informed by the risk assessments. In addition flushing is currently being undertaken at 13 properties and again this	Medium	Review all properties with water and produce a written record of the nature and frequency of tasks that require contractor visits.	31 Dec 20 31 Mar 21 30 Jun 21	A number of tasks are ongoing as follows a. A reconciliation of all sites with water from various sources including Concerto records, billing records etc. b. A matrix of contractor tasks for each property has been produced and is being populated 2. Vacancies within the business support team have hampered progress but it is anticipated that additional resource should be in place in February 2021. 3. Once item 1a is completed the matrix will be finalised allowing the audit action to be completed. Delayed & Rescheduled	Property Services Manager/Energy & Building Services Performance Manager/Mechanical Services Technician

Action Plan Points Due by 31 March 2021						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer
	was based on risk based discussions rather than a formalised risk based approach.					
Commercial Services – Legionella Improvement Plan	Legionella Log Books Legionella log books which are required at all properties requiring testing have, at the time of original audit 121 have been distributed to Council properties. 262 had been distributed by August 2020. Furthermore sample testing identified inconsistencies in the information recorded in log books.	Medium	Complete the distribution of logbooks to appropriate properties.	31 Dec 20 31 Mar 21 30 Jun 21	All log books have been produced and with the exception of 18 log books have now all been distributed to sites. The 18 that have still to be distributed are generally on islands so distribution has been hampered by travel restrictions. It is preferable to personally deliver logbooks so if travel is not possible before the end of February they will be posted. Once the final 18 logbooks have been distributed the audit action will be completed. Delayed & Rescheduled	Property Services Manager/Energy & Building Services Performance Manager/Mechanical Services Technician
Legal & Regulatory Support – Business Continuity Planning	School Relocation Plans Of the ten secondary school CARPs the named alternative location(s) for five appeared to provide insufficient capacity for the current	High	Head Teachers have been requested to complete new CARP template which includes an appendix on relocation availability. The new	31 Mar 20 30 Sep 20 31 Mar 21 30 June 21	To be progressed and completed by Head Teacher prior to new School Year starting. Delayed & Rescheduled	Governance & Risk Manager

Action Plan Points Due by 31 March 2021						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer
	school roll. Furthermore the required equipment identified in the CARPs did not appear to be sufficient.		policy and creation of a testing programme will also address this issue.			
Legal & Regulatory Support – Business Continuity Planning	Review of Critical Activities A comprehensive review was carried out in 2012 to identify the Council's critical activities. This reduced the number from 110 to 27. Despite there being a number of organisational changes in the Council in the past seven years the assessment of what constitutes a critical activity has never been revisited.	Medium	A report will be submitted to SMT at the start of each financial year which provides detail of current CARPs. SMT will be given the opportunity to identify any other activities that they consider would benefit from having a CARP.	31 Mar 20 30 Sep 20 31 Mar 21 30 Jun 21	BC team been heavily involved in pandemic response so delay in getting report to SMT. Delayed & Rescheduled	Governance & Risk Manager
Legal & Regulatory – Information Asset registers	Periodic Review and Agreement of Information Asset Registers For four of the 12 IARs there was no evidence they had been agreed by the relevant DMT. Furthermore IARs need	Medium	Obtain annual approval from DMTs for all completed IARs	30 Sep 20 31 Mar 21 30 Sep 21	Evidence of Customer Services DMT report from April 2020 provided, requesting action to be continued to September 2021 for DIS only. Absence of key staff within DIS has prevented this from being taken forward, I have been working with other staff to	Governance, Risk & Safety Manager

Action Plan Points Due by 31 March 2021						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer
	to be reviewed to ensure they are aligned to the new Corporate structure. The RMP requires that IAR's should have a complete action plan to document required changes. Two of the 12 IARs had an action plan, two had action plans that did not fully meet the requirements of the RMP and eight had no action plan.				take things forward with their IARs since the start of the year, but they have been unable to get them to their DMT yet. Delayed & Rescheduled	
Legal & Regulatory – Information Asset registers	Periodic Review and Agreement of Information Asset Registers For four of the 12 IARs there was no evidence they had been agreed by the relevant DMT. Furthermore IARs need to be reviewed to ensure they are aligned to the new Corporate structure. The RMP requires that IAR's should have a	Medium	Action plans for all IARs to be put in place and agreed by management teams	30 Sep 20 31 Mar 21 30 Sep 21	Action plans to be prepared following final agreement of IAR hosting system, unable to complete final testing / trial until after May due to election work. Delayed & Rescheduled	Governance, Risk & Safety Manager

Action Plan Points Due by 31 March 2021						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer
	complete action plan to document required changes. Two of the 12 IARs had an action plan, two had action plans that did not fully meet the requirements of the RMP and eight had no action plan.					
Lifelong Learning & Support – Systems Interfaces & Reconciliations	General Ledger Reconciliations There is no reconciliation performed between the source system and the general ledger for ResourceLink, PECOS, Concerto and Tranman and the SEEMiS interface for clothing grants.	Medium	Data in the source system may not be accurately reflected in the general ledger.	31 Dec 20 31 Mar 21	Complete – evidence required	Seemis - School Services Support Manager
Customer Support services – Logical Access	Password Controls A number of issues were identified where password controls fell short of good practice. In some circumstances the systems do not have the required functionality. We have only highlighted issues	Low	Payroll – Password complexity will be introduced by end of December 2020.	31 Dec 20 31 Mar 21 30 Jun 21	This has not been completed as yet have been testing requirements in the test system so far. Delayed & Rescheduled	ResourceLink Systems Administrator

Action Plan Points Due by 31 March 2021						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer
	where the system does have the functionality however it has not been turned on. <ul style="list-style-type: none"> ☑ Payroll o Password complexity not enforced 					
Customer Support Services – Systems Interfaces & Reconciliations	General Ledger Reconciliations There is no reconciliation performed between the source system and the general ledger for ResourceLink, PECOS, Concerto and Tranman and the SEEMiS interface for clothing grants.	Medium	Data in the source system may not be accurately reflected in the general ledger.	31 Mar 21	When the GL Interface is generated on RL by the Payroll Team this details the Db/Cr's which will be reflected in the GL. The file is automatically transferred and upload to the ledger. To allow for a reconciliation a copy of the information generated by the Payroll Team (GL Interface) will be emailed as part of the Payroll Process to the Strategic Finance Team. Complete – evidence required	Resourcelink - Pensions & Payroll Officer
Roads & Infrastructure Services – grounds Maintenance	Winter Servicing of Machinery and Equipment Annual winter servicing of machinery and equipment does not always take place due to resource pressures	Medium	All machinery will be subject to annual maintenance to comply with manufacturing guidelines.	30 Jun 20 31 Mar 21	All winter servicing of machinery was carried out. All machinery now logged in the tranman system and all works recorded. Complete – evidence required	Operations Manager

Action Plan Points Due by 31 March 2021						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer
	resulting in mechanics being asked to assist in other areas of service delivery such as cemetery work and refuse collection. There may be benefit in establishing a programme of prioritisation to ensure that more critical machinery receives the annual service with less critical being serviced less regularly.					
Roads & Infrastructure Services – Logical Access	Procedures/User Manual Procedures/user manuals for the NDR, BACS and Tranman systems do not provide any guidance on logical access controls.	Medium	Tranman – Civica have advised that there may be an option to make use of Active Directory to access the system and this is being considered.	31 Mar 21 30 Jun 21	Hoping to implement once Small Tools Project is complete. Delayed & Rescheduled	Tranman Systems Administrator
Roads & Infrastructure Services – Logical Access	Password Controls A number of issues were identified where password controls fell short of good practice. In some circumstances the systems do not have	Low	Tranman – Civica have advised that there may be an option to make use of Active Directory to access the system and this is being considered.	31 Mar 21 30 Jun 21	Hoping to implement once Small Tools Project is finished. Delayed & Rescheduled	Tranman Systems Administrator

Action Plan Points Due by 31 March 2021						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer
	<p>the required functionality. We have only highlighted issues where the system does have the functionality however it has not been turned on.</p> <ul style="list-style-type: none"> ☐ Tranman <ul style="list-style-type: none"> o Password changes are not enforced o Password complexity not enforced o Password file visible to the systems administrator 					
Roads & Infrastructure Services – Logical Access	<p>Logon Controls</p> <p>A number of issues were identified where logon controls fell short of good practice. In some circumstances the systems do not have the required functionality. We have only highlighted issues where the system does have the functionality however it has not been turned on.</p> <ul style="list-style-type: none"> ☐ Tranman 	Low	Tranman – Civica have advised that there may be an option to make use of Active Directory to access the system and this is being considered.	31 Mar 21 30 Jun 21	<p>Hoping to implement once Small Tools Project is finished.</p> <p>Delayed & Rescheduled</p>	Tranman Systems Administrator

Action Plan Points Due by 31 March 2021						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer
	<ul style="list-style-type: none"> o User not locked following failed login attempts o No control over inactive users 					
Roads & Infrastructure Services – Logical Access	<p>User Management Controls</p> <p>A number of issues were identified where user management controls fell short of good practice. In some circumstances the systems do not have the required functionality. We have only highlighted issues where the system does have the functionality however it has not been turned on.</p> <ul style="list-style-type: none"> ☑ Tranman <ul style="list-style-type: none"> o Leaver and change notifications are not always received in a timely manner o No review of user access rights and permission levels o No audit trail is 	Low	Tranman – on 25 august a call was logged with Civica regarding audit trail. Resolution and timescale will depend on response to logged call.	30 Sep 2020 31 Jan 2021 31 Mar 2021	<p>Hoping to implement once Small Tools Project is finished.</p> <p>Delayed & Rescheduled</p>	Tranman Systems Administrator

Action Plan Points Due by 31 March 2021						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer
	available					
Adult Care – Logical Access	<p>Password Controls</p> <p>A number of issues were identified where password controls fell short of good practice. In some circumstances the systems do not have the required functionality. We have only highlighted issues where the system does have the functionality however it has not been turned on.</p> <ul style="list-style-type: none"> ☐ Carefirst <ul style="list-style-type: none"> o Old passwords can be reused o Password complexity not enforced 	Low	<p>CareFirst – On 21 August a call was logged with OLM asking if the relevant configurations can be amended. Resolution and timescale will depend on response to logged call.</p>	<p>30 Sep 2020</p> <p>31 Jan 2021</p> <p>28 Feb 2021</p> <p>30 Jun 2021</p>	<p>ICT has made some changes to try to incorporate the password rule change required, but the adjustment to settings isn't having the effect on end-user that we expected. We're continuing to investigate and will escalate to the system vendor, OLM, if necessary.</p> <p>Delayed & Rescheduled</p>	CareFirst Systems Administrators

Action Plan Points Due After 31 March 2021						
Customer Support Services – External Audit – Performance Reporting	<p>It is difficult to connect service plan performance reports to corporate outcomes and the Corporate Plan, as service reporting only</p>	N/A	<p>Consideration will be given to including clearer links as part of ongoing improvements.</p>	<p>30 Jun 20</p> <p>30 Apr 21</p> <p>30 Mar 22</p>	<p>This will be addressed as part of the wider Performance Management Project which is scheduled to be completed by March 2022.</p> <p>Delayed & Rescheduled</p>	Head of Customer Support Services

Action Plan Points Due After 31 March 2021						
	<p>references related business outcomes. There is a risk that the link between service performance and the Corporate Plan is not sufficiently transparent. The Council should consider developing clearer links between service are performance reporting and the corporate outcomes contained in the Corporate Plan.</p>					
Education – Review of School Funds	<p>School Fund Training There is no training in place to support school fund committee members. The majority of staff who are currently managing funds were either trained by the previous person as part of a handover process or have acquired an understanding of requirements over a period of time. This can lead to</p>	Medium	Produce LEON guidance for new staff.	30 Sep 20 31 Mar 21 31 Jul 21	<p>Work underway, on track for completion by end of Qtr2.</p> <p>Delayed & Rescheduled</p>	School Services Support Manager

Action Plan Points Due After 31 March 2021						
	<p>inconsistent practices across schools and a lack of resilience in the event of periods of extended illness or absence.</p> <p>It is recognised that face to face training may not be practical due to the number of schools and Argyll and Bute's geographical challenges so consideration should be given to alternative ways of providing training.</p>					
Education – Review of School Funds	<p>Cashbooks</p> <p>Whilst all twelve schools visited had a form of cashbook in place these tended to vary substantially in style, format and the extent to which recorded income and expenditure was cross referenced to receipts. Some were maintained in Microsoft Excel, some in Microsoft Word and some were</p>	Medium	<p>Standard Circular 1.10 will be updated (See Section 1 of Action Plan). A standard Cash Book template will be created in Excel and training will be provided as outlined above.</p>	<p>30 Jun 2020 31 Mar 2021 30 Jun 2021</p>	<p>Work underway, on track for completion by end of Qtr2.</p> <p>Delayed & Rescheduled</p>	<p>School Services Support Manager</p>

Action Plan Points Due After 31 March 2021						
	hand written in books. The format of cashbooks should be standardised, preferably in Excel to minimise the risk of arithmetic errors, with guidance provided on how to complete them.					
Legal & Regulatory Support – Information Asset Registers	Information Asset Registers The two Social Work IARs were not available for review or located on the designated sharepoint site. Of the remaining ten, four require to be updated to reflect the latest GDPR requirements. Clarity over whether the Live Argyll IAR comes under the remit of the Governance, Risk & Safety Manager's responsibility is required.	High	Social Work IARs to be completed and approved by appropriate management teams	31 Dec 2020 30 Jun 2021 30 Sep 2021	Revise target to 30 September to allow further time for staff within HSCP to review and agree IAR process. Delayed & Rescheduled	Governance, Risk & Safety Manager
Adult Care – Social Care Contract Management	Care Contracts Sample testing of eight contracts highlighted two situations where	Medium	Contract Negotiations with two providers nearing conclusion –	31 Dec 2020 31 Mar 2021 30 Jun 2021	Finance colleagues have met with the provider and Commissioning have a contract prepared. We have a	Locality Manager – HSCP

Action Plan Points Due After 31 March 2021						
	there is no agreed and signed contract between the Council and the provider. In both cases these are continuations of previous contracts and they are currently operating on previously agreed contractual terms. HSCP officers are continuing to negotiate revised terms and, in one case, these negotiations have been ongoing for in excess of a year.		awaiting confirmation of estimated capacity from providers to allow terms to be finalised.		proposed reshaping of service which the provider has agreed and consultation is underway with families affected. We would hope to have the contract issues resolved within quarter 1 of 2021/22. Delayed & Rescheduled	
Adult Care – Social Care Contract Management	Call Up Letters Sample testing highlighted situations where services are being provided without a call up letter being in place. This is contrary to Council policy.	Low	Updated call up letters will be issued when providers confirm estimated capacity for year.	31 Dec 2020 31 Mar 2021 30 Jun 2021	Finance colleagues have met with the provider and Commissioning have a contract prepared. We have a proposed reshaping of service which the provider has agreed and consultation is underway with families affected. We would hope to have the contract issues resolved within quarter 1 of 2021/22. Delayed & Rescheduled	Locality Manager – HSCP

Action Plan Points Due After 31 March 2021						
LiveArgyll – Performance Management	LiveArgyll’s business and sector plans are comprehensive and include a number of supporting performance measures. Collection of the data to report against these performance measures is labour intensive and subject to the risk of human error. Performance Reporting Arrangements There is scope to improve existing processes to ensure all current outcomes are being measured and assessed appropriately. This includes consideration of ways to better automate performance reporting and ensuring the suite of performance measures used are consistent with operational requirements and current working	Medium	Management are exploring options in respect of a replacement Leisure Management System which amongst other things will support management reporting by allowing automated reporting which will support consistency, accuracy and timely reporting. Measures no longer being reported on will be removed from reporting schedules and associated documents updated.	30 Sep 2020 31 Mar 2021 30 Jun 2021	Procurement exercise well under way for new Leisure Management System and tender should be awarded in May 2021. Delayed & Rescheduled	Business Support Manager

Action Plan Points Due After 31 March 2021						
	practices.					

ARGYLL AND BUTE COUNCIL

AUDIT AND SCRUTINY COMMITTEE

FINANCIAL SERVICES

15 JUNE 2021

**INTERNAL AUDIT REPORTS TO AUDIT AND SCRUTINY COMMITTEE
2020/2021**

1. EXECUTIVE SUMMARY

- 1.1 There are seven audits being reported to the Audit and Scrutiny Committee.
- 1.2 The table below provides a summary of the conclusions for the audits performed. The full reports are included as appendices to this report.

Audit Name	Level of Assurance	High Actions	Medium Actions	Low Actions	VFM Actions
Capital Monitoring	Substantial	0	2	0	0
Intercompany Controls (LiveArgyll)	Substantial	0	1	3	1
Charging for Non-residential Care Services	Substantial	0	2	1	1
Sickness Absence	Substantial	0	2	2	1
Workforce Planning	Substantial	0	1	0	0
Warden Services	Limited	3	0	1	1
Disaster Recovery Planning (ICT)	Limited	1	1	2	0

- 1.3 Internal Audit provides a level of assurance upon completion of audit work. A definition for each assurance level is documented in each audit report.

2. RECOMMENDATIONS

- 2.1 Audit and Scrutiny Committee to review and endorse this summary report and the detail within each individual report.

3. DETAIL

- 3.1 A high level summary of each completed audit report is noted below:

Capital Monitoring: This audit has provided a substantial level of assurance. This means that internal control, governance and the management of risk is sound, however, there are minor areas of weakness which put some system objectives at risk. The Council has an approved Capital Programme Planning and Management Guide which is aligned to Financial Regulations and good practice however it has not been updated since 2018 due to the ongoing development of a new Capital Strategy. Monthly capital monitoring processes are well established and monitoring reports are presented to appropriate audiences. It would be beneficial to engage with project managers to identify

training needs and address these through the development of a training programme to help ensure a consistent and robust approach to capital project management. In particular this should include training on capital project profiling.

Intercompany Controls (LiveArgyll): This audit has provided a substantial level of assurance. Internal control, governance and the management of risk is sound. However, there are minor areas of weakness which put some system objectives at risk. Expenditure and payroll transactions are appropriately authorised and allocated between Company 1 and Company 2, however allocating payroll costs to LiveArgyll requires manual intervention, reasonableness checks and sample testing. Appropriate authorisations levels have been established across the key systems that LiveArgyll and Council officers use to provide services that LiveArgyll require however there is a need for guidance on how to process invoices in relation to LiveArgyll. In addition the Council should consult and take account of LiveArgyll's opinion on any process changes which will impact on them prior to implementing them.

Charging for Non-Residential Care Services: This audit has provided a substantial level of assurance. This means that internal control, governance and the management of risk is sound, however, there are minor areas of weakness which put some system objectives at risk. Guidance is readily available, appropriately updated and published in line with national strategy. Community Based Charging re-assessment forms were available for review, and found to have been completed in accordance with the charging scheme. The service users were correctly notified and charged for services received, however, a small number of service users were found to be paying the incorrect charge for community alarms via standing order. Letters issued to service users did not explain it is the service user's responsibility to notify the Council of changes to financial circumstances. Charges were found to have been applied in a fair and equitable manner across service user groups, however, the Council's charges are among the highest in Scotland. We were unable to establish if the level of charges was affecting service user uptake as the data was not structured in such a way as to make analysis possible.

Sickness Absence: This audit has provided a substantial level of assurance. This means that internal control, governance and the management of risk is sound, however, there are minor areas of weakness which put some system objectives at risk. The Council has a 'Maximising Attendance at Work Policy' with comprehensive associated procedures and guidance which are readily available on the HUB. The Council has trigger levels for absence which, if exceeded, require intervention by line managers. Return to work interviews had not been conducted in 53% of periods of absence. Procedures should be updated to reflect the requirement for managers to record both Return to Work and attendance review meetings. The Council regularly reports sickness absence statistics to all appropriate bodies.

Workforce Planning: This audit has provided a substantial level of assurance. This means that internal control, governance and the management of risk is sound. However, there are minor areas of weakness which put some system objectives at risk and specific elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale. The Strategic Workforce Plan sets out what the Council will do to ensure they have a workforce that will deliver their ambitions for the future for the organisation. Services are required to review and update their workforce plans every six

months and are required to identify gaps using a risk based approach. Staff are encouraged and supported to undertake training opportunities through the LEON system and managers are encouraged to support staff achieve their potential. The Talent Management programme and Growing Our Own offer initiatives to encourage people to join the Council and are also open to current employees. However, there is no consolidated process to monitor progress against the actions agreed in the Plan.

Warden Services: This audit has provided a limited level of assurance as internal control, governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and placing system objectives at risk. Four environmental wardens cover the Council area including the islands, however the wardens are not strategically based, following a reduction in FTE as a result of budget pressures, to provide an efficient service across Argyll and Bute and levels of service delivery in MAKI are disproportionately low. Wardens are expected to carry out a second bin verification process which should be reviewed to assess whether it should be retained in its current form. There may be opportunities for collaborative working within the Park Authority Area which the Council could explore. Wardens are knowledgeable about their duties due to the length of time they have worked in the service however there are limited documented policies and procedures to support service delivery. Reporting mechanisms are in place for litter control and recording of complaints and warden activity is reported to the Operations Manager. Times spent on LEAMS audits is currently begin categorises as 'litter control' which is not an accurate description of the activity undertaken.

Disaster Recovery Planning (ICT): This audit has provided a limited level of assurance as internal control, governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and placing system objectives at risk. There are 43 application disaster recovery plans in place that outline the step-by-step procedures and responsibilities to recover the Council's IT systems, operations and data in the event of a disaster. The DRPs are comprehensive and available to relevant officers however none of them have been reviewed since 2018. The plans detail the frequency of testing, however none of them have been subject to formal testing. The Council have recognised the need to test them in the recently refreshed ICT and Digital Strategy. Plans are stored on Sharepoint on a shared drive and access is restricted to relevant personnel.

4. CONCLUSION

- 4.1 Management has accepted each of the reports submitted and have agreed responses and timescales in the respective action plans.

5. IMPLICATIONS

- 5.1 Policy - None
- 5.2 Financial - None
- 5.3 Legal - None
- 5.4 HR – None
- 5.5 Fairer Scotland Duty - None

5.5.1 Equalities – None

5.5.2 Socio-Economic Duty – None

5.5.3 Islands Duty - None

5.6 Risk - None

5.7 Customer Service – None

Laurence Slavin
Chief Internal Auditor
15 June 2021

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APPENDICES

1. Capital Monitoring Audit Report
2. Intercompany Controls (LiveArgyll) Audit Report
3. Charging for Non-residential Care Services Audit Report
4. Sickness Absence Audit Report
5. Workforce Planning Audit Report
6. Warden Services Audit Report
7. Disaster Recovery Planning (ICT) Audit Report

Argyll and Bute Council

Internal Audit Report

May 2021

FINAL

Capital Monitoring

Audit Opinion: Substantial

	High	Medium	Low	VFM
Number of Findings	0	2	0	0

Contents

1. Executive Summary	3
Introduction	3
Background	3
Scope	3
Risks	4
Audit Opinion	4
Recommendations	4
2. Objectives and Summary Assessment	4
3. Detailed Findings	6
Appendix 1 – Action Plan	11
Appendix 2 – Audit Opinion	13

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1. Executive Summary

Introduction

1. As part of the 2020/21 internal audit plan, approved by the Audit & Scrutiny Committee in March 2020, we have undertaken an audit of Argyll and Bute Council's (the Council) system of internal control and governance in relation to Capital Monitoring.
2. The audit was conducted in accordance with the Public Sector Internal Audit Standards (PSIAS) with our conclusions based on discussions with council officers and the information available at the time the fieldwork was performed. The findings outlined in this report are only those which have come to our attention during the course of our normal audit work and are not necessarily all the issues which may exist. Appendix 1 to this report includes agreed actions to strengthen internal control however it is the responsibility of management to determine the extent of the internal control system appropriate to the Council.
3. The contents of this report have been agreed with the appropriate council officers to confirm factual accuracy and appreciation is due for the cooperation and assistance received from all officers over the course of the audit.

Background

4. Section 35(1) and (2) of the Local Government in Scotland Act 2003 determines that it is the duty of each local authority to determine and keep under review the maximum amount which it can afford to allocate to capital expenditure.
5. The Council's Financial and Security Regulations, and the Capital Programme Planning and Management Guide (the Guide) provide the framework for managing the Council's available capital resources. The Guide aims to ensure clear alignment of the Council's Capital Programme with the Council's governance and management structures, its key strategic plans and its budgeting process.
6. Audit Scotland reported on Asset Management for the Council in December 2016. The report highlighted the importance of elected members receiving adequate information on capital investment and individual projects to enable them to effectively scrutinise the performance of capital programmes.

Scope

7. The purpose of the audit was to assess the Council's capital budget monitoring procedures and controls to ensure they are working both efficiently and effectively.
8. The audit focused on the processes carried out by staff in Financial Services and Project Managers when completing the capital monitoring spreadsheet that informs the Capital Monitoring Reports provided to various Committees.

Risks

9. The risks to be considered throughout the audit are:
- **SRR02:** Infrastructure and asset base does not meet current and future requirements and is not being used or managed efficiently and effectively.
 - **ORR04:** Capital programme is not effectively managed
 - **Audit Risk 1:** The Council does not have Capital monitoring procedures and processes which align with the Council's Financial Regulations.
 - **Audit Risk 2:** Capital Monitoring is not carried out as per Council's procedures and processes.
 - **Audit Risk 3:** Initial profiling of capital expenditure spend is not robust.
 - **Audit Risk 4:** Capital Monitoring and Reporting arrangements do not provide sufficient information to allow effective scrutiny.

Audit Opinion

10. We provide an overall audit opinion for all the audits we conduct. This is based on our judgement on the level of assurance which we can take over the established internal controls, governance and management of risk as evidenced by our audit work. Full details of the five possible categories of audit opinion is provided in Appendix 2 to this report.
11. Our overall audit opinion for this audit is that we can take a substantial level of assurance. This means that internal control, governance and the management of risk is sound. However, there are minor areas of weakness which put some system objectives at risk and specific elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.

Recommendations

12. We have highlighted two medium priority recommendations where we believe there is scope to strengthen the control and governance environment. These are summarised below:
- the Capital Programme Planning & Management Guide should be refreshed after the revised Capital Strategy is approved
 - a training programme should be developed to support officers involved in the management of the Council's capital programme.
13. Full details of the audit findings, recommendations and management responses can be found in Section 3 of this report and in the action plan at Appendix 1.

2. Objectives and Summary Assessment

14. Exhibit 1 sets out the control objectives identified during the planning phase of the audit and our assessment against each objective.

Exhibit 1 – Summary Assessment of Control Objectives

	Control Objective	Link to Risk	Assessment	Summary Conclusion
CO1	The Council has capital monitoring procedures and processes which are aligned to Financial Regulations and good practice.	SRR02 ORR04 Audit Risk 2	Reasonable	The Council has an approved Capital Programme Planning and Management Guide which is aligned to Financial Regulations and good practice however it has not been updated since 2018 due to the ongoing development of a new Capital Strategy. Officers are currently developing this Strategy and once finalised the Guide should be refreshed to ensure the two documents complement each other. It would also be beneficial to engage with relevant officers to identify training needs and develop a training programme aimed at addressing these.
CO2	Capital monitoring procedures are consistent with established procedures.	SRR02 ORR04 Audit Risk 2	Substantial	The monthly capital monitoring process is well established and there is evidence that staff in Financial Services have taken steps to update and enhance this process and actively engage with elected members and officers involved in project management.
CO3	Profiling of capital projects is based on a robust process and regularly reviewed	Audit Risk 3	Reasonable	In the past three years there has been significant slippage in the Council's capital programme and whilst some will be 'true' slippage it is also likely that an element is due to inaccurate expenditure profiling. There are also differences in the way project managers access and analyse financial information on capital projects and it would be beneficial if the revised Guide was clear about the reports which can be provided to project managers and what additional information can be provided on request.
CO4	Capital expenditure is monitored in line with budget monitoring arrangements and reported regularly to relevant officers and elected members.	SRR02 ORR04 Audit Risk 4	High	Capital monitoring reports are presented to a variety of committees and senior management teams by both project managers and financial services.

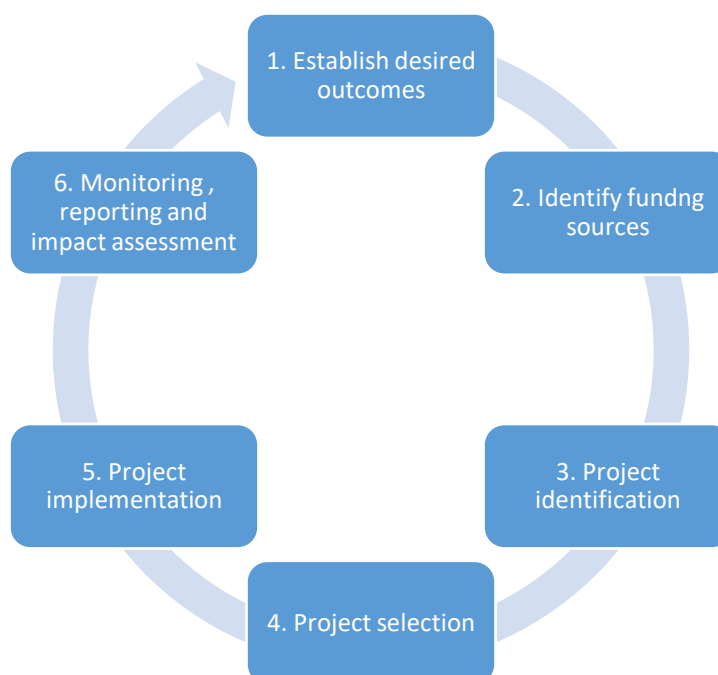
15. Further details of our conclusions against each control objective can be found in Section 3 of this report.

3. Detailed Findings

The Council has capital monitoring procedures and processes which are aligned to Financial Regulations and good practice

16. The Council has a Capital Programme Planning & Management Guide (the Guide) which was last reviewed in January 2018. It is aimed at Heads of Service and project managers and sets out a six stage Capital Programme Planning and Management Model as set out in Exhibit 2. Capital monitoring is included in Stage 6 of the model.

Exhibit 2 – Six Stage Capital Programme Planning and Management Model



17. The aim and purpose of the Guide is to:

- set out the capital programme planning and management arrangements
- clarify links with existing Council processes
- define roles and responsibilities for governance, management and implementation
- provide detail on processes and procedures to be followed in making the arrangements a success.

18. The Guide has not been revised since 2018 and requires a review to ensure it reflects current working practices. However the Council is currently developing a new Capital Strategy which is to be presented to the Policy and Resources Committee in August 2021. We recognise that a review of the Guide should be conducted after the Capital Strategy has been finalised to ensure the two documents complement each other and avoid unnecessary repetition. The Guide could also benefit from being linked to, or referencing, other relevant Council processes, in particular the Project Management section on the Hub.

Action Plan 1

19. A review of the Guide found it to be consistent with the Council's Financial and Security Regulations and that it is aligned to the Capital Strategy Checklist set out in CIPFAs Prudential Code for Capital Finance in Local Authorities and to Audit Scotland's Good Practice in Capital Monitoring Guide and Checklist.
20. Financial Services have taken steps to update and enhance the capital monitoring and reporting process including engaging with elected members and some officers involved in project monitoring. In particular:
 - an elected members seminar in February 2018 focusing on the Capital Plan
 - a further elected members session in August 2019 focusing on the format and content of the capital monitoring reports
 - a group development session with Roads and Amenity Services officers focused on the capital monitoring spreadsheet which informs capital monitoring reports
 - improved engagement at Strategic Asset Management Board where the Capital Plan position is presented and representatives from all services are given the opportunity to provide feedback or discuss issues. Historically Services provided their own individual updates which did not give an overall position of the programme and how their own areas of responsibility feed in to that.
21. As a result of these engagements the capital monitoring spreadsheet and capital monitoring reports have been amended.
22. Although there is no specific capital monitoring training programme, through discussions with officers, we confirmed that one to one engagement has taken place with other project managers during the process of completing the capital monitoring spreadsheet. Consideration should be given to the development of a cross service training programme aimed at officers who are involved in the management of the Council's capital projects to help ensure there is a consistent and robust approach to capital monitoring. It would be beneficial to engage with the various programme managers to identify where they feel training should be focused.

Action Plan 2

Capital monitoring procedures are consistent with established procedures.

23. Financial Services prepare a budget pack which is presented to full Council as part of the annual budget setting process in February. This includes the capital plan with the budget papers detailing the revisions proposed to the plan and recommending it be extended by a further year as it is a three year rolling plan.
24. The capital monitoring process involves Financial Services issuing a capital monitoring spreadsheet to all project managers requesting them to complete it by a specified date. Project managers are expected to provide comment on any issues, update the forecast spend and provide details of any slippage or acceleration of spending.
25. Financial Services monitor the return of these spreadsheets and follow up non returns and query those returned with either no comment or insufficient comment. This follow up can take various form, ranging from meeting requests, emails and calls to project managers or the project team contact.
26. Financial Services consolidate the returns to prepare a capital monitoring report which is presented to the Strategic Management Team (SMT) on a monthly basis and as a standard

agenda item to each meeting of the Policy and Resources Committee (except the May meeting). In particular the report highlights:

- financial indicators
 - i. planned current year spend and forecast spend for next two years
 - ii. year to date actuals vs budget spend
 - iii. total project spend
 - iv. details of slippage and acceleration
- non-financial indicators
 - i. comments and explanations for major variances for project which are 'off track'
 - ii. high level indicators of benefits expected; deliverability of project and project risks (traffic light system).

[Profiling of capital projects is based on a robust process and regularly reviewed](#)

27. To establish how project managers carry out capital monitoring we liaised with three project managers who manage, between them, 71 of the 151 projects contained in the Council's capital plan. These projects are split across three categories (Asset Sustainability, Service Development and Strategic Change).
28. The project managers questioned all complete the capital monitoring spreadsheet however the information used by them and the way they monitor projects differs. This may be due to the different project category but also the resource or departmental support available to enable them to carry out the financial monitoring and complete the capital monitoring spreadsheet. Across the three project managers interviewed:
- Piers and Harbours have a finance contact who supplies six detailed reports monthly and three departmental staff who are involved in aspects of monitoring multiple projects.
 - The CHORD team receives year to date transaction reports from Financial Services and run their own reports from other systems. The team use their own spreadsheets to monitor what are complex projects with multiple funders.
 - The Customer Services Property Design Manager runs his own reports and updates his own spreadsheets.
29. These varying approaches are not consistent with the Project Management Section on the HUB, which states:
- “project managers can have access (depending on the type of project) to three separate financial reports. These 3 financial reports used in conjunction with the Project Budget spreadsheet provide sufficient financial control for all but the very largest of projects.
- Payroll Report: allows you to check the project team payroll and expenses costs
 - Financial Summary: provides all the information needed to check the project's budget and spends (for a given project cost centre)
 - Transactions Report: Provides an itemised breakdown of all transactions for a given cost centre; most useful for managing Capital budget.”
30. Payroll reports are circulated by Financial Services Consolidated Team and the Financial Summary reports are provide by the Financial Services capital team. Whilst the Transactions

Report is not routinely circulated it is available on request it can be run by the project team if they have access to Oracle Discoverer. It would be beneficial if the revised Guide was clear about the reports which are provided to project managers and what additional information can be provided on request to minimise the risk that financial information reported in capital monitoring reports is inaccurate.

Action Plan 1

31. The email issued by Financial Services with the capital monitoring spreadsheet asks project managers to check the current profile spend is up to date and amend this where necessary, providing explanations for any in year variances and for slippage or acceleration of spend to and from future years profiled spend.
32. Financial Services hold records of virements, slippage and acceleration and this information is included in the Capital Monitoring Report presented to SMT and the Policy and Resources Committee.
33. Virements to the capital budget can arise at the following levels:
 - between projects within a service
 - between services within a department
 - between departments.
34. Virements up to £200k can be approved by an Executive Director and anything over £200k must be approved by the Council. Our continuous monitoring programme confirmed that seven capital virements requests were raised in 2020/21 with all seven included in the capital monitoring report presented to and approved by the Business Continuity Committee in August 2020.
35. The capital programme is constantly changing throughout the year as new projects and funding streams are added and expenditure profiles are updated to reflect projected spend patterns. Consequently it can be difficult to accurately identify the total amount of capital slippage in any one year however over the past three years slippage levels have been approximately £20.5m in 2018/19, £17.5m in 2019/20 and £26.4m in 2020/21. Note that the 2020/21 slippage was partially due to the impact of COVID.
36. Whilst this will include 'true' slippage for example due to delays in supply of materials, weather disruptions or issues with contractors, it is also very likely that an element of it is due to inaccurate profiling of spend within capital projects. We are not able to distinguish between 'true' slippage and slippage due to inaccurate profiling.
37. Inaccurate profiling can have financial implications for the Council as forecasted capital expenditure influences treasury management decisions on required levels of borrowing. By way of illustration if the Council borrowed £20m over 32 years at a rate of 5.1% (these were the average amounts used in the Council's recent loans fund review) it would cost £1.28m per annum in interest payments.
38. In order to improve capital profiling it would be beneficial to include this as a topic to be considered in the training referenced in paragraph 22. There would also be benefit in including guidance on it when the Guide is updated after the Capital Strategy has been updated.

Action Plan 1 and 2

Capital expenditure is monitored in line with budget monitoring arrangements and reported regularly to relevant officers and elected members.

39. Capital monitoring is reported at a number of different levels including:

- Departmental Management Teams (Project Managers)
- Argyll and Bute Harbour Committee (Project Managers)
- Area committees (Project Managers)
- Strategic Management Team (Financial Services)
- Strategic Asset Management Board (extract only) (Financial Services)
- Policy and Resources Committee (Financial Services).

40. A review of reports against each of the bodies noted above confirmed all bodies receive reports which are consistent with the responsibilities/requirements of each body. The information provide by Project Managers is broadly consistent with that reported by Financial Services. The difference can be timing issues where a verbal update on figures would be provided, or can relate to the decisions that Members are required to make as is the case with the Argyll and Bute Harbour Committee who set the fees and charges.

Appendix 1 – Action Plan

	No.	Finding	Risk	Agreed Action	Responsibility / Due Date
Medium	1	<p>Capital Programme Planning & Management Guide</p> <p>The Council’s Capital Guide has not been revised since 2018 and requires a review to ensure it reflects current working practices and provides appropriate support to officers involved in the capital monitoring process. The Council is currently developing a new Capital Strategy which is to be presented to the Policy and Resources Committee in August 2021 and we recognise that a review of the Guide should be conducted after the Strategy has been finalised to ensure the two documents complement each other and. The Guide could also benefit from being linked to, or referencing, other relevant Council processes, in particular the Project Management section on the Hub.</p>	There may be an inconsistent approach to capital monitoring and a lack of available support for officers available in the process.	Capital Planning and Management Guide to be updated once the Capital Strategy has been approved to ensure the two are aligned and provide clarity.	Head of Commercial Services/Finance Manager 31 March 2022
Medium	2	<p>Capital Programme Training</p> <p>There is no training programme to support officers involved in the management of the Council’s capital programme. It would be beneficial to engage with project managers to identify training needs and address these through the development of a training programme to help ensure a consistent and robust approach to capital project management. In particular this should include training on capital project profiling.</p>	There may be an inconsistent approach to capital monitoring and inaccurate profiling may result in best value not being achieved in through treasury management activity.	Training documentation to be created that project managers can refer to. Refresher training to be provided for existing Project Managers and a plan put in place for training for any new staff that have capital budget monitoring responsibilities.	Finance Manager 30 June 2022

In order to assist management in using our reports a system of grading audit findings has been adopted to allow the significance of findings to be ascertained. The definitions of each classification are as follows:

Grading	Definition
High	A major observation on high level controls and other important internal controls or a significant matter relating to the critical success of the objectives of the system. The weakness may therefore give rise to loss or error.
Medium	Observations on less significant internal controls and/or improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system. The weakness is not necessarily substantial however the risk of error would be significantly reduced if corrective action was taken.
Low	Minor recommendations to improve the efficiency and effectiveness of controls or an isolated issue subsequently corrected. The weakness does not appear to significantly affect the ability of the system to meet its objectives.

Appendix 2 – Audit Opinion

Level of Assurance	Definition
High	Internal control, governance and the management of risk are at a high standard. Only marginal elements of residual risk have been identified with these either being accepted or dealt with. A sound system of control designed to achieve the system objectives is in place and being applied consistently.
Substantial	Internal control, governance and the management of risk is sound. However, there are minor areas of weakness which put some system objectives at risk and specific elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.
Reasonable	Internal control, governance and the management of risk are broadly reliable. However, whilst not displaying a general trend, there are a number of areas of concern which have been identified where elements of residual risk or weakness may put some of the system objectives at risk.
Limited	Internal control, governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and placing system objectives are at risk. Weakness must be addressed with a reasonable timescale with management allocating appropriate resources to the issues raised.
No Assurance	Internal control, governance and the management of risk is poor. Significant residual risk and/or significant non-compliance with basic controls exists leaving the system open to error, loss or abuse. Residual risk must be addressed immediately with management allocating appropriate resources to the issues.

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LiveArgyll
Internal Audit Report
March 2021
FINAL

Inter Company Controls

Audit Opinion: Substantial

	High	Medium	Low	VFM
Number of Findings	0	1	3	1

Contents

1. Executive Summary	3
Introduction	3
Background	3
Scope	3
Risks	4
Audit Opinion	4
Recommendations	4
2. Objectives and Summary Assessment	5
3. Detailed Findings	6
Appendix 1 – Action Plan	9
Appendix 2 – Audit Opinion	12

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1. Executive Summary

Introduction

1. As part of the 2020/21 internal audit plan, approved by the Audit & Scrutiny Committee in March 2020, we have undertaken an audit of the system of internal control and governance in relation to Inter Company Controls between Live Argyll and Argyll and Bute Council (the Council).
2. The audit was conducted in accordance with the Public Sector Internal Audit Standards (PSIAS) with our conclusions based on discussions with LiveArgyll officers and the information available at the time the fieldwork was performed. The findings outlined in this report are only those which have come to our attention during the course of our normal audit work and are not necessarily all the issues which may exist. Appendix 1 to this report includes agreed actions to strengthen internal control however it is the responsibility of LiveArgyll management to determine the extent of the internal control system appropriate to LiveArgyll.
3. The contents of this report have been agreed with the appropriate LiveArgyll officers to confirm factual accuracy and appreciation is due for the cooperation and assistance received from all officers over the course of the audit.

Background

4. LiveArgyll was established by the Council and commenced trading on 2 October 2017. It is a charitable company limited by guarantee governed by its articles of association. LiveArgyll is responsible for services including libraries, leisure facilities, Active Schools, archives, museum, sport development, halls, community centres and community lets. The Council provides internal audit services to LiveArgyll to support their governance framework.
5. The Council provides support services to LiveArgyll as outlined in the Service Level Agreement (SLA). This includes the following financial services:
 - VAT and indirect tax advice
 - general ledger services
 - budget preparation and monitoring
 - treasury management.
6. The Council has created a separate company (Company 2) within their general ledger (the ledger) to ensure that LiveArgyll transactions are dealt with separately to Council transactions. The Council provide LiveArgyll access to the ledger, however the Council maintain responsibility for maintaining cost centres and the account code structure. They are also responsible for processing journal entries to correct mis-postings in the ledger as directed by LiveArgyll or to correct items that Financial Services staff identify.
7. The Council also provides Human Resources and Organisational Development support and advice to LiveArgyll including payroll services.

Scope

8. The scope of the audit was to assess the controls to ensure expenditure and payroll transactions are appropriately allocated between Company 1 (the Council) and Company 2 (LiveArgyll) as

outlined in the Terms of Reference agreed with the General Manager, LiveArgyll on 9 December 2020.

Risks

9. The risks considered throughout the audit were:
- **Audit Risk 1:** Controls have not been established to ensure that expenditure and payroll transactions are charged to the appropriate company
 - **Audit Risk 2:** Appropriate authorisation levels have not been established
 - **Audit Risk 3:** Roles and responsibilities have not been clearly defined

Audit Opinion

10. We provide an overall audit opinion for all the audits we conduct. This is based on our judgement on the level of assurance which we can take over the established internal controls, governance and management of risk as evidenced by our audit work. Full details of the five possible categories of audit opinion is provided in Appendix 2 to this report.
11. Our overall audit opinion for this audit is that we can take a substantial level of assurance. This means that internal control, governance and the management of risk is sound. However, there are minor areas of weakness which put some system objectives at risk and specific elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale

Recommendations

12. We have highlighted no high priority recommendations, one medium priority recommendation, three low priority recommendation and one value for money recommendations where we believe there is scope to strengthen the control and governance environment. These are summarised below:
- guidance should be issued to relevant Council services regarding all appropriate procedures for LiveArgyll
 - LiveArgyll should be notified when tasks performed by Financial Services on behalf of LiveArgyll are completed
 - LiveArgyll should be provided with a list of users who can access Company 2 on the ledger for review and feedback at least twice annually
 - Council Officers should be reminded of the need to engage with LiveArgyll and take into account their views on any proposed changes to operational processes
 - an initial assessment should be carried out to assess the costs and benefits of creating Company 2 in the Resourcelink system.
13. Full details of the audit findings, recommendations and management responses can be found in Section 3 of this report and in the action plan at Appendix 1.

2. Objectives and Summary Assessment

14. Exhibit 1 sets out the control objectives identified during the planning phase of the audit and our assessment against each objective.

Exhibit 1 – Summary Assessment of Control Objectives

	Control Objective	Link to Risk	Assessment	Summary Conclusion
1	Expenditure and payroll transactions are appropriately allocated between Company 1 and Company 2	Audit Risk 1 Audit Risk 2 Audit Risk 3	Reasonable	Expenditure and payroll transactions are appropriately allocated between Company 1 and Company 2. Allocating payroll costs to LiveArgyll requires manual intervention, reasonableness checks and sample testing. There may be benefit in exploring an option to create Company 2 in Resourcelink to create process efficiencies and reduce the risk of error. LiveArgyll are not notified when Financial Services complete tasks on their behalf.
2	Appropriate authorisation levels have been established with roles and responsibilities clearly defined	Audit Risk 2 Audit Risk 3	Substantial	Appropriate authorisations levels have been established across the key systems that LiveArgyll and Council officers use to provide services that LiveArgyll require however there is a need for comprehensive guidance on how to process transactions in relation to LiveArgyll. The Council should consult and take account of LiveArgyll's opinion on any process changes which will impact on them prior to implementing them. In addition LiveArgyll should be provided with a list of users who can access Company 2 in the ledger at least twice annually.
3	Appropriate authorisation is given before expenditure and payroll transactions are charged to LiveArgyll	Audit Risk 2 Audit Risk 3	Substantial	Payroll and expenditure items are all subject to appropriate authorisation.

15. Further details of our conclusions against each control objective can be found in Section 3 of this report.

3. Detailed Findings

Expenditure and payroll transactions are appropriately allocated between Company 1 and Company 2

16. The Council provides support services to LiveArgyll as outlined in the SLA. The aim of this is to provide LiveArgyll a support service which ensures appropriate governance arrangements are in place on a comparable basis to services provided to Council departments. We reviewed the controls and governance relating to the processing of expenditure items in the ledger, payroll, creditors, PECOS and HR systems.
17. Within the ledger there are two companies, Company 1 (the Council) and Company 2, (LiveArgyll). This conforms to the requirements of SLA.
18. Within the ledger there are no logical access controls which prevent a staff member who has posting rights from both uploading and posting a journal. However a degree of control is provided via segregation of duties within the Council's finance team. LiveArgyll request a journal to be uploaded and a Council officer with no posting privileges uploads the journal. This is then forwarded to another Council officer who posts the journal to the ledger. We reviewed a sample the journals raised in October, November and December and confirmed all were uploaded by one officer then posted by a different officer. The arrangements are considered sufficient to reduce any risk associated with the ledger not providing for full duty segregation to an acceptable level. However LiveArgyll are not notified when Financial Services complete tasks on their behalf.

Action Plan 2

19. Resourcelink is the Council's integrated HR and Payroll System and is an essential tool in managing the LiveArgyll workforce. All employee information is held on Resourcelink, including salary information which is used to generate the payroll file. The Council administrate Resourcelink however LiveArgyll can access it to check their employee information.
20. LiveArgyll payroll costs are processed in Company 1 then journalled to Company 2 by council officers on a monthly basis. LiveArgyll are not notified when this is complete however payroll reports are provided to LiveArgyll who perform a reasonableness check including random sample employee checks. As the process requires manual intervention and verification controls are limited to reasonableness checks and sample testing we are unable to provide full assurance that payroll costs are always coded to the correct company. Budget monitoring should highlight any material erroneous postings. We intend to perform an audit of LiveArgyll's budget monitoring arrangements as part of the 2021/2022 audit plan.
21. Prior to establishing LiveArgyll the Council undertook an exercise predominantly focused on the ledger to determine how best to support LiveArgyll in terms of financial systems. At that time it was decided to process the LiveArgyll payroll in Company 1 and journal the costs to Company 2 each month using the cost centre as identifier. It appears that Resourcelink may have the capacity to support the establishment of a separate company which would remove the need for manual intervention, make the processing of payroll costs more efficient and provide for system validation controls reducing the risk of payroll costs being charged to the wrong company. To determine the feasibility of this a requirement specification should be drawn up and officers should engage with Zellis (Resourcelink supplier) to ascertain if it is feasible and any associated costs. Any additional costs should then be considered against the expected efficiencies and benefits it would generate.

Action Plan 5

22. LiveArgyll use the Council's Talentlink system to record recruitment processes. Talentlink provides control over cost allocation as users are required to select the relevant service and allocate the appropriate cost centre when creating a vacant post. In addition the vacant post is authorised through an established process in Talentlink. On completion of the recruitment process the successful candidate form is completed by a LiveArgyll officer and submitted to the Council HR team via Talentlink. A Council officer then creates the new employee on Resourcelink and a notification is sent to LiveArgyll who can check the accuracy of the details on Resourcelink.
23. MyView is the Council's online self-serve system through which employees submit claims for expenses, allowances and overtime. There are two structures in MyView, one for Council officers and one for LiveArgyll officers. LiveArgyll have access to MyView to submit expenses and overtime claims and these are authorised by the appropriate LiveArgyll manager prior to being uploaded into the payroll system. Employees are set up on MyView by Council officers, however LiveArgyll managers have full access to view their employee records.
24. LiveArgyll invoices are processed by the Council's creditor's team following agreed Council procedures. Invoices are authorised by LiveArgyll staff prior to processing. Where possible one member of the creditors team processes all LiveArgyll invoices to reduce the risk of error, however there will be occasions when other officers will assist (i.e. holiday or illness cover).
25. PECOS is the Council's online procurement portal. LiveArgyll exists as a standalone entity in PECOS which interfaces directly into Company 2 in the ledger. The controls established within PECOS are the same for LiveArgyll as they are for the Council. They have their own users, purchase orders, approval rule groups, approval plans etc. Council and LiveArgyll officers cannot access each other's codes. LiveArgyll are provided with similar management information reports to those made available to the Council including regular reports of open orders, unpaid invoices, year-end, accrual reports etc.

[Appropriate authorisation levels have been established with roles and responsibilities clearly defined](#)

26. The Council have an authorised list of ledger users which details the Council and LiveArgyll officers with access to Company 2 and their level of access. Appropriate authorisation levels are set within staff job roles and responsibilities. Officers designated as super users have access to all areas and authorisations levels.
27. Twenty two officers have access to Company 2 in the ledger. Of these, three are LiveArgyll officers and nineteen are Council officers (including two procurement officers and one IT officer). Ten officers have posting rights which allows them to post journals to Company 2, this includes one LiveArgyll officer. Our review of the list of Council officers with access to Company 2 concluded it was appropriate as there was a business need. There only being one LiveArgyll officer with posting rights is not considered an issue as Council officers raise and post journals on LiveArgyll's behalf. LiveArgyll are not periodically provided with a list of users who can access Company 2.

Action Plan 3

28. An authorised signatory list is available on the HUB which details expenditure limits and cost centres which staff can authorise expenditure against. In the event that the Council receive an invoice in the Council's name for services that LiveArgyll are required to pay for the process is

that the Council pay the invoice using Company 1 cost centres with the invoice sent to creditors for payment. A debtor's account is then set up to enable the Council to recoup the costs from LiveArgyll. During the audit we were alerted to a situation where a council officer had followed the correct process but had allocated a LiveArgyll cost centre to the invoice instead of a Council one. Creditors correctly processed the invoice through Company 1 which resulted in the transaction being placed in a suspense account as the LiveArgyll cost centres don't exist in Company 1. This resulted in additional work within the Council and LiveArgyll to move the costs. There are no system validation checks within the ledger which prevent Company 2 cost centres being processed against Company 1 the item is posted to the suspense account for investigation. There would be benefit in drafting and circulating a short guidance note to all relevant officers to advise them of the procedure to follow to manage invoices in the Council name which need to be repaid with the costs recouped from LiveArgyll.

Action Plan 1

29. An authorised user list is maintained for PECOS. There are 91 active LiveArgyll users currently on the system. Any new user forms are completed and authorised by LiveArgyll prior to the user being created in PECOS.
30. The Council is required to provide LiveArgyll with a service which is comparable to the service they provide to other Council departments. During this audit we identified a situation where the Council changed an operational process relating to journal processing after consulting with relevant Council and LiveArgyll officers. In this particular case whilst Council officers were in agreement with the change LiveArgyll were not. The change was implemented for both the Council and LiveArgyll despite LiveArgyll not being in agreement with it. This particular change was relatively minor in nature (and will be reversed by the completion of action plan 2 in this report), however it would be beneficial to remind Council Officers of the need to engage with LiveArgyll and take into account their views on any proposed changes to operational processes which have a direct impact on services provided to LiveArgyll. There is already a change control process (Schedule Part 3) built into the current contract and service agreement with LiveArgyll for support services and other material changes.

Action Plan 4

[Appropriate authorisation is given before expenditure and payroll transactions are charged to LiveArgyll](#)

31. Expenditure items are subject to appropriate authorisation prior to being charged to LiveArgyll. An authorised signatory list is maintained and all invoices require to be authorised prior to being processed by creditors. Controls are in place within PECOS to ensure transactions are appropriately authorised.
32. Appropriate controls are in place to ensure that expenses and irregular payroll costs are appropriately authorised in the MyView system.

Appendix 1 – Action Plan

	No	Finding	Risk	Agreed Action	Responsibility / Due Date
Medium	1	<p>Guidance for Invoice Processing</p> <p>A situation was highlighted where a Council officer tried to process an invoice using LiveArgyll cost centres due to a lack of awareness of the correct procedure to follow when the Council is billed for works which need to be recouped from LiveArgyll. Guidance should be drawn up and circulated to relevant Council officers to ensure transactions, including invoices are debtors accounts are processed correctly.</p>	Expenditure might not be charged to the correct company.	Procedure note will be drafted and circulated to relevant officers.	Argyll & Bute Council Finance Manager 30 June 2021
Low	2	<p>Notification of Completion of Tasks</p> <p>LiveArgyll are not notified when Financial Services complete tasks on their behalf.</p>	LiveArgyll might not be alerted to any errors or missed journals in a timely manner.	LiveArgyll will be notified when tasks are completed by Financial Services staff.	Argyll & Bute Council Finance Manager Completed
Low	3	<p>Notification of General Ledger Users</p> <p>The Council have an authorised list of ledger users which includes Council officers who can access Company 2. This list is not periodically provided to LiveArgyll for review and feedback.</p>	LiveArgyll are unaware of who can access Company 2 within the ledger.	List of users will be issued to LiveArgyll twice a year.	Argyll & Bute Council Finance Manager 30 June 2021

Low	4	<p>Managing Process Changes</p> <p>Within the Support Service Agreement, the Council is required to provide LiveArgyll with a service which is comparable to the service they provide to other Council departments and within Schedule Part 3 there is Change Control Procedures outlining the process to be followed when necessary changes are made.</p> <p>It would be beneficial to remind Council Officers of the need to engage with LiveArgyll and take into account their views on any proposed changes to operational processes which have a direct impact on services provided to LiveArgyll.</p>	Changes to processes may have a detrimental impact on LiveArgyll which the Council is unaware of.	We will send reminder Council Officer of the need to engage with LiveArgyll	<p>Head of Commercial Services</p> <p>30 September 2021</p>
VFM	5	<p>Establishing Company 2 in Resourcelink</p> <p>LiveArgyll payroll costs are currently processed in Company 1 and journals then raised to allocate the costs to Company 2. It would be more efficient, and provide for greater control, if Company 2 could be created in Resourcelink meaning Company 2 payroll costs are automatically posted to Company 2 in the ledger.</p> <p>To determine the feasibility of this a requirement a specification should be drawn up and officers should engage with the Resourcelink supplier to ascertain if it is feasible and any associated costs. Any additional costs would then need to be considered against the expected efficiencies and benefits it would generate.</p>	Payroll costs may be allocated to the wrong company and current processes may not be as efficient as they could be.	We will engage with the Council's Head of Customer Support Services to establish whether this proposal is feasible and would deliver benefit.	<p>LiveArgyll General Manager</p> <p>30 September 2021</p>

In order to assist management in using our reports a system of grading audit findings has been adopted to allow the significance of findings to be ascertained. The definitions of each classification are as follows:

Grading	Definition
High	A major observation on high level controls and other important internal controls or a significant matter relating to the critical success of the objectives of the system. The weakness may therefore give rise to loss or error.
Medium	Observations on less significant internal controls and/or improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system. The weakness is not necessarily substantial however the risk of error would be significantly reduced if corrective action was taken.
Low	Minor recommendations to improve the efficiency and effectiveness of controls or an isolated issue subsequently corrected. The weakness does not appear to significantly affect the ability of the system to meet its objectives.
VFM	An observation which does not highlight an issue relating to internal controls but represents a possible opportunity for the council to achieve better value for money (VFM).

Appendix 2 – Audit Opinion

Level of Assurance	Definition
High	Internal control, governance and the management of risk are at a high standard. Only marginal elements of residual risk have been identified with these either being accepted or dealt with. A sound system of control designed to achieve the system objectives is in place and being applied consistently.
Substantial	Internal control, governance and the management of risk is sound. However, there are minor areas of weakness which put some system objectives at risk and specific elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.
Reasonable	Internal control, governance and the management of risk are broadly reliable. However, whilst not displaying a general trend, there are areas of concern which have been identified where elements of residual risk or weakness may put some of the system objectives at risk.
Limited	Internal control, governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and placing system objectives are at risk. Weakness must be addressed with a reasonable timescale with management allocating appropriate resources to the issues raised.
No Assurance	Internal control, governance and the management of risk is poor. Significant residual risk and/or significant non-compliance with basic controls exists leaving the system open to error, loss or abuse. Residual risk must be addressed immediately with management allocating appropriate resources to the issues.

Argyll and Bute Council

Internal Audit Report

March 2021

FINAL

Charging for Non-Residential Care Services

Audit Opinion: Substantial

	High	Medium	Low	VFM
Number of Findings	0	2	1	1

Contents

1. Executive Summary	3
Introduction	3
Background	3
Scope	4
Risks	4
Audit Opinion	4
Recommendations	4
2. Objectives and Summary Assessment	5
3. Detailed Findings	6
Appendix 1 – Action Plan	11
Appendix 2 – Audit Opinion	14
Appendix 3 – Argyll and Bute Community Based Care Charges Compared to other Councils	15

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1. Executive Summary

Introduction

1. As part of the 2020/21 internal audit plan, approved by the Audit & Scrutiny Committee in March 2020, we have undertaken an audit of Argyll and Bute Council's (the Council) system of internal control and governance in relation to charging for non-residential care services.
2. The audit was conducted in accordance with the Public Sector Internal Audit Standards (PSIAS) with our conclusions based on discussions with council officers and the information available at the time the fieldwork was performed. The findings outlined in this report are only those which have come to our attention during the course of our normal audit work and are not necessarily all the issues which may exist. Appendix 1 to this report includes agreed actions to strengthen internal control however it is the responsibility of management to determine the extent of the internal control system appropriate to the Council.
3. The contents of this report have been agreed with the appropriate council officers to confirm factual accuracy and appreciation is due for the cooperation and assistance received from all officers over the course of the audit.

Background

4. The Council's charging scheme is reviewed annually as part of the Council's budget setting process and is approved by Council Members. It takes into consideration government legislation or regulation, COSLA guidance and Department for Work and Pensions allowances and premiums which form the basis of individual or couple's financial assessments. It applies to all adults who reside within the area who are assessed as requiring, and subsequently benefit from, community based care services provided, commissioned or funded by the Council on behalf of the Argyll and Bute Health and Social Care Partnership (HSCP).
5. Community based care services are deemed to comprise one or a combination of the services listed below:

Care at Home	Respite
Housing Support	Lunch clubs
Supported Living	Community Alarm and Telecare
Sleepover	Occupational Therapy
Employment Support	Progressive Care
Day Care Services	Transport
6. Services are provided in accordance with the service user's assessed needs. Personal care is provided free of charge to all eligible adults whilst clients in receipt of other non-residential care services are subject to a financial assessment and will be charged in accordance with their ability to pay. This is capped at £125 per week with the exception of lunch clubs, community alarm and telecare services and transport arrangements which are charged in full. No charges will be levied in certain circumstances.

7. Charges to service users are collected via 4-weekly direct debit unless there are extenuating circumstances and are reviewed in the event of any change in service provided and on an annual basis to reflect the annual changes in charges and service user's income and capital.

Scope

8. The scope of the audit was to assess the charging arrangements for non-residential care services as outlined in the Terms of Reference agreed with the Head of Finance and Transformation, A&B HSCP on 11 November 2020.

Risks

9. The risks considered throughout the audit were:
 - **SRR07:** HSCP – Failure to deliver strategic objectives and integrate Health and Social Care services in an efficient and effective manner exposes the Council, as a key partner, to unacceptable financial and reputational risk.
 - **Audit Risk 1:** Failure to comply with COSLA National Strategy and Guidance for Charges Applying to Social Care Support for people at home.
 - **Audit Risk 2:** Failure to comply with General Data Protection Regulations.
 - **Audit Risk 3:** HSCP charges are not comparable with other Local Authorities/HSCPs.
 - **Audit Risk 4:** HSCP charges are not applied consistently across all service user groups and adversely affects service up-take.

Audit Opinion

10. We provide an overall audit opinion for all the audits we conduct. This is based on our judgement on the level of assurance which we can take over the established internal controls, governance and management of risk as evidenced by our audit work. Full details of the five possible categories of audit opinion is provided in Appendix 2 to this report.
11. Our overall audit opinion for this audit is that we can take a substantial level of assurance. This means that internal control, governance and the management of risk is sound. However, there are minor areas of weakness which put some system objectives at risk and specific elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.

Recommendations

12. We have highlighted two medium priority recommendations and one low priority recommendation where we believe there is scope to strengthen the control and governance environment. There is a further recommendation which is focused on value for money rather than any identified weaknesses in governance or controls. These are summarised below:
 - letters issued to service users notifying of charges should advise of their responsibility to inform the Council of any changes in their financial circumstances
 - action should be taken to eliminate, or minimise, the extent to which client documentation is held in hard copy format
 - service users paying by standing order should be further encouraged to move to direct debit payment and a review carried out of users paying by standing order to amend their payments so they are aligned to current fees

- data should be recorded on Carefirst which facilitates analysis of service uptake against assessed need.

13. Full details of the audit findings, recommendations and management responses can be found in Section 3 of this report and in the action plan at Appendix 1.

2. Objectives and Summary Assessment

14. Exhibit 1 sets out the control objectives identified during the planning phase of the audit and our assessment against each objective.

Exhibit 1 – Summary Assessment of Control Objectives

	Control Objective	Risk	Assessment	Summary Conclusion
1	The Council has appropriate policies, aligned to statutory guidance, in relation to user contributions towards services received.	Audit Risk 1 SRR07	High	Guidance is updated annually in line with national strategy and associated income thresholds, charges were appropriately agreed and published on the Council's website.
2	There is operational guidance to support the performance of financial assessments.	Audit Risk 1	Substantial	Annually updated operational guidance is readily available to relevant staff. No formal training available for social workers on the completion of the Community Based Charging (CBC) assessment forms however this task is transferring to Financial Services during the 2021/22 financial year. Letters issued to service users do not advise them of their responsibility to notify the Council of any changes in their financial circumstances.
3	Charges are collected in accordance with approved policies and procedures.	Audit Risk1 SRR07	Substantial	CBC reassessment forms were completed in accordance with the charging scheme and service users were correctly notified and charged for services received. Charges levied were appropriately authorised, processed and recorded in the general ledger. Direct debit is the preferred method of payment and this is in place for approximately 73% of service users, however, a small number are paying the incorrect charge for community alarms via standing order.
4	Personal and sensitive data is maintained and held securely in	Audit Risk 2	Substantial	Service user information is held either in hard copy or electronic format in line with General Data Protection Regulations (GDPR) and all CBC

	accordance with GDPR requirements.			reassessment forms requested were provided for review and found to have been appropriately completed within the current financial year.
5	Service charges are comparable with other Councils /HSCPs and applied consistently so as not to adversely affect uptake.	Audit Risk 3 Audit Risk 4	Reasonable	Desktop analysis indicates that the Council's charges are among the highest in Scotland, however, we were unable to establish if the level of charges was affecting service user uptake as the data was not structured in such a way as to make analysis possible. Charges were found to have been applied in a fair and equitable manner across service user groups.

15. Further details of our conclusions against each control objective can be found in Section 3 of this report.

3. Detailed Findings

The Council has appropriate policies, aligned to statutory guidance, in relation to user contributions towards services received.

16. The Council's Community Based Care Charging Scheme is updated annually in line with national strategy and guidance published by COSLA. The charges are populated on the Council's fees and charges schedule and published on the Council's website following approval by the Policy and Resources Committee and the Full Council.

17. There is no national scale of charges but reasonable charges are determined locally that do not exceed the cost of the service being provided. Income thresholds to be applied to the service user's financial assessment each year are decided nationally and these have been incorporated within the charging scheme.

There is operational guidance to support the performance of financial assessments.

18. The charging scheme outlines the basis of the Council's financial assessment (means testing) criteria, incorporating the annual adjustments to the charging thresholds and allowances as published in the COSLA guidance. The charging scheme and COSLA guidance are available for all relevant staff to access on a designated SharePoint site along with other relevant forms and documentation.

19. New financial assessments are completed by the service user's social worker and reassessments by the finance administration team. There is no formal training in place for social workers to complete the Community Based Charging (CBC) assessment forms, however, new staff are trained by their predecessor, existing workers or the team leader.

20. An agreement has recently been reached between the HSCP and the Council whereby officers in the Council's Financial Services team will carry out the financial assessments on behalf of the HSCP in exchange for an agreed annual fee. The transfer of this task is underway and has been implemented in two of the Council's administrative areas for residential care service users, the remaining areas will be added by the end of the 2020/21 financial year. Completion of the CBC

assessment forms for non-residential care service users will transfer to Financial Services during the 2021/22 financial year.

Charges are collected in accordance with approved policies and procedures.

21. CBC assessment forms must be completed for new service users and reassessed annually to account for increases in pensions, benefits and any other income received. Charging thresholds are also revised annually in line with this. Service users are requested to provide evidence to validate their declared income and savings, however, an inflationary uplift may be applied if evidence is not provided for the annual reassessment. This approach was universally applied last year due to COVID office closures and the requirement for people to stay at home. As the majority of service users receive benefits and pensions this was considered a reasonable approach. In normal times service users will go into their local office to provide the information and the inflationary uplift is by exception.
22. A random sample of 30 CBC reassessment forms from across the Council's four administrative were reviewed. This confirmed that for all 30:
 - they were completed during 2020/21 consistent with the requirement for an annual review
 - they were subject to a needs assessment carried out by Social Work officers
 - where relevant, income disregards and charging waivers were correctly applied
 - no service user was charged above the current cap of £125 per week or the actual cost of assessed services provided per week.
 - services provided at a fixed rate had been correctly charged at the rates published in the Council's fees and charges schedule.
23. Service users are required to disclose all of their income and capital to allow the financial assessment to take place. Social work finance officers advised that if there is any suspicion that the service user has not declared all of their income and capital they will contact the social worker to double check with the service user. Additionally, should the annual reassessment highlight a large reduction in a service user's capital, advice would be requested from the Council's Legal Services team regarding deprivation of assets, and recovery of any funds that are considered due.
24. Following completion of the financial assessment or reassessment, service users are notified by letter of the value of the contribution they must make towards the cost of their assessed care package. Charges for any fixed cost services provided are applied in addition to this at the full rate. The letter does not advise the service user of their responsibility to advise the Council of any change in financial circumstances which may impact upon their required contribution.

Action Plan 1

25. The details of all charges applied are included on invoices that are issued to the service user every four weeks in arrears.
26. Charges to be invoiced to service users are populated on a spreadsheet by the Social Work Finance Admin team every four weeks and passed to the debtors supervisor for automated upload to the debtors system. The Financial Services Income Maximisation team extract the information fed into the general ledger from the debtors system and prepare a journal to re-allocate the charges to the correct ledger codes. This process is largely automated with the resultant journal passed to the Financial Services support team for upload to the general ledger.

Spreadsheets used and calculations performed in relation to this process were reviewed and no issues were identified.

27. A summary of the four-weekly charging spreadsheet prepared by the Social Work Finance officers is sent to the Locality Managers for review and authorisation prior to upload to the debtors system. E-mail authorisations were reviewed and found to have been sent by appropriately authorised officers.
28. Reconciliations between the Debtors, Cash Receipting and the General Ledger systems take place on a daily basis, these were reviewed over a four week period and all variances between the systems were identified and appropriately reconciled.
29. Payment via direct debit is more efficient and reduces the risk of non-payment, therefore, the charging scheme states that “charges will be collected via 4 weekly direct debit unless there are extenuating circumstances which negate the client or the Council’s ability to collect payment in this manner”. The latest upload of charges to the debtors system highlighted that 73% of service users had a direct debit mandate in place. A number of clients use post office accounts that don’t have a direct debit facility and a trawl of those paying by direct debit was carried out approximately two years ago to encourage uptake further. It is not considered likely that a further exercise at the current time would yield a material increase in the number of clients paying by direct debit.
30. Service users were previously offered an option to make payments by standing order. This is no longer an option for new service users however 32 monthly standing order payments are still received for community alarms from users who opted for this method when it was available. The current monthly charge is £23.72. On review we identified that all but one standing order payment are for a lesser value with this being due to standing orders not being increased annually in line with inflationary fee increased. Furthermore there was one standing order payment for £35 per month.
31. Service users paying by standing order were contacted in March 2018 to ask if they would be willing to move to direct debit payment and cancel standing orders. A review of the debtors system highlighted that seven service users are paying for community alarms by standing order and direct debit therefore paying twice for one service. It would appear this is because they agreed to move to a direct debit payment but failed to cancel their standing order. There is no debtors account produced for service users paying by standing order as it is not processed through the debtors system and therefore no routine monitoring takes place which would have highlighted this discrepancy.

Action Plan 3

[Personal and sensitive data is maintained and held securely in accordance with GDPR requirements.](#)

32. Every service user has a confidential record on the CareFirst system, any documentation required to support this is held either in hard copy format in filing cabinets or electronically on Civica, the Council’s document management system. Information held on CareFirst and Civica is accessed by authorised users through robust logical access controls. We were not able to review hard copy files due to office closures in response to the COVID outbreak, however, discussions with staff regarding file management suggests that they are securely stored in locked filing cabinets in line with General Data Protection Regulations (GDPR).

Action Plan 2

33. Service users must be a UK citizen living in the council area. Team leaders advised that the allocated social worker visits the service user at home to verify their permanent residence and their National Insurance number is recorded on the CareFirst system.
34. All CBC reassessment forms requested were available and provided for review, they were found to have been fully completed within the current financial year to ensure that information held is accurate and up to date in line with GDPR requirements and reflect any changes in services provided and financial circumstances for charging purposes.
35. Access to the Council's debtors system is also restricted using logical access controls and Social Work finance officers are authorised to set up service users on this system using information provided on the original CBC financial assessment form. The correct details were present for all 27 of the service users within the sample of 30 reviewed that were subject to charging and all payments made were promptly recorded on their individual accounts.

Service charges are comparable with other Councils/HSCPs and applied consistently so as not to adversely affect uptake.

36. The Council, and other Scottish councils, provide details of charges imposed on service users to COSLA on an annual basis. A spreadsheet provided to internal audit detailed the charges for 20 councils. An attempt was made to further populate this with information available on the outstanding council's websites. However the information available on the websites was limited for 10 of the outstanding 12 so a comparison across all 32 Scottish councils was difficult to perform.
37. Furthermore the information collated was not provided in a consistent manner due to variances in provisions and methods of charging in each council area and this also made it difficult to compare like for like data. Where it was reasonable to do so, we converted data to provide a consistent basis to work with (e.g. annual or quarterly charges converted to weekly and averages used where multiple rates were provided).
38. The Council's charges were compared to those of other councils where possible and the results are summarised here with further details attached in Appendix 3.

Service	Lowest £	Highest £	Average £	ABC £	ABC Rank
Elderly Day Care (Hourly)	0.22	12.83	4.20	8.80	4 th highest of 19
Learning Disability Day Care (Hourly)	0.60	32.68	8.32	23.32	2 nd highest of 12
Housing Support (Hourly)	2.63	18.00	12.69	17.96	2 nd highest of 15
Community Alarms (Weekly)	1.45	5.80	3.81	5.30	2 nd highest of 22
Telecare (Weekly)	1.00	8.40	3.36	4.50 2.50 2.00	Care Assist 2 nd highest of 14 Mobile 4 th lowest of 14 Canary 3 rd lowest of 14
Lunch Club (Flat Fee)	2.00	6.10	3.60	4.40	2 nd highest of 8
Transport (Flat Fee)	0.50	5.00	2.85	2.78	4 th highest of 8

39. The table shows that, generally Argyll and Bute's charges are amongst the highest in Scotland across those services where some form of comparison could be made. However this conclusion needs to be heavily caveated as it is based on a desktop exercise and does not consider the level of service provided which would be required if the comparisons were to be genuinely like for like.
40. To assess whether this seemingly high level of charging was impacting on service uptake data was requested from CareFirst administrator to establish service uptake against numbers assessed as having a need. We were advised that the data held is not structured in such a way as to make that analysis possible. If this analysis could be performed it would help inform discussions and decisions in relation to service uptake, charges and other barriers to service uptake. CareFirst is scheduled to be replaced in April 2022. As such there is limited value in looking to change CareFirst at the current time. It would be more advisable to progress this issue in conjunction with the CareFirst replacement programme.

Action Point 4

41. The Council's charges were also reviewed for consistency of application across service user groups. Lunch Clubs, Telecare and Transport are not financially assessed and are charged to service users at a flat rate regardless of the user group. The remaining services provided are subject to financial assessment and include:
- Home help, housing support and employment support - charged at same hourly rate of £18.48 regardless of service user group
 - Sleepovers - charged at a nightly rate of £104.04 for any service user group
 - Day Care is provided for the elderly at a rate of £9.08 per hour and for service users with learning disabilities at a rate of £24 per hour to reflect the additional needs of this group.

Based on this desktop review we have concluded that the charges are applied in a fair and equitable manner.

Appendix 1 – Action Plan

	No	Finding	Risk	Agreed Action	Responsibility / Due Date
Medium	1	<p>Service User Change in Financial Circumstances</p> <p>Letters issued to service users advising of the weekly service charge does not advise that it is their responsibility to inform the Council of any change in financial circumstances which would require reassessment to take place.</p>	Service users may be incorrectly charged for services received.	Letter has been updated advising service user to inform the Council of any change in financial circumstances.	<p>Social Work Admin Manager</p> <p>Complete</p>
Medium	2	<p>Hard Copy Files</p> <p>Service users have a confidential record on the CareFirst system with documentation required to support this either held in hard copy format in filing cabinets or electronically on Civica. Having documentation in hard copy format means it is not readily accessible to officers during the COVID enforced office closures. With greater homeworking envisaged for the Council it is even more important that documents can be accessed electronically. Furthermore electronic records provide for greater security and reduced risk of loss.</p>	Documentation regarding service users is not readily accessible to officers.	The SW Admin Service is currently in the process of implementing Civica for all client records. Part of this project is to ensure that all records are scanned into an electronic format and held on shared drives until implementation of Civica is achieved. To be on file shares by end March 2022	<p>Social Work Admin Manager</p> <p>31 March 2022</p>

	No	Finding	Risk	Agreed Action	Responsibility / Due Date
LOW	3	<p>Standing Orders for Community Alarms</p> <p>We identified 31 service users paying for Community Alarms by standing order who are not paying the full charge of £23.72 per month due to standing orders not being increased annually in line with inflationary fee increases. Furthermore one service user is paying a standing order payment for £35 per month.</p> <p>We also identified seven service users who are paying for community alarms by standing order and direct debit as they agreed to move to a direct debit payment but failed to cancel their standing order. There is no debtors account produced for service users paying by standing order as it is not processed through the debtors system and therefore no routine monitoring takes place which would have highlighted this discrepancy.</p>	Service users may be paying the incorrect charge for community alarm service.	The admin team are dealing with the cases where users are paying by both standing order and direct debit. Users have been asked to cancel their standing orders in these cases, and in the meantime refunds are being processed. Where service users are underpaying, they will be contacted again and requested to move to direct debits and invoices raised for the underpayments.	TEC Hub Co-ordinator/ Revenue and Benefits Manager 30 June 2021
VFM	4	<p>Service Uptake Data</p> <p>Records held on Carefirst do not allow for an analysis of the level of service uptake compared to those assessed as having a need. If this analysis could be performed it would help inform discussions and decisions in relation to service uptake, charges and barriers to uptake.</p> <p>It would be advisable to progress this issue in conjunction with the CareFirst replacement programme which is scheduled to be complete by April 2022.</p>	Level of service uptake may not be accurately reported	Recommendation accepted. Further discussion will be held with supplier to include service uptake functionality and reporting capabilities on new system from April 2022.	Deputy Head of eHealth HSCP 31 March 2022

In order to assist management in using our reports a system of grading audit findings has been adopted to allow the significance of findings to be ascertained. The definitions of each classification are as follows:

Grading	Definition
High	A major observation on high level controls and other important internal controls or a significant matter relating to the critical success of the objectives of the system. The weakness may therefore give rise to loss or error.
Medium	Observations on less significant internal controls and/or improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system. The weakness is not necessarily substantial however the risk of error would be significantly reduced if corrective action was taken.
Low	Minor recommendations to improve the efficiency and effectiveness of controls or an isolated issue subsequently corrected. The weakness does not appear to significantly affect the ability of the system to meet its objectives.
VFM	An observation which does not highlight an issue relating to internal controls but represents a possible opportunity for the council to achieve better value for money (VFM).

Appendix 2 – Audit Opinion

Level of Assurance	Definition
High	Internal control, governance and the management of risk are at a high standard. Only marginal elements of residual risk have been identified with these either being accepted or dealt with. A sound system of control designed to achieve the system objectives is in place and being applied consistently.
Substantial	Internal control, governance and the management of risk is sound. However, there are minor areas of weakness which put some system objectives at risk and specific elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.
Reasonable	Internal control, governance and the management of risk are broadly reliable. However, whilst not displaying a general trend, there are areas of concern which have been identified where elements of residual risk or weakness may put some of the system objectives at risk.
Limited	Internal control, governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and placing system objectives are at risk. Weakness must be addressed with a reasonable timescale with management allocating appropriate resources to the issues raised.
No Assurance	Internal control, governance and the management of risk is poor. Significant residual risk and/or significant non-compliance with basic controls exists leaving the system open to error, loss or abuse. Residual risk must be addressed immediately with management allocating appropriate resources to the issues.

Appendix 3 – Argyll and Bute Community Based Care Charges Compared to other Councils

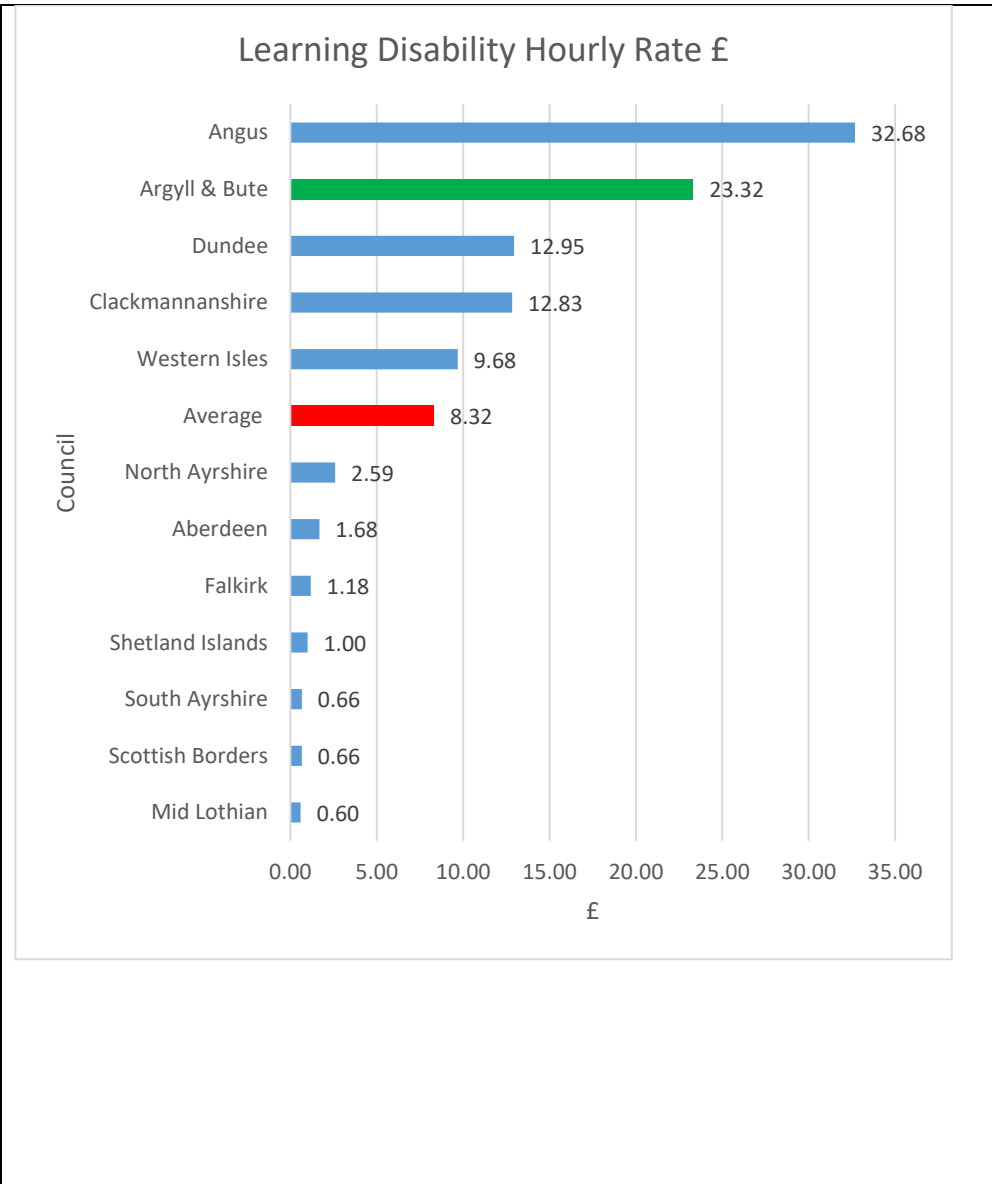
Using data provided for 2019-20 and additional internet research the following information could be gathered and compared:

Day Care Services																																											
A Day Care service is provided in 24 councils, 22 impose a charge of which 15 financially assess the client. Limited comparable data was available for the following:																																											
Elderly Day Care																																											
Four councils provided an hourly rate for comparison purposes, five did not provide any rate, the remaining 15 provided daily, half-day or other rates but did not specify how many hours this covered. Where possible we have made the assumption that a full day session is five hours and half day is two and a half hours and calculated an equivalent hourly rate.																																											
The hourly rate ranged from £0.22 to £12.83, the average was £4.20 Argyll and Bute Council was fourth highest charging £8.80																																											
	<p>Elderly Hourly Rate £</p> <table border="1"> <thead> <tr> <th>Council</th> <th>Hourly Rate (£)</th> </tr> </thead> <tbody> <tr><td>Clackmananshire</td><td>12.83</td></tr> <tr><td>Stirling</td><td>11.9</td></tr> <tr><td>Angus</td><td>11.68</td></tr> <tr><td>Argyll and Bute</td><td>8.8</td></tr> <tr><td>Western Isles</td><td>8.08</td></tr> <tr><td>Dundee</td><td>7.89</td></tr> <tr><td>Average</td><td>4.2</td></tr> <tr><td>Dumfries and Galloway</td><td>3.74</td></tr> <tr><td>North Ayrshire</td><td>2.59</td></tr> <tr><td>West Dunbartonshire</td><td>2</td></tr> <tr><td>North Lanarkshire</td><td>2</td></tr> <tr><td>East Dunbartonshire</td><td>2</td></tr> <tr><td>Aberdeen</td><td>1.68</td></tr> <tr><td>Shetland Islands</td><td>1</td></tr> <tr><td>East Lothian</td><td>0.8</td></tr> <tr><td>South Ayrshire</td><td>0.66</td></tr> <tr><td>Scottish Borders</td><td>0.66</td></tr> <tr><td>East Ayrshire</td><td>0.66</td></tr> <tr><td>Mid Lothian</td><td>0.6</td></tr> <tr><td>Falkirk</td><td>0.22</td></tr> </tbody> </table>	Council	Hourly Rate (£)	Clackmananshire	12.83	Stirling	11.9	Angus	11.68	Argyll and Bute	8.8	Western Isles	8.08	Dundee	7.89	Average	4.2	Dumfries and Galloway	3.74	North Ayrshire	2.59	West Dunbartonshire	2	North Lanarkshire	2	East Dunbartonshire	2	Aberdeen	1.68	Shetland Islands	1	East Lothian	0.8	South Ayrshire	0.66	Scottish Borders	0.66	East Ayrshire	0.66	Mid Lothian	0.6	Falkirk	0.22
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Learning Disability Day Care

Three councils provided an hourly rate for comparison purposes, 12 did not provide any rate, the remaining nine provided daily, half-day or other rates but did not specify how many hours this covered, where possible we have made the assumption that a full day session is five hours and half day is two and a half hours and calculated an equivalent hourly rate.

The hourly rate ranged from £0.60 to £32.68, the average charge is £8.32. Argyll and Bute Council was the second highest charge with £23.32

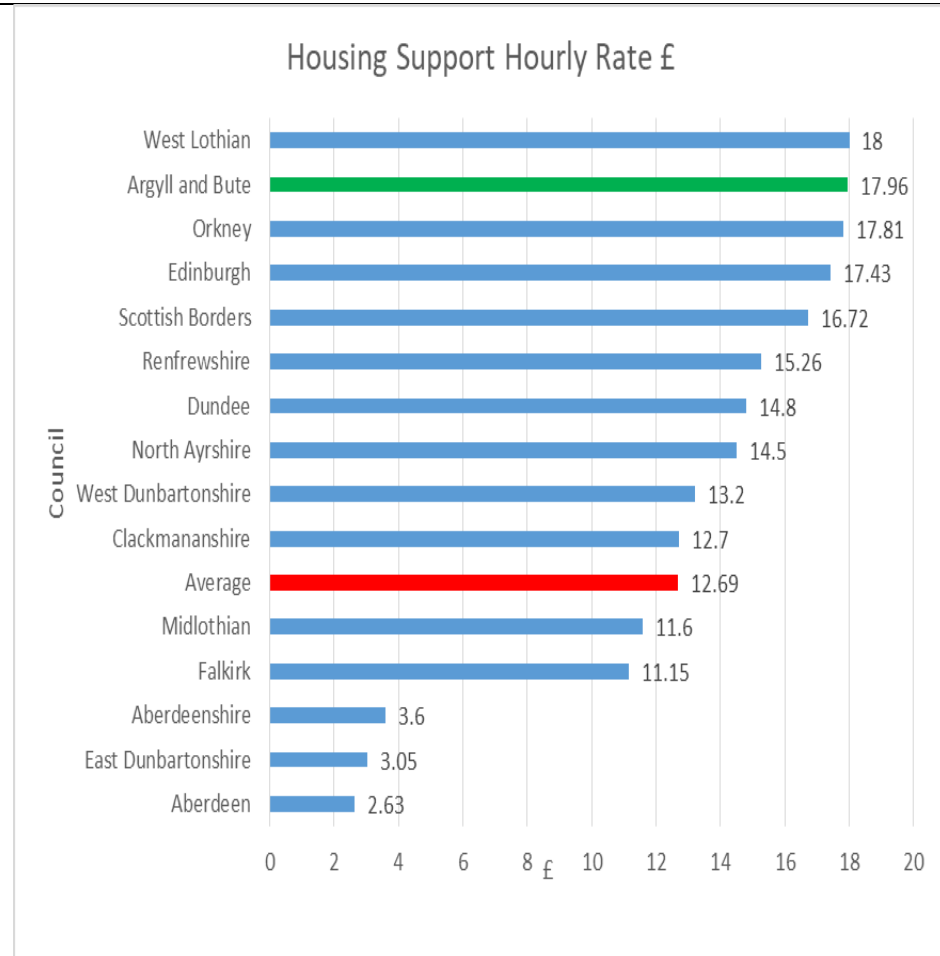


Housing Support Services

A housing support service is provided in 23 councils, 21 impose a charge that is financially assessed. Limited comparable data was available for the following:

Eleven Local Authorities provided an hourly rate for comparison purposes, six did not provide any rate, the remaining four provided weekly rates but did not specify how many hours this covered, we have made the assumption that this five hours.

The hourly rate ranged from £2.63 to £18.00, the average charge is £12.69. Argyll and Bute Council charge the second highest rate of £17.96.

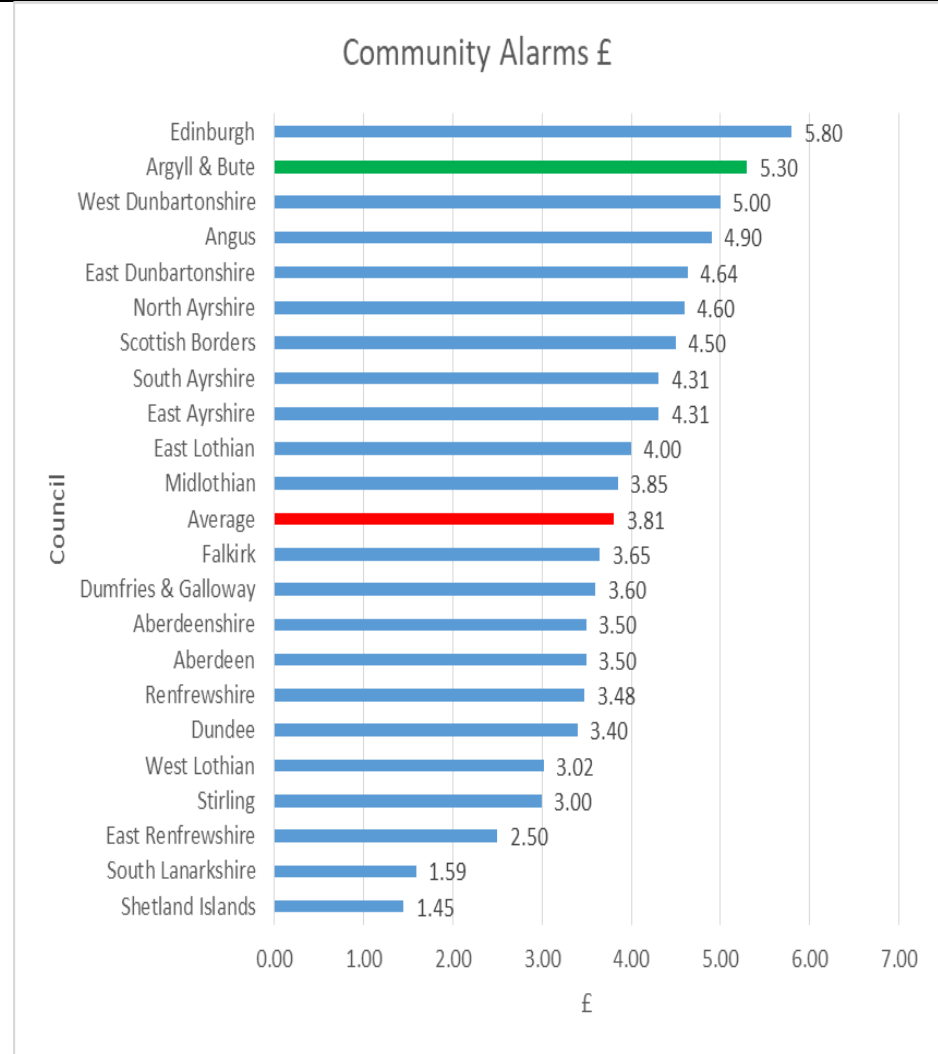


Community Alarm Services

A Community Alarm service is provided in 23 councils, 22 impose a charge of which 7 financially assess the client. Data was available for the following:

Twenty councils provided a weekly charge rate for comparison purposes, two others provided an annual charge value and these were converted to weekly values to provide an equivalent charge rate.

Weekly rates ranged from £1.45 to £5.80, the average charge is £3.81. Argyll and Bute Council charge the second highest rate of £5.30.

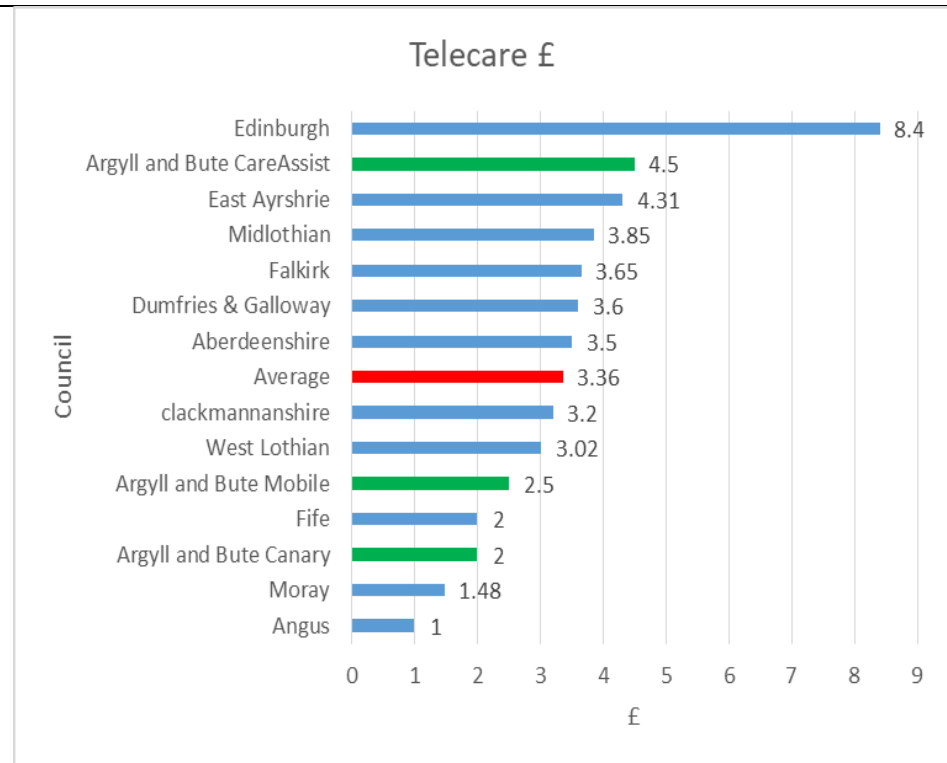


Telecare Services

A Telecare service is provided in 19 councils, 13 impose a charge, one did not provide a value, a financial assessment is undertaken by three. Data was available for the following:

Eleven councils provided a weekly charge rate for comparison purposes, one other provided a quarterly charge value and this was converted to a weekly value to provide an equivalent charge rate.

Weekly rates ranged from £1 to £8.40, the average charge is £3.36. Argyll and Bute Council has three different charges, the Canary system is joint third lowest, the mobile monitoring system is fourth lowest and the CareAssist system is second highest cost.

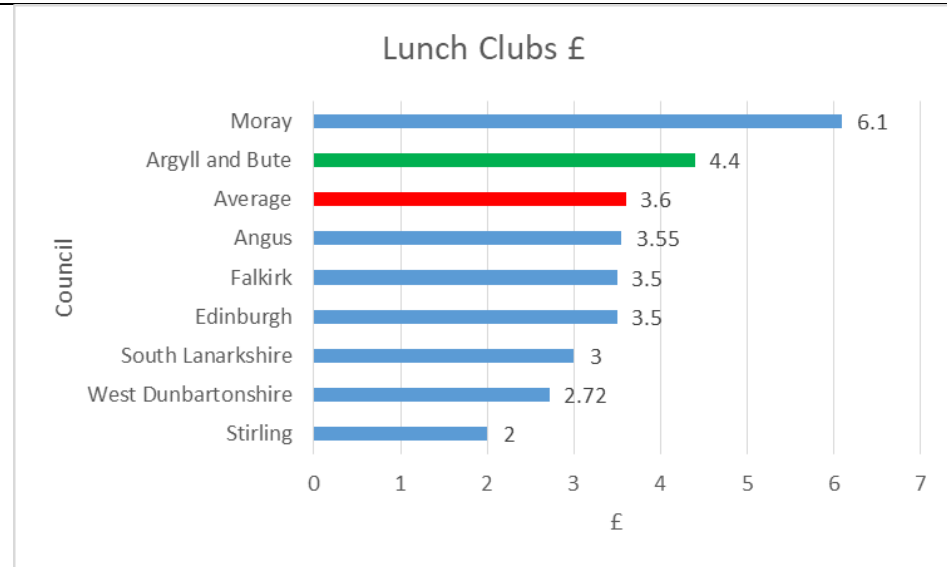


Lunch Club Services

A lunch club service is provided in nine councils, one does not impose a charge, the remaining eight impose a charge that is not financially assessed. Data was available for the following:

Eight councils provided a charge rate for comparison purposes.

Charge rates ranged from £2 to £6.10, the average charge is £3.60. Argyll and Bute Council have the second highest charge of £4.40.

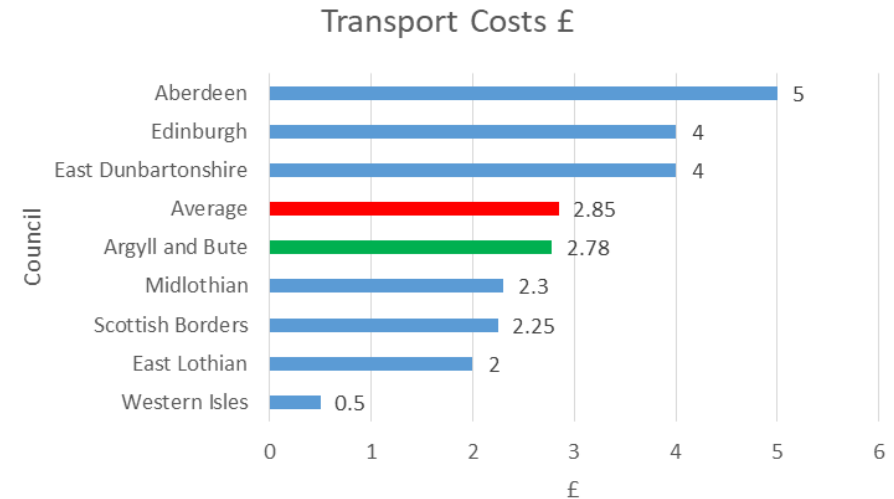


Transport Services

A transport service is provided in 18 councils, seven do not impose a charge and three impose a charge that is financially assessed. Data was available for the following:

Eight councils provided a charge rate for comparison purposes, the remaining three did not state a rate.

Charge rates ranged from £0.50 to £5, the average charge is £2.85. Argyll and Bute Council have a mid-range charge of £2.78.



Other Services

Various other services are provided by councils including Residential respite, Employment Support, Shared Lives, Sleepovers, Domestic Care, Home support, domiciliary care, supported accommodation and long term care however there is insufficient data to be able to accurately benchmark costs against these services.

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Argyll and Bute Council
Internal Audit Report
May 2021
FINAL

Sickness Absence

Audit Opinion: Substantial

	High	Medium	Low	VFM
Number of Findings	0	2	2	1

Contents

1. Executive Summary	3
Introduction	3
Background	3
Scope	4
Risks	4
Audit Opinion	4
Recommendations	4
2. Objectives and Summary Assessment	5
3. Detailed Findings	6
Appendix 1 – Action Plan	11
Appendix 2 – Audit Opinion	15

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1. Executive Summary

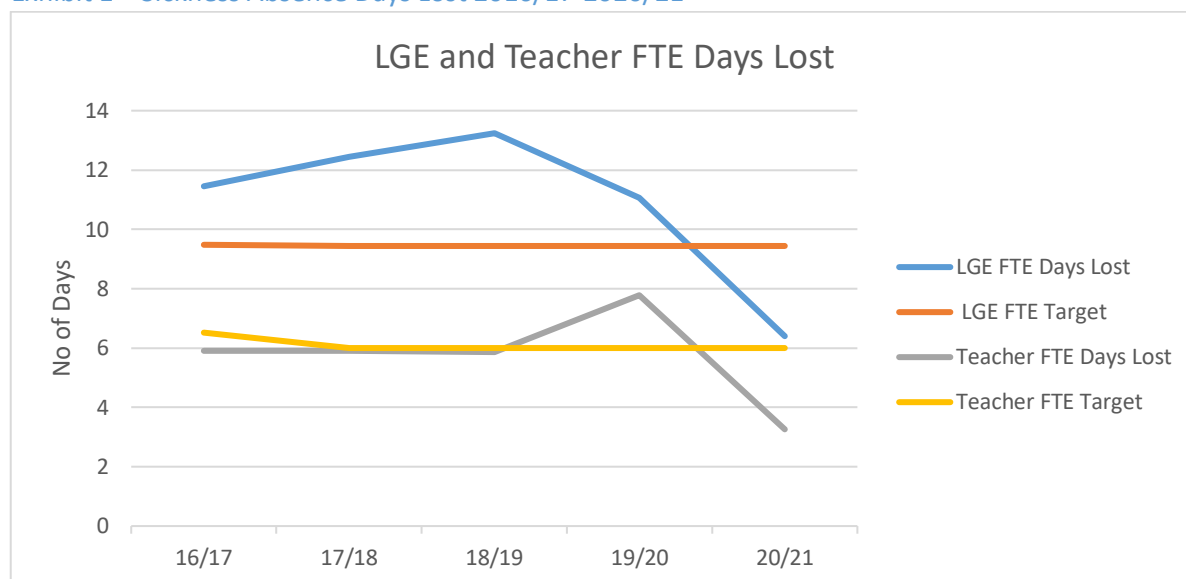
Introduction

1. As part of the 2020/21 internal audit plan, approved by the Audit & Scrutiny Committee in March 2020, we have undertaken an audit of Argyll and Bute Council's (the Council) system of internal control and governance in relation to Sickness Absence.
2. The audit was conducted in accordance with the Public Sector Internal Audit Standards (PSIAS) with our conclusions based on discussions with council officers and the information available at the time the fieldwork was performed. The findings outlined in this report are only those which have come to our attention during the course of our normal audit work and are not necessarily all the issues which may exist. Appendix 1 to this report includes agreed actions to strengthen internal control however it is the responsibility of management to determine the extent of the internal control system appropriate to the Council.
3. The contents of this report have been agreed with the appropriate council officers to confirm factual accuracy and appreciation is due for the cooperation and assistance received from all officers over the course of the audit.

Background

4. Effective implementation of the Council's Maximising Attendance at Work Policy requires managers to actively monitor the attendance levels of their staff on an ongoing basis. Monitoring enables emerging trends to be identified with a view to taking early action to prevent absence/health issues from developing into potentially longer-term problems. Absence due to sickness can be for a number of reasons and the Council approach is that instances of sickness absence are dealt with on an individual basis.
5. Managers should be using monitoring information to identify possible symptoms of stress (work-related or otherwise), motivational/behavioural matters or physical well-being issues that may be causing, or contributing to an employee's absence from work.
6. The Council sickness absence procedures are designed to:
 - support employee wellbeing
 - minimise working days lost
 - ensure the health, safety and wellbeing at work of employees.
7. Exhibit 1 provides a summary of days lost against target due to sickness absence for both LGE staff and teachers in terms of full time equivalents (FTE) over the five year period 2016-2021. Note that the 2020/21 performance is an outlier due to the impact of COVID.

Exhibit 1 – Sickness Absence Days Lost 2016/17-2020/21



Scope

- The scope of the audit was to assess the adequacy and effectiveness of the Council's sickness absence arrangements as outlined in the Terms of Reference agreed with the Human Resources and Organisational Development (HROD) Manager on 18 December 2020.

Risks

- The risks considered throughout the audit were:
 - Audit Risk 1:** robust sickness absence procedures are not in place
 - Audit Risk 2:** monitoring and reporting of sickness absence is not carried out as per established procedures
 - Audit Risk 3:** appropriate sickness absence reporting is not carried out

Audit Opinion

- We provide an overall audit opinion for all the audits we conduct. This is based on our judgement on the level of assurance which we can take over the established internal controls, governance and management of risk as evidenced by our audit work. Full details of the five possible categories of audit opinion is provided in Appendix 2 to this report.
- Our overall audit opinion for this audit is that we can take a substantial level of assurance. This means that internal control, governance and the management of risk is sound. However, there are minor areas of weakness which put some system objectives at risk and specific elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.

Recommendations

- We have highlighted two medium priority recommendations and two low priority recommendations where we believe there is scope to strengthen the control and governance environment. We have also highlighted one recommendation which may lead to more efficient working practice. These are summarised below:

- return to work interviews and attendance review meetings should be carried out
- records of attendance review meetings should be kept and be accessible by HR
- completion of the revised e-learning module 'Maximising Attendance' should be promoted to all staff
- sickness absence targets should be subject to annual review
- review of the effectiveness of the dedicated HR assistants should be carried out to determine if they deliver value for money.

13. Full details of the audit findings, recommendations and management responses can be found in Section 3 of this report and in the action plan at Appendix 1.

2. Objectives and Summary Assessment

14. Exhibit 2 sets out the control objectives identified during the planning phase of the audit and our assessment against each objective.

Exhibit 2 – Summary Assessment of Control Objectives

	Control Objective	Link to Risk	Assessment	Summary Conclusion
CO1	The Council has robust sickness absence procedures	Audit Risk 1	High	The Council has a 'Maximising Attendance at Work Policy' with comprehensive associated procedures and guidance which are readily available on the HUB. An updated Policy "Supporting Attendance at Work was approved by Policy and Resources Committee in May 2021. Roles and responsibilities have been identified and appropriate training is available. Staff should be encouraged to review the e-learning module 'Maximising Attendance'
CO2	Sickness absence is monitored in line with established procedures	Audit Risk 2	Reasonable	The Council has trigger levels which, if exceeded, require intervention by line managers. Return to work interviews had not been recorded as conducted in 53% of periods of absence subject to audit sampling and, for a sample of eight long term absences, there was no record of attendance review meetings being performed. Procedures should be updated to reflect the requirement for managers to record both RTW and attendance review meetings and have them accessible by HR staff. The Council provide an occupational health service for employees and sample testing confirmed this was being utilised where appropriate.

CO3	There are appropriate arrangements for reporting sickness absence	Audit Risk 3	High	The Council regularly reports sickness absence statistics to all appropriate bodies including the Strategic Management Team (SMT), Heads of Service and the Audit and Scrutiny Committee. Sickness targets have not been updated for a number of years. In view of the significant number of days lost by HSCP staff in comparison to Council staff there may be scope for having a dedicated HR assistant for HSCP, however there is currently no mechanism in place for assessing the effectiveness of dedicated HR assistants in relation to improving sickness absence levels. HSCP has recently implemented a major management restructure, which has resulted in a large proportion of NHS managers now being responsible for council staff in the service. Additional support requirements for HSCP will be assessed with a report being prepared for SMT by June 2021.
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15. Further details of our conclusions against each control objective can be found in Section 3 of this report.

3. Detailed Findings

The Council has robust sickness absence procedures

16. The Council is currently drafting a new 'Supporting Attendance at Work Policy' and associated procedures. As these are still in draft the audit focused on the current policy and procedures however cognisance was given to the proposed new documents.
17. A 'Maximising Attendance at Work Policy' (the Policy) was developed by Human Resources (HR), in conjunction with service representatives and trade unions, and implemented in 2012. Supplementary guidance on key elements of the Policy is available to employees and managers.
18. The Policy and associated procedures provide comprehensive guidance to managers and employees on each stage of the sickness absence process. These are freely available via the HUB and include guidance on key areas such as:
- use of the absence line
 - medical fit notes
 - short term and long term absence
 - maximising attendance at work.

19. Responsibility for implementing and complying with the Policy and associated procedures lies with officers at all levels within the Council. The Policy clearly sets out the roles and responsibilities of:
- the SMT
 - heads of service
 - line managers
 - employees
 - HR.
20. Line managers are responsible for managing their employee's attendance in relation to adherence to contracted hours, flexi-time, annual leave and authorising other absence types. This includes:
- ensuring employees submit self certification or medical certificates to support absence
 - keeping in regular contact with employees
 - reviewing absence frequency and/or length of absence to identify need for Stage 1 (informal) or Stage 2 (formal) attendance monitoring.
21. HR oversees the collation and reporting of absence data for the whole council and supports line managers to deal with absence management. Support is also available via online training on the application of relevant policies and HR advice on attendance review meetings and the provision of reasonable adjustments to facilitate an employee's return to work.
22. As part of the corporate induction programme new starts are provided with information on what is expected of them when they are off sick and the processes which their manager will follow on their return to work. An e-learning module entitled 'Maximising Attendance' is available via the HUB. The module covers the Council's policy and the responsibilities of managers and employees. Responsibility lies with individual services to encourage staff to complete the module. At the time of the audit 184 council officers had done so which is low in comparison to total staff numbers. HR have indicated they will review and update the module if necessary in light of the new policy and procedures currently being prepared. Completion of the revised module should be promoted as part of its roll out.

Action Plan 3

23. Absences are recorded on the MyView system and training videos are available on the HUB on how to use MyView.
24. The Council has an agreement with an Employee Assistance Programme to provide a free, and confidential, professional, counselling service to employees. Employees can refer themselves, or be referred by the Council. The Council also offer advice and support to managers who are dealing with difficult or sensitive issues in the workplace.

Sickness absence is monitored in line with established procedures

25. The Council has established sickness absence trigger levels which, if exceeded, require intervention by line managers. A trigger level is defined as a level or frequency of absence over a prescribed period that gives rise for concern. The current trigger levels are:
- 3 or more absences of any length in the last 365 days
 - 10 days or more absence in a 12 month rolling period

- any noted pattern of absence e.g. Mondays and Fridays, or before, or after, leave
 - continuous absence of more than four weeks
 - reason for absence is stress or a similar condition
 - back and/or musculoskeletal related absences.
26. Where a trigger level is exceeded the appropriate line manager is sent an e-mail which instructs them to contact the employee to arrange a review meeting 'to discuss their attendance levels in accordance with the Council's procedures on maximising attendance.'
27. A sample of eleven short term and eight long term absences were reviewed to confirm:
- the employee provided a self-certification (fit note) where then absence was for more than seven calendar days
 - a return to work interview has been carried out
 - attendance review meetings (where appropriate) were carried out
 - occupational health referral was given (where appropriate).
28. Self-certifications had been provided in all relevant instances. We identified that the current procedures don't stipulate when self-certification is required however no audit issue has been raised as this has been corrected in the revised draft procedures.
29. Following every period of sickness absence, a return to work interview should be carried out by the relevant line manager. For the sample of nineteen absences there was no evidence of a return to work interview being conducted in ten cases (six out of the eleven short term and four out of the eight long term absences).

Action Plan 1

30. Procedures stipulate that attendance review meetings should be carried out by the employee's line manager to facilitate the employees return to work. Whilst for short term absences the line manager may not deem this necessary, there was no evidence of any review meetings for the eight long term absences identified within the sample. The procedures should be updated to ensure that all attendance review meetings are properly recorded in the MyView system in the same way that return to work interviews are recorded in MyView.

Action Plan 2

31. Occupational Health Physicians (OHP) provide advice and guidance on the impact of ill health and what steps the Council and/or employee may take. Employee support services are available via an Occupational Health and the Employee Assistance Programme and referral is made where appropriate. OHP is normally relevant to employees on long term sick. Of the eight employees on long term absence reviewed, five had been referred to OHP. For the remaining three the cause of the absence meant referral was not deemed necessary.

There are appropriate arrangements for reporting sickness absence

32. Sickness absence levels against targets is recorded in the Pyramid performance system on a quarterly basis.
33. The procedures state 'targets will be reviewed on at least an annual basis and services are expected to provide year on year improvements in their sickness absence figures'. Targets have not been reviewed within the last three years.

Action Plan 4

34. Sickness absence is reported annually to the SMT. The 2019/20 report highlights that sickness absence cost the Council £3,543,579 in the year and that:
- 11.49 total work days lost per FTE (Council wide) - 3.4% reduction from 11.89 in 2018/19
 - 12.70 total work days lost per FTE (LGE) – 9% reduction from 14.01 in 2018/19
 - 7.97 total work days lost (Teachers) - 39% increase from 5.73 in 2018/19
 - stress/depression/mental health is the most common cause of absence accounting for 30% of work days lost
 - the number of days of short term absence in quarter 1 2020/21 has reduced by 70%
 - HSCP days lost for 2019/20 was 19.85 compared to the Council average of 11.49.
35. As part of a six monthly performance report sickness absence statistics are reported to the Audit and Scrutiny Committee. The report highlights the number of days lost per FTE and the main reason for days lost. In addition it summarises the status of any new relevant initiatives currently being implemented.
36. The Council produce a quarterly report called the 'Health of the Organisation' which is circulated to all Heads of Service and presented to SMT on a six monthly basis. It provides information on:
- % of wage bill spent on sickness absence
 - long term & short term sickness rates
 - number of days lost per top three absence categories (long and short term)
 - % of return to work interviews completed.
37. HR also produce a comprehensive monthly report on sickness absence by service which is forwarded to all Heads of Service. This provides information on:
- employees on long term sick-28 days or more
 - employees on short term sick
 - 10 days or more of sickness in 12 month rolling period
 - 3 or more occurrences of sickness in a 12 month rolling period
 - return to work analysis
 - instances of absence due to stress
 - reason for sickness absence.
38. Line managers can also use MyView to view/run the following reports:
- 3 or more absences in 12 months
 - 10 or more days absence in 12 months
 - return to work interviews complete/outstanding
 - individual absence records.
39. Development & Infrastructure and Education have a dedicated HR Assistant who circulates more detailed sickness absence reports on a monthly basis to Heads of Service. This position has been in place for 8 years and provide more detailed analysis and trends on sickness absence than is contained in the reports referenced at paragraph 38 and a more dedicated support service. The remaining Council services, including the HSCP, are supported via the wellbeing team as part of their day to day duties. A review of the latest sickness absence prepared by HR to SMT noted that HSCP lose a significant number of days due to absence in comparison to the rest of the Council.

40. The HSCP has recently implemented a major management restructure, which has resulted in a large proportion of NHS managers now being responsible for council staff in the service. These managers have had initial induction into HR policies and procedures, but will require additional support to ensure that they are familiar with them. Further benefit to HSCP may therefore be derived by having a dedicated assistant for HSCP, however there is currently no mechanism in place to assess the impact of the current dedicated HR assistants in regard to reducing sickness absence. Therefore it is not possible to determine whether employing a further dedicated assistant would represent good value for money or whether the current dedicated assistants are delivering value for money.

Action Plan 5

Appendix 1 – Action Plan

	No	Finding	Risk	Agreed Action	Responsibility / Due Date
Medium	1	<p>Return to Work Interviews</p> <p>Return to work interviews had not been conducted in 53% of periods of absence subject to audit sampling.</p>	Underlying reasons for absence may not be identified which could result in a further period of absence.	<p>HR will undertake the following actions regarding RTW:</p> <ol style="list-style-type: none"> 1. Contact all services regarding the importance of carrying out RTW interviews 2. Introduce a reminder e-mail after 5 working days to remind line managers that a RTW should be carried out 3. Review the RTW procedure documentation. 	<p>HR Team Leader</p> <p>31 December 2021</p>

Medium	2	<p>Attendance Review Meetings</p> <p>Procedures stipulate that attendance review meetings should be carried out by the employee's line manager to facilitate the employees return to work. No evidence of review meetings being carried out was available for any of a sample of eight long term absences. Procedures should be updated to ensure that all attendance review meetings are properly recorded in the MyView system in the same way that return to work interviews are recorded in MyView.</p>	Failure to record attendance review meetings may lead to absence issues not being properly addressed.	HR will review the mechanism for documenting content of attendance review meetings and recommend a preferred option for automatically populating the documentation into the Myview system	<p>HR Development Team Lead</p> <p>31 December 2021</p>
Low	3	<p>Maximising Attendance e-Learning</p> <p>Only 184 Council officers have completed the e-learning module 'Maximising Attendance. HR will be updating the module to reflect the revised sickness absence policies and procedures. Completion of the revised module should be promoted as part of the roll out of the revised governance documents.</p>	Officers may not be aware of their responsibilities in relation to managing sickness absence.	HR will update the module to reflect the revised sickness absence policies and procedures.	<p>HR Team Leader</p> <p>31 December 2021</p>
Low	4	<p>Review of Absence Targets</p> <p>The sickness absence procedures state 'targets will be reviewed on at least an annual basis and Services are expected to provide year on year improvements in their sickness absence figures'. Targets have not been reviewed within the last three years.</p>	Current targets may either be unrealistic or, alternatively, not appropriately challenging.	HR will engage with Heads of Service and DMTs to review their annual absence performance and agree the next year's targets. This will be reported to SMT/HSCP SLT for final approval.	<p>HR Team Leader</p> <p>31 March 2022</p>

VFM	5	<p>Dedicated HR Assistants</p> <p>Development & Infrastructure and Education have a dedicated HR Assistant for Attendance who circulate reports on a monthly basis to the Heads of Service. The HR assistants provide analysis and trends over time on sickness absence. As there is no mechanism in place to assess the impact of a dedicated HR assistant on levels of sickness absence it is not possible to assess whether they are delivering value for money.</p>	Value for money may not be achieved	HR will review attendance trends and survey Development & Infrastructure and Education services to assess and report to SMT on how effective the dedicated HR assistants have been to their service.	<p>HR Team Leader</p> <p>30 June 2021</p>
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In order to assist management in using our reports a system of grading audit findings has been adopted to allow the significance of findings to be ascertained. The definitions of each classification are as follows:

Grading	Definition
High	A major observation on high level controls and other important internal controls or a significant matter relating to the critical success of the objectives of the system. The weakness may therefore give rise to loss or error.
Medium	Observations on less significant internal controls and/or improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system. The weakness is not necessarily substantial however the risk of error would be significantly reduced if corrective action was taken.
Low	Minor recommendations to improve the efficiency and effectiveness of controls or an isolated issue subsequently corrected. The weakness does not appear to significantly affect the ability of the system to meet its objectives.
VFM	An observation which does not highlight an issue relating to internal controls but represents a possible opportunity for the council to achieve better value for money (VFM).

Appendix 2 – Audit Opinion

Level of Assurance	Definition
High	Internal control, governance and the management of risk are at a high standard. Only marginal elements of residual risk have been identified with these either being accepted or dealt with. A sound system of control designed to achieve the system objectives is in place and being applied consistently.
Substantial	Internal control, governance and the management of risk is sound. However, there are minor areas of weakness which put some system objectives at risk and specific elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.
Reasonable	Internal control, governance and the management of risk are broadly reliable. However, whilst not displaying a general trend, there are areas of concern which have been identified where elements of residual risk or weakness may put some of the system objectives at risk.
Limited	Internal control, governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and placing system objectives are at risk. Weakness must be addressed with a reasonable timescale with management allocating appropriate resources to the issues raised.
No Assurance	Internal control, governance and the management of risk is poor. Significant residual risk and/or significant non-compliance with basic controls exists leaving the system open to error, loss or abuse. Residual risk must be addressed immediately with management allocating appropriate resources to the issues.

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Argyll and Bute Council

Internal Audit Report

April 2021

FINAL

Workforce Planning

Audit Opinion: Substantial

	High	Medium	Low	VFM
Number of Findings	0	1	0	0

Contents

1. Executive Summary	3
Introduction	3
Background	3
Scope	4
Risks	4
Audit Opinion	4
Recommendations	4
2. Objectives and Summary Assessment	4
3. Detailed Findings	5
Appendix 1 – Action Plan	9
Appendix 2 – Audit Opinion	11

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1. Executive Summary

Introduction

1. As part of the 2020/21 internal audit plan, approved by the Audit & Scrutiny Committee in March 2020, we have undertaken an audit of Argyll and Bute Council's (the Council) system of internal control and governance in relation to Workforce Planning.
2. The audit was conducted in accordance with the Public Sector Internal Audit Standards (PSIAS) with our conclusions based on discussions with council officers and the information available at the time the fieldwork was performed. The findings outlined in this report are only those which have come to our attention during the course of our normal audit work and are not necessarily all the issues which may exist. Appendix 1 to this report includes agreed actions to strengthen internal control however it is the responsibility of management to determine the extent of the internal control system appropriate to the Council.
3. The contents of this report have been agreed with the appropriate council officers to confirm factual accuracy and appreciation is due for the cooperation and assistance received from all officers over the course of the audit.

Background

4. Workforce planning is a key business process which aligns changing organisational needs with its people strategy. It is the process of ensuring you have the right number of people, with the right skills, employed in the right place at the right time to deliver the organisation's short and long term objectives. The public sector is facing challenging times and the Council must ensure we have a resilient and committed workforce with the skills required to meet those challenges.
5. Workforce planning is about generating information, analysing it to inform future demand of people and skills, and translating it into a set of actions that will develop and build the existing workforce to meet demand. It is also about determining future workforce needs and identifying workforce gaps against future needs.
6. Employees are the Council's core resource, are at the heart of what we do, and at the frontline of all services we deliver. A key component of the Corporate Plan and Single Outcome Agreement is to attract and retain people to live, work and learn in Argyll and Bute. As one of the area's largest employers we can contribute to this goal by identifying talented individuals and offering them employment and development opportunities with the Council.
7. The Council has a high number of staff aged 50 and over as against a small number aged under 25. This presents one of the most challenging aspects of workforce planning for future service delivery by the Council. Succession planning and encouraging young people into the workforce is a fundamental aspect of the Council's Talent Management team and Growing Our Own project.
8. As workforce planning is the responsibility of management within the Health & Social Care Partnership (HSCP) the board collate and analyse the detailed information and priority areas for workforce planning action for the services within the HSCP. We have therefore excluded Social Work services from this audit.

Scope

9. The scope of the audit was to review the internal controls in place to mitigate the risk of there being insufficient resource to ensure effective service delivery as outlined in the Terms of Reference agreed with the Head of Customer Support Services, Development and Infrastructure Services on 10 March 2021.

Risks

10. The risks considered throughout the audit were:
- **SRR06:** Insufficient resources to ensure effective service delivery.
 - **ORR:** Services have insufficient supply of staff to meet demand due to low uptake on recruitment due to COVID restrictions and staffing shortages to due to COVID related absence.
 - **Audit Risk 1:** Services have not developed and implemented effective workforce plans.

Audit Opinion

11. We provide an overall audit opinion for all the audits we conduct. This is based on our judgement on the level of assurance which we can take over the established internal controls, governance and management of risk as evidenced by our audit work. Full details of the five possible categories of audit opinion is provided in Appendix 2 to this report.
12. Our overall audit opinion for this audit is that we can take a substantial level of assurance. This means that internal control, governance and the management of risk is sound. However, there is one minor areas of weakness which put some system objectives at risk and specific elements of residual risk that are slightly above an acceptable level and needs to be addressed within a reasonable timescale.

Recommendations

13. We have highlighted one medium priority recommendations where we believe there is scope to strengthen the control and governance environment. This is summarised below:
- the revised Strategic Workforce Plan (post 2022 review) should be supported by a consolidated process which tracks progress against the actions identified within it.
14. Full details of the audit findings, recommendations and management responses can be found in Section 3 of this report and in the action plan at Appendix 1.

2. Objectives and Summary Assessment

15. Exhibit 1 sets out the control objectives identified during the planning phase of the audit and our assessment against each objective.

Exhibit 1 – Summary Assessment of Control Objectives

	Control Objective	Link to Risk	Assessment	Summary Conclusion
1	An effective workforce planning model has been	SRR06	High	The Strategic Workforce Plan sets out what the Council will do to ensure they have a workforce that will deliver their ambitions for the future for the

	developed and implemented			organisation. Services are required to review and update their workforce plans every six months and are required to identify gaps using a risk based approach.
2	Workforce planning framework supports identification of training and development opportunities	SRR06	Substantial	Staff are encouraged and supported to undertake training opportunities through the LEON system and managers are encouraged to support staff achieve their potential. The Talent Management programme and Growing Our Own offer initiatives to encourage people to join the Council and are also open to current employees. There is no consolidated process to monitor progress against the actions agreed in the Plan.
3	Services have detailed workforce plans that are reviewed regularly	SRR06 Audit Risk 1	High	Service workforce plans are updated and reviewed twice a year. Human Resources and Organisational Development provide base information for the service based on currently employee profiles. Managers are required to review the information and identify the future needs for the service.
4	Emergency workforce planning measures have been implemented to address the immediate impact of COVID	ORR	High	Emergency workforce planning measures have been implemented to address the impact of COVID. This included training for managing staff remotely, redeployment opportunities, looking at gaps in services and volunteering opportunities.

16. Further details of our conclusions against each control objective can be found in Section 3 of this report.

3. Detailed Findings

An effective workforce planning model has been developed and implemented

17. The Council's Strategic Workforce Plan (2018-2022) (the Plan) sets out what the Council will do to ensure they have a workforce that will deliver their ambitions for the future for the organisation. The Plan focuses on the key priority areas set out in the People Strategy (The Strategy) and develops them in terms of workforce development.
18. The Plan has been informed by the strategic direction of the Council, the medium to long term financial strategy and the key changes and challenges the Council faces. It identifies the strategic priorities for workforce planning and takes into account the current and future needs of the Council in relation to staffing numbers, skills and service requirements. It looks at each individual service including the purpose of each service, total staff allocation, age profile, employee budget

and future needs of the services. The impact of the plan and associated actions will be reviewed when the plan is reviewed in 2022.

19. The Plan sets out the key areas of action to meet future workforce needs and identifies priorities including:
- Growing excellent leaders and managers
 - Talent Management
 - Values and Behaviours
 - Employee Voice – engaging with our employees
 - Recognition and reward
 - Recruitment and retention
 - Health and wellbeing
20. A number of initiatives have been implemented to meet the key priorities identified including:
- Argyll & Bute Manager Development Programme and leadership development programme
 - Growing our Own project has been refreshed with a dedicated temporary officer in the new Talent Management Team
 - Employee Code of Conduct
 - Employee suggestion scheme
 - Annual employee excellence and recognition awards
 - “Wellbeing Wednesday” emails circulated to employees on a variety of topics.
21. Where service redesign is required Human Resources & Organisational Development (HROD), in conjunction with the Trade Unions, have developed a number of policies, procedures and guidance to assist managers. A guidance document, agreed in June 2015: HROD Guidance for Managers on Redesigning Service Delivery is available on the HUB. There are plans to review some parts of the guidance, namely the redeployment procedure and the redundancy selection criteria.

Workforce planning framework supports identification of training and development opportunities

22. As part of the workforce planning model managers are required to identify any current and future staffing needs, including identifying actions to mitigate risks. This may include identifying training opportunities to ensure staff have the skills to meet current and future demands.
23. The Strategy outlines a commitment to ensuring employees receive the training and development required to carry out their jobs effectively. In addition, linked to the talent management activity, the Council continue to create opportunities for development through the modern apprenticeship and trainee programme.
24. Learning and development guidance, including a full list of training courses, is available on the Council’s HUB and the Council is a SQA Accredited training centre. The training centre refers to all the training delivered by, or facilitated through, the team and a variety of courses including, Scottish Vocational Qualifications (SVQ), Professional Development Awards and Modern Apprenticeship programmes are offered either in the training classroom, virtually or if an SVQ qualification, observed in the workplace.

25. The plan sets out a number of actions that the Council are committing to deliver against each of the seven key areas detailed in paragraph 19. These are all presented as ‘We will’ statements. The number of commitments is summarised in Exhibit 2.

Exhibit 2 – Commitments in Strategic Workforce Plan

Plan Section	Key Area	No of Commitments
3.2	Growing excellent leaders and managers	3
3.3	Talent Management	12
3.4	Values and Behaviours	2
3.5	Employee Voice – engaging with our employees	2
3.6	Recognition and reward	1
3.7	Recruitment and retention	6
3.8	Health and wellbeing	3
	Total Number of Commitments	29

26. Through discussions with officers we were advised that monitoring of these actions is picked up through a range of activity such as service workforce planning meetings, the Pyramid system, tracking the Growing Our Own programme etc. however there is no consolidated process for monitoring and tracking the actions agreed in the Plan meaning it is difficult to assess progress toward delivering it or its impact. As the Plan is due to be refreshed in 2022 it is not deemed a valuable use of resource to implement a monitoring process for the current iteration of it however this should be considered to support the revised plan.

Action Plan 1

27. LEON, the Council’s e-learning system, hosts a wide range of online courses, including mandatory and induction, leadership and management, IT, workplace skills, equality and diversity and health and wellbeing courses. Employees have access to LEON with log in details provided when an employee commences employment with the Council. All courses can be accessed at a time that is convenient to employees and from any computer or mobile device with internet access.

Services have detailed workforce plans that are reviewed regularly

28. The Council recognise workforce planning requires to be done regularly and with service managers who have a strategic link to the organisation and who operationally know their service. Service workforce plans have been established which are reviewed, updated and reported on every six months. Templates for these were initially created using base information taken from 2018/2019 workforce statistics.
29. HROD officers meet service managers twice a year (May and November) to discuss and update service workforce plans. Two weeks prior to the meeting managers are provided with updated templates pre-populated with information downloaded from Resourcelink. This allows services to review and update workforce information and identify actions to support identified service needs. Statistics from the previous update are provided to enable trends to be identified. Service managers, with support from HROD, are required to identify actions which will enable them to address any current or future workforce challenges. Once HROD receive all updated plans they are analysed to identify key themes and these are reported via a Final Output Report which is presented to DMT and SMT.

Emergency workforce planning measures have been implemented to address the immediate impact of COVID

30. As part of the COVID response, HROD established a redeployment hub to help facilitate the redeployment of Council officers from roles put on hold due to COVID restrictions into areas of priority need.
31. Initially, managers identified critical service gaps through a SharePoint site, although this was subsequently replaced by telephoning managers to identify gaps in service. At the same time, employees and volunteers were asked to complete a form on the website advising if they were able to help fill any gaps. This report was provided to HROD on a daily basis who went through a process of matching the supply (from the website) to the demand (the identified gaps).
32. A COVID redeployment process, including a redeployment flow chart and manager's guidance was created to assist the process. Information relating to emergency workforce planning is available on the HUB, this includes employee redeployment and volunteering information.
33. Where possible employees have been working from home. Training is being offered to employees to assist them with remote management of staff. In addition, wellbeing support is being provided to employees, including advice on remote working. Weekly wellbeing updates are sent to all staff.

Appendix 1 – Action Plan

	No	Finding	Risk	Agreed Action	Responsibility / Due Date
Medium	1	<p>Monitoring Strategic Workforce Plan Actions</p> <p>There is no consolidated process for monitoring and tracking the actions agreed in the Strategic Workforce Plan meaning it is difficult to assess progress toward delivering it or its impact. As the Plan is due to be refreshed in 2022 it is not deemed a valuable use of resource to implement a monitoring process for the current iteration of it however this should be considered to support the revised plan.</p>	Unable to monitor progress against or the impact of the Plan	Include milestones for progress reporting in the revised Workforce Plan.	<p>HROD Manager</p> <p>September 2022</p>

In order to assist management in using our reports a system of grading audit findings has been adopted to allow the significance of findings to be ascertained. The definitions of each classification are as follows:

Grading	Definition
High	A major observation on high level controls and other important internal controls or a significant matter relating to the critical success of the objectives of the system. The weakness may therefore give rise to loss or error.
Medium	Observations on less significant internal controls and/or improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system. The weakness is not necessarily substantial however the risk of error would be significantly reduced if corrective action was taken.
Low	Minor recommendations to improve the efficiency and effectiveness of controls or an isolated issue subsequently corrected. The weakness does not appear to significantly affect the ability of the system to meet its objectives.
VFM	An observation which does not highlight an issue relating to internal controls but represents a possible opportunity for the council to achieve better value for money (VFM).

Appendix 2 – Audit Opinion

Level of Assurance	Definition
High	Internal control, governance and the management of risk are at a high standard. Only marginal elements of residual risk have been identified with these either being accepted or dealt with. A sound system of control designed to achieve the system objectives is in place and being applied consistently.
Substantial	Internal control, governance and the management of risk is sound. However, there are minor areas of weakness which put some system objectives at risk and specific elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.
Reasonable	Internal control, governance and the management of risk are broadly reliable. However, whilst not displaying a general trend, there are areas of concern which have been identified where elements of residual risk or weakness may put some of the system objectives at risk.
Limited	Internal control, governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and placing system objectives are at risk. Weakness must be addressed with a reasonable timescale with management allocating appropriate resources to the issues raised.
No Assurance	Internal control, governance and the management of risk is poor. Significant residual risk and/or significant non-compliance with basic controls exists leaving the system open to error, loss or abuse. Residual risk must be addressed immediately with management allocating appropriate resources to the issues.

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Argyll and Bute Council
Internal Audit Report
May 2021
FINAL

Warden Services

Audit Opinion: Limited

	High	Medium	Low	VFM
Number of Findings	3	0	1	1

Contents

1. Executive Summary	3
Introduction	3
Background	3
Scope	4
Risks	4
Audit Opinion	4
Recommendations	5
2. Objectives and Summary Assessment	5
3. Detailed Findings	6
Appendix 1 – Action Plan	9
Appendix 2 – Audit Opinion	13

Contact Details

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1. Executive Summary

Introduction

1. As part of the 2020/21 internal audit plan, approved by the Audit & Scrutiny Committee in March 2020, we have undertaken an audit of Argyll and Bute Council's (the Council) system of internal control and governance in relation to Warden Services.
2. The audit was conducted in accordance with the Public Sector Internal Audit Standards (PSIAS) with our conclusions based on discussions with council officers and the information available at the time the fieldwork was performed. The findings outlined in this report are only those which have come to our attention during the course of our normal audit work and are not necessarily all the issues which may exist. Appendix 1 to this report includes agreed actions to strengthen internal control however it is the responsibility of management to determine the extent of the internal control system appropriate to the Council.
3. The contents of this report have been agreed with the appropriate council officers to confirm factual accuracy and appreciation is due for the cooperation and assistance received from all officers over the course of the audit.

Background

4. The Council's warden service is divided into two areas of responsibility, environmental wardens and parking wardens. This audit focused on the service provided by the environmental wardens. The Council covers 2,667 square miles with four environmental wardens covering that area. The Council employed nine FTEs environmental wardens up until 2019 when budget reductions reduced the number to four FTEs. The redundancy selection process (together with some staff taking up other opportunities) carried out as part of this downsizing has resulted in staff not being evenly spread across the Council area which has resulted in one area receiving less coverage than the other administrative areas.
5. Councils have legislative responsibilities and powers under the following acts:
 - Environmental Protection Act 1990
 - Dog Control (Scotland) Act 2010
 - Stray Dog Act
 - Amenity Act 1978
 - Litter and Refuse (Scotland) Act 2006
 - Refuse Disposal (Amenity) Act 1978
 - Dangerous Dogs Act 1991
 - The Dog Fouling (Scotland) Act 2003
6. The warden service is involved in delivering a wide range of tasks, a number of which, due to legal requirements, cannot be ceased including dog control, stray dogs, abandoned vehicles and LEAMS (Local Environmental Audit and Management System). This creates pressure on the service to find ways for four wardens to deliver:
 - Litter enforcement
 - Fly tipping
 - Dog control
 - Dog foul

- Stray dogs
 - Abandoned vehicles
 - Enforcement of waste collection
 - Commercial waste duty of care
 - LEAMS (Local Environmental Audit and Management System)
 - Travelling persons
 - Fly posting
7. LEAMS, as part of the Keep Scotland Beautiful campaign, monitors issues such as litter, dog fouling, fly tipping, fly posting and graffiti and, in partnership with councils, carry out annual local environmental quality audit. To facilitate comparison, a system of reporting has been devised whereby councils are grouped together. The Council is grouped with Aberdeenshire, Dumfries & Galloway, Eilean Siar, Highland, Orkney Isles, Scottish Borders and Shetland Isles. The street cleanliness scores for the Council over a three year period are (the average for the group over the same period being 92.2%):
- 2017/18 93.5%
 - 2018/19 92.5%
 - 2019/20 90.7%

Scope

8. The scope of the audit was to assess the controls relating to the application of statutory requirements and Council policy as outlined in the Terms of Reference agreed with the Head of Roads and Infrastructure Services on 4 May 2020.

Risks

9. The risks considered throughout the audit were:
- **SRR05:** The Council fails to understand service user needs and emerging demographic trends and does not align service delivery to meet these.
 - **SRR06:** Insufficient resources to ensure effective service delivery
 - **Audit Risk 1:** Failure to meet statutory requirements

Audit Opinion

10. We provide an overall audit opinion for all the audits we conduct. This is based on our judgement on the level of assurance which we can take over the established internal controls, governance and management of risk as evidenced by our audit work. Full details of the five possible categories of audit opinion is provided in Appendix 2 to this report.
11. Our overall audit opinion for this audit is that we can take a limited level of assurance. This means that internal control, governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and placing system objectives at risk. Weakness must be addressed with a reasonable timescale with management allocating appropriate resources to the issues raised.

Recommendations

12. We have highlighted three high priority recommendations, one low priority recommendations and one value for money recommendation where we believe there is scope to strengthen the control and governance environment. These are summarised below:
- consideration should be given to options to address the disproportionately low level of warden services being delivered to MAKI
 - the second bin verification process should be subject to a process review to reconsider how it is being delivered
 - policies and procedures to support the service should be established
 - recording of the time spent on LEAMS audits should be identified as a separate activity
 - opportunities for collaborative working with the Park Authority should be explored.
13. Full details of the audit findings, recommendations and management responses can be found in Section 3 of this report and in the action plan at Appendix 1.

2. Objectives and Summary Assessment

14. Exhibit 1 sets out the control objectives identified during the planning phase of the audit and our assessment against each objective.

Exhibit 1 – Summary Assessment of Control Objectives

	Control Objective	Link to Risk	Assessment	Summary Conclusion
1	An effective service is provided to ensure compliance with legislative requirements	SRR05 SRR06 Audit Risk 1	Limited	The wardens are not strategically based, following a reduction in FTE as a result of budget pressures, to provide an efficient service across Argyll and Bute and levels of service delivery in MAKI are disproportionately low. Wardens are expected to carry out a second bin verification process which should be reviewed to assess whether it should be retained in its current form. There may be opportunities for collaborative working within the Park Authority Area which the Council could explore.
2	Policies and procedures are in place and being followed	SRR05 Audit Risk1	Limited	Wardens are knowledgeable about their duties due to the length of time they have worked in the service however there are limited documented policies and procedures to support service delivery.
3	Reporting mechanisms are in place to inform the effectiveness of the service	SRR06 Audit Risk 1	Substantial	Reporting mechanisms are in place for litter control and recording of complaints and warden activity is reported to the Operations Manager. Times spent on LEAMS audits is currently begin categorises as 'litter

				control' which is not an accurate description of the activity undertaken.
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15. Further details of our conclusions against each control objective can be found in Section 3 of this report.

3. Detailed Findings

An effective service is provided to ensure compliance with legislative requirements

16. Four environmental wardens cover the Council area including the islands. Prior to June 2019 the service was delivered by nine full time equivalent staff covering 2,667 square miles, equating to one warden covering 296.3 square miles. The reduction in wardens means one warden now covers 667 square miles.
17. The four wardens are not strategically based to provide an efficient service across the Council's geographical area. There is one based in Dunoon, one in Oban, one in Helensburgh and one on the Isle of Bute. This means there is no warden based in the Mid Argyll, Kintyre and Islay area (MAKI).
18. Warden services in MAKI are predominantly being covered by the Dunoon based warden with assistance provided by the Oban based warden. This can mean that when a service is required in MAKI a disproportionately large amount of the warden's working day is spent on a ferry, driving or a combination of both. This clearly impacts on the efficiency of the service being delivered.
19. Wardens are required to complete a weekly timesheet recording time spent on pre-determined categories. Financial Services provide monthly reports to management detailing warden activities. Exhibit 2 shows warden hours spent over the period 2018/2019 – 2020/21 across the four Council administrative areas of Helensburgh & Lomond (H&L), Oban, Lorne and the Isles (OLI), Bute & Cowal (B&C) and MAKI. Exhibit 2b presents the same information as a percentage.

Exhibit 2a – Warden Hours by Council Administrative Area

	Hours Spent			Totals
	2018/2019	2019/2020	2020/2021	
MAKI	1,860	227	366	2,453
B&C	3,339	2,649	1,784	7,772
OLI	1,925	1,818	1,540	5,283
H&L	4,945	1,885	1,235	8,065
Grand Total	12,069	6,579	4,925	23,573

Exhibit 2b – Warden Hours (Percentage) by Council Administrative Area

	Percentage of Hours		
	2018/2019	2019/2020	2020/2021
MAKI	15%	3%	7%
B&C	28%	40%	36%
OLI	16%	28%	31%
H&L	41%	29%	25%
Grand Total	100%	100%	100%

20. Exhibits 2a and 2b illustrate the disproportionate time spent in the H&L, OLI and B&C administrative areas when compared with time spent in MAKI. The 2018/19 figures reflect the period when there was nine FTE wardens in place which strongly suggests that the reduced time in MAKI in 2019/20 and 2020/21 is not due to a reduced need for the services but due to resource availability.

Action Plan 1

21. Keep Scotland Beautiful are in the process of changing how LEAMS reporting is undertaken and random samples will now require to be recorded on a mobile phone app to be made available to all wardens. In addition the focus within the Scottish Government National Litter Strategy on prevention has led to a review of the Code of Practice on Litter and Refuse 2006, updated 2018. This requires all duty bodies to review their operational practices to align with this new code of practice. A significant change centres on the criteria for prioritising land (zoning). The guidance states this should be reviewed for all relevant land and made available to the public, including recommending this information is made available digitally via a Geographic Information System. The Council is prepared for the changes.
22. One of the non-legislative services wardens undertake is verifying requests from customers for a second domestic bin service. Requests are generally made by customers to the Council's customer service centre who take information to ensure the criteria for a second bin is met. The warden must then either visit or telephone the customer to discuss and assess whether the information they provided is accurate and the applicant meets the criteria. The information provided to substantiate a request can be very personal and sometimes of a sensitive medical nature. Wardens have been asked to provide this service but have received no formal training in how to ensure a customer's dignity is maintained or to ensure they are aware of the requirement of General Data Protection Regulation (GDPR) in relation to personal data for this specific process. In 2019/2020 there were 462 requests which required verification by a warden. Due to the sensitivity of this process, and the potential risks associated with data protection it is recommended that the current verification process is reconsidered to determine if it is appropriate to maintain it in its current form. If it is decided it should be retained then there should be engagement with the Council's Governance and Risk Manager to ensure it is being carried out in full compliance with GDPR.

Action Plan 2

23. There may be opportunities for collaborative working within the Park Authority Area, in particular the A82 corridor. There are wardens appointed by the Park Authority to undertake similar tasks as the wardens within the Council, the Council should explore opportunities for collaborative working to ensure there is no duplication of work.

Action Point 5

Policies and procedures are in place and being followed

24. There are limited documented policies and procedures in place to support the wardens in the delivery of the service however the library is not comprehensive and would benefit from a gap analysis with additional documentation being added to ensure a full coverage of all activities. Through discussion with the wardens we were assured that they are knowledgeable with regards to their work and well experienced through on the job learning.

Action Plan 3

Reporting mechanisms are in place to inform the effectiveness of the service

25. The key reporting mechanism with regards to litter control is through membership of Keep Scotland Beautiful and the submission of LEAMS audits. This benchmarks the Council against other Council's in terms of litter control.
26. Complaint statistics with regards to dog fouling, fly tipping and abandoned vehicles are recorded on Pyramid.
27. Time recording statistics are provided to the Operations Manager, Development & Infrastructure however time spent on LEAMS audits, which can be considerable is not recorded separately in the time recording system. It is recorded under the category of 'litter'.

Action Plan 4

Appendix 1 – Action Plan

	No	Finding	Risk	Agreed Action	Responsibility / Due Date
High	1	<p>Warden Service Coverage</p> <p>The four environmental wardens that are expected to cover the whole of the Council area, including the islands, are not geographically spread to ensure there is efficient cover across the four Council administration areas. In particular, since 2018, there has been no warden based in the MAKI area which has resulted in:</p> <ul style="list-style-type: none"> • disproportionately low level of warden service in MAKI compared to the other administrative areas • where work is required in MAKI the majority of the warden’s time is spent commuting rather than delivering the required services. 	Inefficient service provision and a risk that the service provided to MAKI may not meet minimum statutory requirements.	<p>Consider opportunities to either restructure/ review overall service delivery to provide additional warden cover or alternatively look to generate additional income to facilitate additional FTEs and a more equitable spread of resource.</p> <p>This will help inform any input into the 2022 budget process.</p>	<p>Operations Manager</p> <p>30 June 2022</p>

High	2	<p>Second Bin Service Verification</p> <p>Wardens are expected to verify the veracity of applications from customers for a second domestic bin service. This requires the warden to confirm that information provided by the customer is accurate and meets the defined criteria. The information provided to substantiate an application can be very personal and sometimes of a sensitive medical nature. Wardens have been asked to provide this service but have received no formal training in how to ensure a customer's dignity is maintained or to ensure they are aware of the requirements of General Data Protection Regulation (GDPR) in relation to personal data for this specific process.</p> <p>Due to the sensitivity of this process, and the potential risks associated with data protection it is recommended that the current verification process is reconsidered to determine if it is appropriate to maintain it in its current form. If it is decided it should be retained then there should be engagement with the Council's Governance and Risk Manager to ensure it is being carried out in full compliance with GDPR.</p>	Customer confidentiality and dignity is not considered and there may be a breach of GDPR which can result in substantial financial penalties.	<p>Review the process for:</p> <ul style="list-style-type: none"> • Dealing with requests for new and replacement bins. • Review the second bins that are in place and the process for rationalising. This review to also give consideration to composition and identify opportunity to increase recycling and reduce general waste. 	<p>Operations Manager</p> <p>30 June 2022</p> <p>30 September 2022</p>
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High	3	<p>Policies and Procedures</p> <p>There are limited documented policies and procedures in place to support the wardens in the delivery of the service.</p>	Lack of consistency in service provision	Provide documents which are indexed and available via sharepoint for all relevant staff to access. This to include producing bespoke documents for Argyll and Bute rather than using nationally available documents.	Operations Manager Supported by Project Manager (Transformation) December 2021
Low	4	<p>LEAMS Time Recording</p> <p>The wardens are required to undertake and record regular environmental audits as part of the Keep Scotland Beautiful LEAMS reporting. The time spent on these audits is captured within 'litter' category on the time recording system.</p>	Time recording statistics may not reflect the extent of time spent on non-legislative tasks	Collect additional time sheet information which separates out any LEAMS activity. This is a relatively easy adjustment to the time management system already in place.	Operations Manager December 2021
VFM	5	<p>Collaborative Working</p> <p>There may be opportunities for collaborative working within the Park Authority Area, in particular the A82 corridor. There are wardens appointed by the Park Authority to undertake similar tasks as the wardens within the Council. The Council could explore opportunities for collaborative working to ensure there is no duplication of work.</p>	Opportunities for efficiencies through collaborative working might not be maximised.	Reinstate a series of regular meeting previously held pre COVID which focused on setting up collaborative opportunities with the National Park adjacent councils and other agencies. The meetings to set out and action plan of possible deliverables.	Operations Manager 30 June 2022

In order to assist management in using our reports a system of grading audit findings has been adopted to allow the significance of findings to be ascertained. The definitions of each classification are as follows:

Grading	Definition
High	A major observation on high level controls and other important internal controls or a significant matter relating to the critical success of the objectives of the system. The weakness may therefore give rise to loss or error.
Medium	Observations on less significant internal controls and/or improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system. The weakness is not necessarily substantial however the risk of error would be significantly reduced if corrective action was taken.
Low	Minor recommendations to improve the efficiency and effectiveness of controls or an isolated issue subsequently corrected. The weakness does not appear to significantly affect the ability of the system to meet its objectives.
VFM	An observation which does not highlight an issue relating to internal controls but represents a possible opportunity for the council to achieve better value for money (VFM).

Appendix 2 – Audit Opinion

Level of Assurance	Definition
High	Internal control, governance and the management of risk are at a high standard. Only marginal elements of residual risk have been identified with these either being accepted or dealt with. A sound system of control designed to achieve the system objectives is in place and being applied consistently.
Substantial	Internal control, governance and the management of risk is sound. However, there are minor areas of weakness which put some system objectives at risk and specific elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.
Reasonable	Internal control, governance and the management of risk are broadly reliable. However, whilst not displaying a general trend, there are areas of concern which have been identified where elements of residual risk or weakness may put some of the system objectives at risk.
Limited	Internal control, governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and placing system objectives are at risk. Weakness must be addressed with a reasonable timescale with management allocating appropriate resources to the issues raised.
No Assurance	Internal control, governance and the management of risk is poor. Significant residual risk and/or significant non-compliance with basic controls exists leaving the system open to error, loss or abuse. Residual risk must be addressed immediately with management allocating appropriate resources to the issues.

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Argyll and Bute Council

Internal Audit Report

June 2021

FINAL

Disaster Recovery Planning

Audit Opinion: Limited

	High	Medium	Low	VFM
Number of Findings	1	1	2	0

Contents

1. Executive Summary	3
Introduction	3
Background	3
Scope	4
Risks	4
Audit Opinion	4
Recommendations	4
2. Objectives and Summary Assessment	4
3. Detailed Findings	6
Appendix 1 – Action Plan	9
Appendix 2 – Audit Opinion	12

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1. Executive Summary

Introduction

1. As part of the 2021/21 internal audit plan, approved by the Audit & Scrutiny Committee in March 2020, we have undertaken an audit of Argyll and Bute Council's (the Council) system of internal control and governance in relation to Disaster Recovery Planning.
2. The audit was conducted in accordance with the Public Sector Internal Audit Standards (PSIAS) with our conclusions based on discussions with council officers and the information available at the time the fieldwork was performed. The findings outlined in this report are only those which have come to our attention during the course of our normal audit work and are not necessarily all the issues which may exist. Appendix 1 to this report includes agreed actions to strengthen internal control however it is the responsibility of management to determine the extent of the internal control system appropriate to the Council.
3. The contents of this report have been agreed with the appropriate council officers to confirm factual accuracy and appreciation is due for the cooperation and assistance received from all officers over the course of the audit.

Background

4. The Council places significant reliance on the availability of technology in delivering many of its services. As a result, the ability to respond effectively and efficiently to a disaster which affects infrastructure and applications supported by the Council's Information Communications Technology (ICT) is of paramount importance. Failure to do so could result in significant disruption to business activities and reputational damage.
5. Disaster recovery planning is a key function of ICT and digital services and it is essential that robust and sufficiently detailed plans are in place, maintained and tested to ensure that ICT infrastructure and applications can be recovered in the event of a disaster.
6. The main objective of the Council's Disaster Recovery Plan (DRP) is to minimize disruption to end users and services to the Council's customers in the event of a disaster that causes critical software applications to become unavailable. The DRP describes:
 - the components and topology of the application
 - the risks that threaten the application availability and the impact on service availability
 - the measures taken to prevent and recover from any potential disaster event
 - the recovery procedure for each defined disaster event
 - the frequency of tests undertaken to ensure that the recovery procedure is robust and thorough
7. Examples of critical applications which have a disaster recovery plan would be Resourcelink, the Civica openrevenue application to handle Council tax, the Carefirst application used by Social Work and the Debtors system used by Financial Services.

Scope

8. The scope of the audit is to assess the adequacy and effectiveness of the Council's disaster recovery arrangements as outlined in the Terms of Reference as agreed with the Head of Customer Support Services ICT and Digital Manager on 5th January 2021.

Risks

9. The risks considered throughout the audit were:
 - SRR06: Service Delivery
 - EDI ORR 47: Lack of capacity to meet unplanned demand for communications support with existing resources
 - Audit Risk 1: Threats to the service have not been identified and assessed
 - Audit Risk 2: Assets are not protected

Audit Opinion

10. We provide an overall audit opinion for all the audits we conduct. This is based on our judgement on the level of assurance which we can take over the established internal controls, governance and management of risk as evidenced by our audit work. Full details of the five possible categories of audit opinion is provided in Appendix 2 to this report.
11. Our overall audit opinion for this audit is that we can take a limited level of assurance. This means that Internal control, governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and placing system objectives at risk. Weakness must be addressed with a reasonable timescale with management allocating appropriate resources to the issues raised.

Recommendations

12. We have highlighted one high priority recommendation, one medium priority recommendations and two low priority recommendations where we believe there is scope to strengthen the control and governance environment. These are summarised below:
 - DRPs should be subject to periodic testing with the frequency of testing based on assessed system criticality
 - DRPs should be subject to annual review
 - a schedule should be prepared detailing each system that requires a DRP and how these have been identified and prioritised
 - agendas and minutes should be maintained for disaster recovery team meetings.
13. Full details of the audit findings, recommendations and management responses can be found in Section 3 of this report and in the action plan at Appendix 1.

2. Objectives and Summary Assessment

14. Exhibit 1 sets out the control objectives identified during the planning phase of the audit and our assessment against each objective.

Exhibit 1 – Summary Assessment of Control Objectives

	Control Objective	Risk	Assessment	Summary Conclusion
1	There is appropriate governance, policies and procedures to provide or robust disaster recovery planning.	All	Substantial	The Council has 43 application DRPs that outline what is required to recover a range of Council IT systems in the event of a disaster. There are also overarching DRPs for the two data centres which form the core of the ICT data repository with recently upgraded servers and these host all applications which are not cloud based. Whilst there are 43 application DRPs in place there is no overarching document that specifies which systems require one and how these have been identified or prioritised. Formal agendas and minutes and agendas are prepared for disaster recovery team meetings.
2	Robust IT DRPs have been established and appropriately communicated.	All	Reasonable	The DRPs are comprehensive and available to relevant officers however whilst the DRPs for the data centres were reviewed in 2020 none of the 43 application DRPs have been reviewed since 2018.
3	DRPs are stored appropriately and distributed to appropriate authorised personnel.	SRR06 EDI ORR 47	High	DRPs are stored on Sharepoint with access to them restricted to appropriate officers via logical access controls.
4	DRPs are periodically tested and documentation updated to reflect lessons learned.	All	No assurance	There are established plans to test DRPs however this was interrupted by the COVID pandemic and the need to divert IT resource to support the Council's response. There was a partial test of a server in 2019 however none of the Council's DRPs have been subject to formal testing. The ICT and Digital Strategy approved in February 2021 identifies an action to test DRPs.
5	Officers involved in the recovery process are trained and experienced.	SRR06 EDI ORR 47	Reasonable	There is no specific training for officers involved in disaster recovery processes although it is recognised that IT officers will be equipped with a range of relevant skills and experience which will help implement a DRP. These would be enhanced through the roll out of a programme of DRP testing.

15. Further details of our conclusions against each control objective can be found in Section 3 of this report.

3. Detailed Findings

There is appropriate governance, policies and procedures to provide or robust disaster recovery planning

16. Disaster recovery planning involves a set of policies, tools and procedures to enable the recovery or continuation of IT infrastructure or systems following a failure or disaster. It focuses on the IT systems that support business critical activities, as opposed to Business Continuity Plans (BCP) which look at all aspects of keeping a business functioning. As such DRPs can be considered as a subset of BCPs.
17. The Council's 2021-2024 ICT and Digital Strategy specifically states that, on an annual basis, the following will be conducted:
- review and improve our disaster recovery and business continuity plans and technologies
 - a systematic disaster recovery scenario for key systems.
18. The Council has 43 application DRPs that outline the step-by-step procedures and responsibilities to recover the Council's IT systems, operations and data in the event of a disaster. All DRPs are readily available to relevant personnel on SharePoint. There are also overarching DRPs for the two data centres which form the core of the ICT data repository with recently upgraded servers and these host all applications which are not cloud based. The data centre DRPs include a priority list of recovery actions which cover the infrastructure related tasks necessary to recover the core system environment prior to application recovery. Whilst there are 43 application DRPs in place there is no overarching document that specifies which application requires one and how these have been identified or prioritised. Therefore it is not possible to determine if DRPs are in place for all critical systems.

Action Plan 3

19. The Council has a disaster recovery team which meets every two weeks to discuss issues pertinent to the Council's response in the event of a disaster. No formal agenda or minutes are prepared for these meetings.

Action Plan 4

Robust IT DRPs have been established and appropriately communicated

20. The DRPs for the data centres in Kilmory and Helensburgh were reviewed and updated in 2020 to reflect the refresh of the entire server and storage infrastructure which was carried out in 2019. However the majority of the 43 application DRPs have not been reviewed since 2018 which does not comply with the requirement in the ICT and Digital Strategy for DRPs to be subject to annual review.

Action Plan 2

21. The DRPs reviewed were found to be comprehensive and included:
- identification of application components e.g. operating systems
 - a disaster impact analysis on servers hosting the application being unavailable
 - impact of software being unavailable
 - prioritisation of component recovery in the event of a disaster
 - identification of the risk of data loss

- backup procedures
- backup data retention information
- backup recovery testing schedules.

22. The disaster recovery team and IT management team have access to all documentation pertaining to disaster recovery.

DRPs are stored appropriately and distributed to appropriate authorised personnel.

23. DRPs are stored on Sharepoint on a shared drive. Access to these records is restricted to appropriate officers via logical access controls.

DRPs are periodically tested and documentation updated to reflect lessons learned.

24. Periodic testing of the Council's DRPs is critical in order to help ensure they will be effective if a real disaster should occur.

25. All DRPs establish the required frequency of testing. They also require that, once a test has been completed, a 'Disaster Recovery Test Record' is populated and submitted to the Information Technology Management Team for review. A template for this record is provided in the DRP which requires the following to be documented:

- disaster scenario tested
- date of test
- was the application recovery successful
- how could the DRP plan be improved
- name of person carrying out test
- impact of disaster on Council infrastructure
- effect of disaster on application
- required recovery procedure.

26. The Council have Critical Activity Recovery Plans (CARPs) which identify which Council services are critical and how the Council will ensure those critical services are maintained in the event of a major incident. The CARPs make reference to Council IT systems where these are viewed as critical to maintaining the service. Whilst DRPs recognise that some Council systems are more critical than others there was no evidence system criticality is considered when determining required frequency of testing.

Action Point 1

27. There are established plans to test DRPs however this was interrupted by the COVID pandemic and the need to divert IT resource to support the Council's response. There was a partial test of a server in 2019 however we established that none of the Council's 43 application DRPs have been subject to formal testing. It is recognised that the Council's ICT and Digital Strategy, revised and approved in February 2021, identifies an action to test DRPs. As the application DRPs have not been tested we are unable to provide any assurance for this control objective. Once a testing programme has been established and applied to a reasonable body of DRPs we intend to carry out a follow up audit to assess compliance with the established programme and associated documentation requirements. This is provisionally scheduled for the 2022/23 internal audit plan.

Action Plan 1

28. In July 2021 there is a planned cyber security exercise to test the recovery of an identified major system. There are two planned tests being prepared for 2021 In order to make this test as realistic as possible we have not identified which system it will be in this report. In November 2021 the intention is to test multiple business areas across the Council however no decision has been reached as to which systems will be tested.

Officers involved in the recovery process are trained and experienced

29. There is no specific training for officers involved in disaster recovery processes although it is recognised that IT officers will be equipped with a range of relevant skills and experience which will help implement a DRP in the event that one was required. However without formal testing of the DRPs it is not possible to identify where there may be skills or experience gaps which would require to be filled.

Appendix 1 – Action Plan

	No	Finding	Risk	Agreed Action	Responsibility / Due Date
High	1	<p>Disaster Recovery Plan Testing</p> <p>None of the Council’s 43 DRPs have been subject to testing and whilst each DRP sets out the required frequency of testing there is no evidence that system criticality is considered when determining that required frequency.</p>	<p>System recovery may not operate as planned which could impact on critical service delivery in the event of an unforeseen disaster.</p>	<p>We have major DR tests planned for July and November 2021 in conjunction with the Civil Contingencies manager with input from the Scottish Government Resilience Unit and the Scottish Business Resilience Centre. Our list of priority applications will be:</p> <ul style="list-style-type: none"> • Reviewed on an annual basis (or earlier if an individual system changes) in conjunction with services to determine system criticality • A long term test schedule will be agreed by the IT Management Team and presented to SMT with details of the resources required to meet the critical systems testing schedule. 	<p>ICT and Digital Manager</p> <p style="text-align: center;">30 September 2021</p> <p style="text-align: center;">31 December 2021</p>

Medium	2	<p>Disaster Recovery Plan Reviews</p> <p>DRPs have not been reviewed since 2018 which does not comply with the requirement in the ICT and Digital Strategy for DRPs to be subject to annual review.</p>	DRPs may not be fit for purpose.	As agreed in the new ICT and Digital Strategy 2021-24 all DRPs will be reviewed and updated on an annual basis and recorded.	ICT Digital Manager 31 Dec 2021
Low	3	<p>Overarching Summary of DRPs</p> <p>There are overarching DRPs for the two data centres which form the core of the ICT data repository and host all applications which are not cloud based. The data centre DRPs include a priority list of recovery actions which cover the infrastructure related tasks necessary to recover the core system environment prior to application recovery. However whilst there are 43 application DRPs there is no overarching document that specifies which application requires one and how these have been identified or prioritised. Therefore it is not possible to determine if DRPs are in place for all critical systems.</p>	Critical systems may not be rapidly recovered in the event of an unforeseen disaster.	<p>The data centre DRPs include a section in the recovery task list for specific priority critical applications which then links out to the application specific DRPs. This existing list of applications and services will be:</p> <ul style="list-style-type: none"> • Reviewed and extended to ensure we have recovery plans for all critical systems as determined by services and SMT. • Incorporated into the Annual ITMT Work Plan. 	ICT Compliance and Security Officer 30 September 2021 30 September 2021
Low	4	<p>Disaster Recovery Team</p> <p>The Council has a disaster recovery team which meets every two weeks to discuss issues pertinent to the Council's response in the event of a disaster. No formal agenda or minutes are prepared for these meetings.</p>	Identified actions and issues might not be being addressed timeously	Create Agenda and Minutes of DR fortnightly meetings	ICT Compliance and Security Officer 30 June 2021

In order to assist management in using our reports a system of grading audit findings has been adopted to allow the significance of findings to be ascertained. The definitions of each classification are as follows:

Grading	Definition
High	A major observation on high level controls and other important internal controls or a significant matter relating to the critical success of the objectives of the system. The weakness may therefore give rise to loss or error.
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VFM	An observation which does not highlight an issue relating to internal controls but represents a possible opportunity for the council to achieve better value for money (VFM).

Appendix 2 – Audit Opinion

Level of Assurance	Definition
High	Internal control, governance and the management of risk are at a high standard. Only marginal elements of residual risk have been identified with these either being accepted or dealt with. A sound system of control designed to achieve the system objectives is in place and being applied consistently.
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Limited	Internal control, governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and placing system objectives are at risk. Weakness must be addressed with a reasonable timescale with management allocating appropriate resources to the issues raised.
No Assurance	Internal control, governance and the management of risk is poor. Significant residual risk and/or significant non-compliance with basic controls exists leaving the system open to error, loss or abuse. Residual risk must be addressed immediately with management allocating appropriate resources to the issues.

ARGYLL AND BUTE COUNCIL**AUDIT AND SCRUTINY COMMITTEE****FINANCIAL SERVICES****15 JUNE 2021**

INTERNAL AUDIT – ANNUAL REPORT 2020/21

1.0 INTRODUCTION

- 1.1 The purpose of this report is to advise the Audit and Scrutiny Committee (the Committee) of the work undertaken by Internal Audit in respect of the Annual Audit Plan 2020/21 and advise the Committee of the contents of the Chief Internal Auditor's (CIA) independent annual opinion on the effectiveness of the Council's risk management, internal control and governance processes.
- 1.2 The Public Sector Internal Audit Standards (PSIAS) became effective on 1st April 2013 and require that:

“The chief audit executive [ABC: Chief Internal Auditor] must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The annual report must also include a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.”

- 1.3 Attached as appendices to this report are:
- Appendix 1 – Summary of the audits completed in 2020/21
 - Appendix 2 – Internal Audit Opinion

2.0 RECOMMENDATIONS

- 2.1 The Audit and Scrutiny Committee endorses the content of this report and the associated annual opinion of the CIA.

3.0 DETAIL

- 3.1 Internal Audit is an independent and objective assurance function designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the Council's risk management, internal control and governance processes.
- 3.2 Internal Audit's purpose, authority and responsibilities are set out in detail in the Internal Audit Charter, which was most recently approved by the Committee in March 2021. Internal Audit reports its outputs regularly

throughout the year to the Committee. The Committee also approves Internal Audit's annual plan and monitors the performance of the function.

- 3.3 The risk based audits contained within the 2020/21 Internal Audit Annual Plan are shown in the table included at Appendix 1. This shows the overall audit opinion for each audit and the number and significance of agreed actions.
- 3.4 Internal audit activity is planned to enable an independent annual opinion to be given by the CIA on the adequacy and effectiveness of internal controls within the authority, including the systems that achieve the corporate objectives of the Council and those that manage the material risks faced by the authority. It should be noted, however, that the presence of an effective internal audit function contributes toward, but is not a substitute for, effective control and it is primarily the responsibility of line management to establish internal controls so that the Council's activities are conducted in an efficient manner, to ensure that management policies and directives are adhered to and that assets and records are safeguarded.
- 3.5 Internal Audit operates as part of the Chief Executive's Unit and whilst I report to the Council's Head of Financial Services on an administrative basis, I also have unrestricted access to those charged with governance, specifically: Elected Members; the Chief Executive; Executive Directors including the Executive Director for Customer Services who is the Council's Monitoring Officer.
- 3.6 The Head of Financial Services has been appointed as Executive Director whilst retaining the Council's Section 95 officer responsibilities. Backfilling of the Head of Financial Services post has been shared, on an interim basis, by myself as CIA, the Council's Finance Manager and the Council's Revenues and Benefits Manager. The role has been split in such a manner that, in conjunction with other appropriate arrangements being established, I can report that Internal Audit operated throughout 2020/21 with no impairments or restrictions in scope or independence.
- 3.7 Internal Audit activity during the year was undertaken in accordance with the revised Internal Audit Annual Plan approved by the Committee in September 2020. One change was made to the 2020/21 audit plan as follows:
 - An audit of Learning Disability Care Packages which was in the approved 2020/21 audit plan was not performed due to officers developing a draft Learning and Disability/Autism vision which will be supported by an associated strategy and service specific action plans. It was considered that there would be limited value in conducting an audit at that time and the audit was therefore removed from the 2020/21 audit plan.

The reasons for the change to the 2020/21 audit plan was reported to the March 2021 Committee when the need arose.

- 3.8 COVID-19 meant the 2020/21 audit plan was revised and approved at the September 2020 Committee due to a need to redeploy audit resource to priority tasks required to support the Council's response to the pandemic. I am of the opinion this does not affect my ability to provide an opinion on the Council's systems of governance and internal control.
- 3.9 I am pleased to report that, whilst COVID has had an impact on the completion of audit actions, council officers have continued to make progress in terms of implementing agreed audit recommendations. Furthermore there are robust follow up procedures in place with reports taken to the SMT on a quarterly basis and reported as a standard item to the Committee.
- 3.10 There is a formal requirement for me to prepare an annual opinion on the Council's internal control system. The opinion is presented to members of the Committee and is intended to provide independent and objective assurance as to the adequacy and effectiveness of internal controls within the Council.
- 3.11 In addition to the work carried out by internal audit, my opinion is also informed by:
- the work of External Audit
 - the work of other external inspection agencies who report on the Council's work
 - statements of assurances provided by the Chief Executive, Executive Directors and Heads of Service providing their opinion on the effectiveness of control, governance and risk management within their areas of responsibility.
- 3.12 My evaluation of the control environment is informed by these sources and in bringing these together, consideration has been given to whether there is evidence that any key controls are absent, inadequate or ineffective and whether the existence of any weaknesses identified, taken independently or with other findings, significantly impairs the Council's overall systems of internal control. Wider issues relating to the Council's corporate governance and risk management arrangements have also been considered.
- 3.13 The nature of individual audit assignments is such that most Internal Audit reports identify some weaknesses or areas where scope for improvement exists. However, I am pleased to report that, generally across the Council, there continues to be a strong recognition amongst management of the importance of proportionate but effective internal controls. Senior management has also established an operating culture where good standards of governance are seen as a key requirement in the way in which the Council conducts its activities.
- 3.14 During work undertaken in 2020/21 there have been instances where the control environment was not strong enough or complied with sufficiently to prevent risks to the organisation. In these cases, Internal Audit has made recommendations to further improve the systems of control and compliance. Although sometimes significant to the control

environment in place for the individual system or areas that have been audited, I do not consider these weaknesses material enough to have a significant impact on the overall opinion on the adequacy of the Council's control environment at the year end.

- 3.15 My formal annual Internal Audit opinion on the soundness of the Council's internal control systems is presented at Appendix 2. Overall, the results of the work of Internal Audit in 2020/21 taken with other information available to me did not lead me to conclude that the Council's overall systems of internal control were significantly or materially impaired.
- 3.16 It has been a busy year for the internal audit team as they have supported me in the further development of our work practices including introducing the new counter fraud team. The team have worked hard to deliver the internal audit plan, and in response to COVID-19 they willingly redeployed to provide assistance to the wider Financial Services team to help administer and process a variety of Business Support Grants. It is my opinion that the profile of Internal Audit continues to improve within the Council as does the quality of the work it delivers and is evident in the feedback received from post-audit surveys indicating a satisfaction rate of 95%.
- 3.17 As required by the PSIAS a five-yearly external assessment took place in 2018-19 and actions raised were addressed through the quality assurance and improvement programme. A further self-assessment process was also undertaken and reported to Committee in September 2020 which provided further assurance over the work of the team. All identified actions for improvement have been tracked through our quality assurance improvement programme with updates reported to Committee as part of a standard agenda item.
- 3.18 On behalf of my team I would like to thank all Council staff who have assisted Internal Audit during the course of our work throughout 2020/21 and to thank senior management and elected members for the consideration and due regard given to our work.

4.0 CONCLUSION

- 4.1 Subject to the matters listed in the Annual Governance Statement reasonable assurance can be taken that the systems of governance and internal control are operating effectively. Internal Audit continues to develop and improve as a service.

5.0 IMPLICATIONS

- 5.1 Policy – None
5.2 Financial – None
5.3 Legal – None
5.4 HR – None
5.5 Fairer Scotland Duty – None
5.5.1 Equalities– None
5.5.2 Socio-Economic – None
5.5.3 Islands Duty - none
5.6 Risk– None

5.7 Customer Service– None

Laurence Slavin
Chief Internal Auditor
15 June 2021

For further information contact:

Laurence Slavin, Chief Internal Auditor

Tel: 01436 657694

Email: laurence.slavin@argyll-bute.gov.uk

APPENDICES

1. Summary of the audits completed in 2020/21
2. 2020/21 Internal Audit Opinion

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Appendix 2 - 2020/21 Internal Audit Opinion

To the Members of Argyll and Bute Council, the Chief Executive, other members of the Council's Senior Management Team including the Section 95 Officer

As the Chief Internal Auditor of Argyll and Bute Council (the Council), I am pleased to present my annual statement on the adequacy and effectiveness of the internal financial control system of the Group Accounts prepared by the Council for the year ended 31 March 2021.

Respective responsibilities of management and internal auditors in relation to internal control

It is the responsibility of the Council's senior management to establish an appropriate and sound system of internal financial control and to monitor the continuing effectiveness of that system. It is the responsibility of the Chief Internal Auditor to provide an annual overall assessment of the robustness of the internal financial control system.

The Council's framework of governance, risk management and internal control

The Council has a responsibility to ensure that its business is conducted in accordance with legislation and proper standards. The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled and how it accounts to communities. It enables the Council to monitor the achievement of its strategic priorities and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The main objectives of the Council's internal control systems are to ensure:

- adherence to management policies and directives in order to achieve the organisation's objectives
- economic, efficient, effective and safe use of resources and assets
- the relevance, reliability and integrity of information, so ensuring as far as possible the completeness and accuracy of records
- compliance with statutory requirements.

The system of internal control is a significant element of the governance framework. Any system of control can only ever provide reasonable and not absolute assurance that control weaknesses or irregularities do not exist or that there is no risk of material errors, losses, fraud, or breaches of laws or regulations. Accordingly, the Council is continually seeking to improve the effectiveness of its systems of internal control in order to identify and prioritise the risks that would prevent the achievement of the Council's strategic objectives.

The work of internal audit

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an

organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Council's Internal Audit Section operates in accordance with the *Public Sector Internal Audit Standards* (PSIAS) which have been agreed to be adopted from 1 April 2013 by the relevant public sector Internal Audit Standard setters. PSIAS applies the Institute of Internal Auditors International Standards to the UK Public Sector.

PSIAS requires that a Quality Assurance and Improvement Programme (QAIP) is developed in order to provide assurance that internal audit activity:

- is conducted in accordance with an Internal Audit Charter
- operates in an efficient and effective manner
- is perceived to be adding value and improving operations.

PSIAS also requires, as outlined in Standard 1300 "QAIP", that:

"External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. External assessments can be in the form of a full external assessment or a self-assessment with independent external validation".

To meet this requirement, a reciprocal arrangement to complete a programme of inspections has been developed by the Scottish Local Authorities Chief Internal Auditors Group (SLACIAG). This process identified FTF Consortium as the body to undertake the independent review of the Council's Internal Audit function's level of compliance with PSIAS. This output of this review was presented to the Audit and Scrutiny Committee in September 2018. It concluded that the internal audit service demonstrates overall compliance with PSIAS and identified many areas of strong practice including sound governance, robust self-assessment, good engagement and clear reporting lines and clear evidence of supervision and audit follow up. A further self-assessment process was undertaken and reported to Committee in September 2020 which provided further assurance Internal Audit's compliance with PSIAS.

Internal Audit undertakes an annual programme of work based on a risk assessment process which is revised on an ongoing basis to reflect evolving risks and changes within the Council.

All Internal Audit reports identifying system weaknesses and / or non-compliance with expected controls are brought to the attention of management and the Audit and Scrutiny Committee together with appropriate recommendations and agreed action plans. It is management's responsibility to ensure that proper consideration is given to Internal Audit reports and that appropriate action is taken on audit recommendations.

The internal auditor is required to ensure that appropriate arrangements are made to determine whether action has been taken on internal audit recommendations or that

management has understood and assumed the risk of not taking action. A programme of follow-up on assignment findings and recommendations provides assurance on the complete and timeous implementation of internal audit recommendations.

Internal Audit staff regularly attended the following external user group meetings:

- SLACIAG, the purpose of which is to develop and improve the practice of internal audit activity with Scottish local authorities. It achieves this by meeting to discuss issues of common concern, commissioning work to develop ideas, sharing good practice, working in partnership with other professional / governing bodies and promoting SLACIAG as the representative body for internal audit in local authorities. I have attended all of the quarterly meetings of SLACIAG during 2020/21 and was appointed as deputy chairperson in 2020.
- SLACIAG Computer Audit sub group: this forum was attended twice during 2020/21, additionally outputs and communications are regularly exchanged ensuring that audit teams are better equipped to perform technical Information Systems auditing.
- I also meet the Chief Internal Auditors of West Dunbartonshire Council, East Dunbartonshire Council, West Lothian Council, Falkirk Council and Inverclyde Council on a quarterly basis to discuss developments and share knowledge. In-between these meetings we are in regular contact to share information which helps deliver audit plans more efficiently including consistent use of benchmarking indicators.

Basis of Opinion

My evaluation of the control environment is informed by a number of sources:

- the audit work undertaken by Internal Audit during the year to 31 March 2021, including risk based audits, continuous monitoring and follow-up activity
- the assurance statements signed by the executive directors and heads of service on the operation of the internal financial controls for the services for which they were responsible during the year to 31 March 2021
- the assurance statement signed by the Chief Executive for the overall Council for the year ended 31 March 2021
- reports issued by the Council's external auditors, Audit Scotland, and other external review agencies
- my knowledge of the Council's governance, risk management and performance monitoring arrangements.

- The Council's management response to the COVID-19 pandemic tested how well the risk management framework is operating. There were examples of innovations, new business processes and solutions, and new technology being embraced in order to deliver services to communities, in particular Caring for the Vulnerable; Liaising with Resilience Partners; and Supporting Economic Recovery. This was achieved using amended governance arrangements, new ways of decision-making, leadership and implementation including virtual meetings, conference calls, and systems remote access.

Limitation to Resources or Scope of Internal Audit Work

The previous Head of Financial Services has been appointed as Executive Director whilst retaining the Council's Section 95 officer responsibilities. The Head of Financial Services post has been shared, on an interim basis, by myself as CIA, the Council's Finance Manager and the Council's Revenues and Benefits Manager. The role has been split in such a manner that, in conjunction with other appropriate arrangements being established, I can report that Internal Audit operated throughout 2020/21 with no impairments or restrictions in scope or independence.

There were sufficient resources available to deliver the programme of audit assignments contained within the 2020/21 Internal Audit Plan and no significant threats emerged to the independence of the internal audit activity such as inappropriate scope or resource limitations.

Opinion

It is my opinion, based on the above, that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's systems of governance, risk management and internal control in the year to 31 March 2021.

Signature:

A handwritten signature in black ink, consisting of a stylized initial 'B' followed by a horizontal line.

Title: Chief Internal Auditor

Date: 15 June 2021

Argyll and Bute Council

2020/21 Audit Progress Report



 AUDIT SCOTLAND

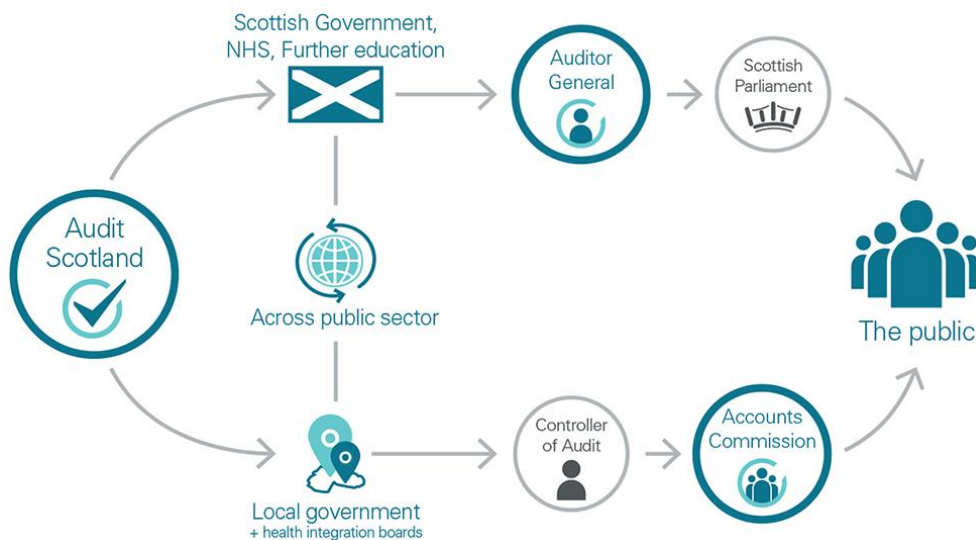
Prepared for Argyll and Bute Council Audit and Scrutiny Committee

June 2021

Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
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- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

Introduction

1. This paper is intended to give members an update of current progress on external audit activity and any recent national performance reports which have been published or are due.

Internal controls

2. We have been reviewing the design of controls within the council's main financial systems including the general ledger, payroll, council tax, non-domestic rates, treasury management, accounts payable, accounts receivable and Carefirst systems. From work undertaken we can say that controls put in place by management are appropriate. We are checking that the design of controls by means of walk through tests to confirm that they are operating as intended. This work is nearing completion and we will report any issues to management in early course and provide an update to members in our next progress report.

3. Additionally, we are undertaking focused testing on payroll with an emphasis on new starts and leavers. This will provide us with additional assurances on the completeness and accuracy of payroll which we can then rely on as part of our testing of the financial statements.

Early substantive testing

4. To enable us to have a more efficient approach to the audit of the financial statements we have been undertaking early substantive testing on income and non-pay expenditure transactions for the period up to the end of February 2021. Additionally, we have been undertaking testing on council tax and non-domestic rates transactions. To date we have not identified any significant issues from this testing.

Cybercrime

5. Audit Scotland has been raising awareness of the threats to cyber security within the public sector. Recent cyber attacks at SEPA and the University of the Highlands and Islands have highlighted the threat that cybercrime poses to the public sector in Scotland.

6. The Christmas Eve attack on SEPA led to data being stolen and has significantly impacted the organisation's operations, with the criminal gang responsible, Conti, having now launched a serious attack on Ireland's healthcare system.

7. These incidents highlight that cybercrime is a risk that the public sector in Scotland needs to take seriously. Audit Scotland has published an article on its website highlighting the threat posed by cybercrime, key questions that need to be addressed and actions that can be taken to improve security. The article can be found [here](#).

Best Value

8. A key part of our audit focus in 2020/21 is monitoring progress in implementing the recommendations set out in the Best Value Assurance Report (2020). We have carried out some preliminary work to assess progress. Also, we are liaising with key staff to organise 'tell me, show me' meetings at the end of June with those involved in Best Value work to explain progress and to provide evidence of progress. We also plan to have a meeting with the Chief Executive at a later date to discuss findings before formally reporting them in our Annual Audit Report for 2020/21.

National Performance Reports / Other publications

9. Several reports have been published by Audit Scotland since the last meeting of the Audit and Scrutiny Committee. The table below provides a summary of the main publications that may be of interest to members including hyperlinks to our website.

Report title	Scope and objectives of the audit	Key messages
Improving outcomes for young people through school education (March 2021)	In 2019, Audit Scotland carried out audit work to look at how effectively the Scottish Government, councils and their partners were improving outcomes for young people through school education. This work was paused in March 2020 because of the Covid-19 pandemic. It was restarted in October 2020 to look at the impact of Covid-19 on school education and the response taken by the Scottish Government, councils and their partners. This report draws together the key findings from these two pieces of work.	<ul style="list-style-type: none"> • Progress on closing the poverty-related attainment gap between the most and least deprived school pupils has been limited. And more evidence is needed to understand educational achievement beyond exams. • Exam performance and other attainment measures at the national level have improved. However, progress since 2013-14 has been inconsistent. And there are large variations in local authority performance, with some councils' performance getting worse on some measures. • The poverty-related attainment gap remains wide and existing inequalities have been exacerbated by the Covid-19 pandemic. And there has been an increase in the types of pathways, awards and qualifications available to young people. But better data is needed to understand if other important broad outcomes, like wellbeing and self-confidence, are improving. • Funding for education has remained largely static - rising from £4.1 billion in 2013/14 to £4.3 billion in 2018/19. However, most of that real-terms increase was due to the

Report title	Scope and objectives of the audit	Key messages
		<p>Attainment Scotland Fund, which the Scottish Government set up to close the attainment gap.</p>
<p>Covid-19: Following the public pound: our strategy (April 2021)</p>	<p>The overall aim of our Following the pandemic pound strategy is to enable us to provide overall conclusions to the public and the Scottish Parliament on the level of Covid-related funding that has been allocated to business, communities, and public services.</p>	<ul style="list-style-type: none"> • Audit Scotland plans to take a ‘whole-system’ approach to auditing the allocation and distribution of Scottish Government funds to councils and other public sector bodies (including relevant SG agencies). We refer to this as ‘Following the pandemic pound’. • Audit Scotland’s approach will be risk-based and proportionate, applied consistently across audits and delivered in a way which meets agreed national and local reporting requirements. • The aim of this work is to enable Audit Scotland to provide overall conclusions to the public and the Scottish Parliament on the level of Covid-related funding that has been allocated to business, communities, and public services. Our work will include commentary and judgements on the actions taken by individual organisations in distributing the funding at a national, sectoral and local level.
<p>Local government in Scotland: Overview 2021 (May 2021)</p>	<p>This report provides an overview of local government finances in 2019/20.</p>	<ul style="list-style-type: none"> • Councils have a critical role in providing vital services which communities depend on. In its Local Government Overview 2021 report, the Accounts Commission make clear that councils, alongside their partners, quickly provided innovative and sustained support to vulnerable people. This included supporting those who were shielding or self-isolating, switching to delivering services digitally and managing significant funding to support local businesses. • With many council services disrupted, stopped or reduced, in particular education, social care and culture and leisure, the impact on some service users

Report title	Scope and objectives of the audit	Key messages
		<p>was severe and unequal. This included carers who lacked access to respite care, people with learning disabilities who were unable to access critical services and support, those receiving care at home and school children whose education was disrupted.</p> <ul style="list-style-type: none"> • Covid-19 has also exacerbated and laid bare fundamental issues that need to be addressed to ensure services are maintained and that councils can tackle the multiple challenges ahead. To help achieve this, longer-term financial certainty for councils will be vital. Whilst the Scottish Government has provided significant financial support to councils to assist in managing the net cost of Covid-19 in 2020/21, considerable amounts of funding took the form of one-off payments. Furthermore, funding for councils beyond 2021/22 remains uncertain. Addressing this issue is vital.

Argyll and Bute Council

2020/21 Progress Report – June 2021

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or info@audit-scotland.gov.uk

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Argyll and Bute Council

Annual Audit Plan 2020/21



 AUDIT SCOTLAND

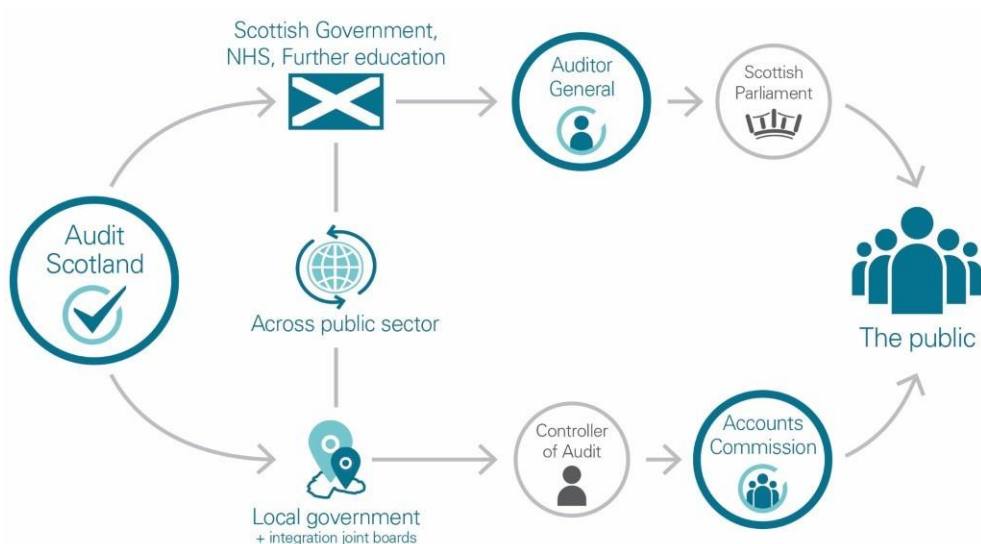
Prepared for Argyll and Bute Council

April 2021

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- identifying risks, making clear and relevant recommendations.

Contents

Risks and planned work	4
Audit scope	10

Risks and planned work

- 1.** This annual audit plan contains an overview of the planned scope and timing of our audit which is carried out in accordance with International Standards on Auditing (ISAs), the [Code of Audit Practice](#), and guidance on planning the audit. This plan sets out the work necessary to allow us to provide an independent auditor's report on the annual accounts and meet the wider scope requirements of public sector audit including the audit of Best Value.
- 2.** The wider scope of public audit contributes to assessments and conclusions on financial management, financial sustainability, governance and transparency and value for money.
- 3.** The public health crisis caused by the coronavirus disease 2019 (Covid-19) pandemic has had a significant and profound effect on every aspect of Scottish society. Public services have been drastically affected, requiring immediate changes to the way they are provided. The impact on public finances has been unprecedented, which has necessitated both the Scottish and UK governments providing substantial additional funding for public services as well as support for individuals, businesses, and the economy. It is likely that further financial measures will be needed and that the effects will be felt well into the future.
- 4.** Public audit has an important contribution to the recovery and renewal of public services. The Auditor General, the Accounts Commission and Audit Scotland are responding to the risks to public services and finances from Covid-19 across the full range of audit work including annual audits and the programme of performance audits. Audit Scotland views 2020/21 as a transitional year, leading in future to audit timetables which were possible before Covid-19. The well-being of audit teams and the delivery of high-quality audits remain paramount. Maintaining a pragmatic and flexible approach will enable change at short notice as new issues emerge, or current risks change in significance. Where this impacts on annual audits, an addendum to this annual audit plan may be necessary.

Adding value


- 5.** We aim to add value to Argyll and Bute Council (the Council) through our external audit work by being constructive and forward looking, by identifying areas for improvement and by recommending and encouraging good practice. In so doing, we intend to help the Council promote improved standards of governance, better management and decision making and more effective use of resources. Additionally, we attend all meetings of the Audit and Scrutiny Committee and actively participate in discussions.


Audit risks

- 6.** Based on our discussions with staff, attendance at committee meetings and a review of supporting information we have identified the following significant risks to the Council. We have categorised these risks into financial statements risks and wider dimension risks. The key audit risks, which require specific audit testing, are detailed in [Exhibit 1](#).

Exhibit 1

2020/21 Significant audit risks

 Audit Risk	Source of assurance	Planned audit work
Risks of material misstatement due to:		
<p>1 Management override of controls</p> <p>International Auditing Standards require that audits are planned to consider the risk of material misstatement in the financial statements caused by fraud, which is presumed to be a significant risk in any audit. This includes the risk of fraud due to the management override of controls.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable in this instance.</p>	<ul style="list-style-type: none"> • Detailed testing of journal entries focussing on authorisation and approval. • Review of accounting estimates and evaluation of the impact of any variability in key assumptions. • Focussed testing of accruals and prepayments. • Evaluation of significant transactions that are outside the normal course of business. • Year-end cut-off testing.
<p>2 Fraud over expenditure</p> <p>As most public-sector bodies are net expenditure bodies, the risk of fraud is more likely to occur in expenditure. There is a risk that expenditure may be misstated resulting in a material misstatement in the financial statements.</p> <p>The Council incurs significant expenditure on a range of activities. The extent of expenditure means there is an inherent risk of fraudulent or erroneous reporting of expenditure to achieve a desired financial position.</p>	<p>Clear schemes of delegation and authorisation limits, separation of duties and workflow associated with expenditure.</p> <p>A sound system of budgetary control is in place. This includes regular budget monitoring reports being provided to members.</p> <p>The internal audit plan includes a programme of continuous testing across expenditure systems.</p>	<ul style="list-style-type: none"> • Detailed testing of expenditure transactions focusing on the areas of greatest risk and whether expenditure is recorded in the correct accounting year. • Walkthroughs of key financial systems. • Review of provisions included in the 2020/21 financial statements for completeness and accuracy.
<p>3 Estimation and judgements</p> <p>There is a significant degree of subjectivity in the measurement or valuation of the following material account areas:</p> <p>Non-current asset valuations</p> <p>At 31 March 2020, the Council held non-current assets with value of £648.377 million. This included Land and Buildings with a net book value of £370.616 million. There is a significant degree of subjectivity in the valuation of land and buildings.</p>	<p>Any significant estimates and judgements are clearly explained in the Notes to the Accounts.</p> <p>Non-current assets are professionally valued by RICS, qualified surveyors, in accordance with instructions issued by the Council.</p> <p>Pension liabilities are derived from valuation calculations prepared by actuaries appointed by</p>	<p>Non-current asset valuations</p> <ul style="list-style-type: none"> • Completion of 'review of the work of management's expert' for the internal professional valuer. • Review of land and buildings revaluations carried out, assessing whether they have been performed using an appropriate and relevant valuation basis/methodology by

 Audit Risk	Source of assurance	Planned audit work
<p>Valuations are based on specialist and management assumptions and estimates, and changes in these can result in material changes to valuations. The impact of Covid-19 gave rise to a material valuation uncertainty within the 2019/20 valuations and may have a similar impact in 2020/21 depending on guidance issued by the Royal Institute of Chartered Surveyors.</p> <p>Pension liabilities</p> <p>The Council recognised a net liability of £67.346 million relating to its share of the Strathclyde Pension Fund liability at 31 March 2020. There is a significant degree of subjectivity in the measurement and valuation of the pension fund liability. The valuation is based on specialist assumptions and estimates.</p> <p>Additionally, the triennial valuation exercise will take place for the pension fund and impact on the 2020/21 annual accounts. This exercise is more detailed than the annual valuations and will also set employer contributions rates for the next three years.</p>	<p>Strathclyde Pension Fund.</p>	<p>suitably qualified individuals.</p> <ul style="list-style-type: none"> • Confirm land and buildings asset revaluations in valuer's report are correctly reflected within the 2020/21 financial statements. • Work to assess the reasonableness of the valuations in the valuer's report. <p>Pension liabilities</p> <ul style="list-style-type: none"> • Completion of 'review of the work of management's expert' for actuary. • Confirm pension valuations in actuarial report are correctly reflected within the 2020/21 financial statements. • Assess the completeness and accuracy of information provided to actuary to support the triennial revaluation process. • Review and assess the reasonableness of actuary's valuations and assumptions.

Wider dimension risks

4 Financial sustainability

Councils continue to face significant financial challenges with pressures on funding and increasing demand for services.

As per the report which will be presented to the Policy and Resources Committee in May 2021, the Council's budget estimates are for a mid-range budget gap of £2.490 million for 2022/23, rising to an in-year gap of £4.162 million by end of 2025/26 (cumulative gap of £23.018 million over the five-year period). There is a balanced budget position for 2021/22, after recognition of all agreed, and estimated, measures available. Beyond 2021/22, there remains significant budget gaps in future years.


Continued delivery of savings options which align available budget with the council's priorities.

Regular monitoring and reporting on the delivery of savings options.

Medium- to long-term financial strategy already in place and will be further developed.

Strategic Management Team will oversee the further development of savings options, including alternative service delivery models, identified in 2020/21, which require further development and

- Review of the Council's annual budget setting arrangements.
- Assessment of the council's medium to long term financial strategy.
- Review and assessment of budget monitoring arrangements with a focus on reports to senior officers and members on financial position.
- On-going review of the Council's financial position and delivery of planned savings.

	Audit Risk	Source of assurance	Planned audit work
	<p>The Covid-19 pandemic has introduced further cost pressures and additional financial uncertainty for the Council. It has disrupted the Council's ability to implement transformational/savings plans in response to the budget gap.</p> <p>As a result, there is a risk to financial sustainability and the sustainability and quality of services in future.</p>	<p>consultation before being proposed to elected members.</p>	

Source: Audit Scotland

7. As set out in ISA 240, there is a presumed risk of fraud in the recognition of income. We have rebutted the risk of material misstatement caused by fraud in income recognition for 2020/21, because a significant element of the Council's income is from central government grant, council tax and non-domestic rates, all of which have predictable income patterns which limits the potential for manipulation. We therefore do not incorporate specific work into our audit plan in this area, over and above our standard audit procedures.

8. From January 2020, the Chief Internal Auditor (CIA) has taken on some of the responsibilities of the Head of Financial Services, who has been appointed as an Executive Director. This arrangement was initially planned to end in June 2020 but will continue until a new Head of Financial Service is appointed permanently. Currently, the Council are recruiting to fill the Head of Financial Services post on a permanent basis. The Council have confirmed that the Executive Director will retain the Section 95 Officer responsibilities.

9. During this arrangement the Council have put mitigating measures in place to manage any potential conflicts of interest. However, we do recognise that a risk remains that the CIA's independence may be compromised by these continuing arrangements.

Reporting arrangements

10. The statutory deadline for certifying the annual accounts has been pushed back to 30 November 2021. There is still considerable uncertainty around the impact of Covid-19 and therefore, our approach when necessary will be flexible. Whilst we will do our best to achieve the statutory deadlines, we are unable to make any definitive commitments to meeting them at this early stage of the audit. We will continue our ongoing and regular dialogue with finance staff to ensure they, and we, remain sighted on these challenges.

11. The main outputs from our audit work in 2020/21 will consist of the following:

- an independent auditor's report to Argyll and Bute Council and the Accounts Commission setting out our opinions on the annual accounts, and
- an Annual Audit Report to the Accountable Officer and the Accounts Commission containing observations and recommendations on significant matters which have arisen during the audit.

12. Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft management reports will be issued to the relevant officer(s) to confirm factual accuracy.

The audit of trusts registered as Scottish charities

13. Members of Argyll and Bute Council are sole trustees for seven trusts and one common good fund, registered as Scottish charities, with total assets of some £9.642 million. The preparation and audit of financial statements of registered charities is regulated by the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

14. The 2006 Regulations require charities to prepare annual accounts and require an accompanying auditor's report where any legislation requires an audit. The Local Government (Scotland) Act 1973 specifies the audit requirements for any trust fund where some or all members of a council are the sole trustees. Therefore, a full and separate audit and independent auditor's report is required for each registered charity where members of the Council are sole trustees, irrespective of the size of the charity.

Audit fee

15. The proposed audit fee for 2020/21 is £266,490 (this is inclusive of the fee for the audit of the Charitable Trusts). This is set out in [Exhibit 2](#).

Exhibit 2 Audit Fee

	2020/21	2019/20
Council fee	£266,490	£259,570
Charitable Trusts fee	Included in Council audit fee above.	£3,650
Total fee payable	£266,490	£263,220

16. In determining the audit fee, we have taken account of the risk exposure of the Council, the planned management assurances in place and the level of reliance we plan to take from the work of internal audit.

17. Where our audit cannot proceed as planned through, for example, late receipt of unaudited annual accounts or being unable to take planned reliance from the work of internal audit, a supplementary fee may be levied. An additional fee may also be required in relation to any work or other significant exercises out with our planned audit activity.

Responsibilities

Audit Committee and Accountable Officer

18. Audited bodies have the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives.

19. The audit of the annual accounts does not relieve management or the Audit and Scrutiny Committee as those charged with governance, of their responsibilities.

Appointed auditor

20. Our responsibilities as independent auditors are established by the 1973 Act for local government, and the Code of Audit Practice (including supplementary guidance) and guided by the Financial Reporting Council's Ethical Standard.

21. Auditors in the public sector give an independent opinion on the financial statements and other information within the annual accounts. We also review and report on the arrangements within the audited body to manage its performance, regularity and use of resources. In doing this, we aim to support improvement and accountability.

Audit scope

Annual accounts

22. The annual accounts, which include the financial statements, will be the foundation and source for most of the audit work necessary to support our judgements and conclusions. We also consider the wider environment and challenges facing the public sector. Our audit approach includes:

- understanding the business of the Council and the associated risks which could impact on the financial statements
- assessing the key systems of internal control, and establishing how weaknesses in these systems could impact on the financial statements
- identifying major transaction streams, balances and areas of estimation and understanding how the Council will include these in the financial statements
- assessing the risks of material misstatement in the financial statements
- determining the nature, timing and extent of audit procedures necessary to provide us with sufficient audit evidence as to whether the financial statements are free of material misstatement.

23. We will give an opinion on whether the financial statements:

- give a true and fair view of the state of affairs of the Council and its group as at 31 March 2021 and of the income and expenditure of the Council and its group for the year then ended, in accordance with applicable law and the 2020/21 Code;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.



characteristics



responsibilities



principal activities



risks



governance arrangements

Statutory other information in the annual accounts

24. We also review and report on statutory other information published within the annual accounts including the management commentary, annual governance statement and the remuneration report. We give an opinion on whether these have been compiled in accordance with the appropriate regulations and frameworks in our independent auditor's report.

25. We also review the content of the annual report for consistency with the financial statements and with our knowledge. We report any uncorrected material misstatements in statutory other information.

Materiality

26. We apply the concept of materiality in planning and performing the audit. It is used in evaluating the effect of identified misstatements on the audit, and of any uncorrected misstatements, on the financial statements and in forming our opinions in the independent auditor's report.

27. The materiality values for the Council are set out in [Exhibit 3](#).

Exhibit 3 Materiality values

Materiality	Amount
Planning materiality – This is the figure we use to assess the overall impact of audit adjustments on the financial statements. It has been set at 1.5% of gross expenditure for the year ended 31 March 2021 based on the latest audited accounts for 2019/20.	£6.000 million
Performance materiality – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement, we have calculated performance materiality at 70% of planning materiality.	£4.250 million
Reporting threshold (i.e. clearly trivial) – We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount.	£250 thousand

Source: Audit Scotland

Internal audit

28. As part of our planning process we carry out an annual assessment of the internal audit function to ensure that it operates in accordance with the main requirements of the Public Sector Internal Audit Standards (PSIAS). ISA (UK)610 requires an assessment on whether the work of the internal audit function can be used for the purposes of external audit. This includes:

- the extent to which the internal audit function's organisational status and relevant policies and procedures support the objectivity of the internal auditors
- the level of competence of the internal audit function
- whether the internal audit function applies a systematic and disciplined approach, including quality control.

29. We will report any significant findings to management on a timely basis.

Using the work of internal audit

30. International Auditing Standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to use the work of internal audit wherever possible to avoid duplication. We plan to consider the findings of the work of internal audit as part of our planning process to minimise duplication of effort and to ensure the total resource is used efficiently or effectively. We plan to consider internal audit's work in support of the Annual Governance Statement included within the Council's annual accounts.

31. In terms of our wider dimension responsibilities we plan to consider other areas of internal audit work including:

- Capital Monitoring
- Disaster Recovery Planning
- Workforce Planning
- Intercompany Controls
- Charging for Non-residential Care Services

Audit dimensions

32. Our audit is based on four audit dimensions that frame the wider scope of public sector audit requirements as shown in [Exhibit 4](#).

Exhibit 4 Audit dimensions



Source: Code of Audit Practice

33. In the local government sector, the appointed auditor's annual conclusions on these four dimensions will help contribute to an overall assessment and assurance on best value.

34. Our standard audits are based on four audit dimensions that frame the wider scope of public sector audit requirements. These are: financial sustainability, financial management, governance and accountability and value for money.

Financial sustainability

35. As auditors we consider the appropriateness of the use of the going concern basis of accounting as part of the annual audit. We will also comment on financial sustainability in the longer term. We define this as medium term (two to five years) and longer term (longer than five years) sustainability. We will carry out work and conclude on:

- the effectiveness of financial planning in identifying and addressing risks to financial sustainability in the short, medium and long term
- the appropriateness and effectiveness of arrangements in place to address any identified funding gaps

- whether there are arrangements in place to demonstrate the affordability and effectiveness of funding and investment decisions.

36. As part of our work this year, we will broaden our consideration of these matters in light of the impact of the Covid-19 pandemic.

Financial management

37. Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. We will review, conclude and report on:

- whether arrangements are in place to ensure systems of internal control are operating effectively
- the effectiveness of budgetary control systems in communicating accurate and timely financial performance can be demonstrated
- how the Council has assured itself that its financial capacity and skills are appropriate
- whether there are appropriate and effective arrangements in place for the prevention and detection of fraud and corruption.

38. As part of our work this year, we will broaden our consideration of these matters in light of the impact of the Covid-19 pandemic.

Governance and transparency

39. Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision – making and transparent reporting of financial and performance information. We will review, conclude and report on:

- whether the Council can demonstrate that the governance arrangements in place are appropriate and operating effectively including services delivered by, or in partnership with, others such as ALEOs
- whether there is effective scrutiny, challenge and transparency on the decision-making and finance and performance reports
- the quality and timeliness of financial and performance reporting.

40. As part of our work this year, we will broaden our consideration of these matters in light of the impact of the Covid-19 pandemic.

Value for money

41. Value for money refers to using resources effectively and continually improving services. We will review, conclude and report on whether (the body) can demonstrate:

- value for money in the use of resources
- there is a clear link between money spent, output and outcomes delivered.
- that outcomes are improving.
- there is sufficient focus on improvement and the pace of it.

42. As part of our work this year, we will broaden our consideration of these matters in light of the impact of the Covid-19 pandemic.

Best Value

43. The Accounts Commission agreed the overall framework for a new approach to auditing Best Value in June 2016. The introduction of the new approach coincided with the new five-year audit appointments. Auditors started using the framework for their audit work from October 2016.

44. A Best Value review of the Council was completed in 2019/20 and reported to the Council in June 2020. As part of our 2020/21 audit work, we will follow up the Council's progress in addressing the recommendations from our Best Value Review.

45. The councils on which a BVAR will be published during the fifth year of the new approach are listed in [Exhibit 4](#). Reports will be considered by the Accounts Commission in the period between March and November 2021.

Exhibit 4 2020/21 Best Value Assurance Reports



Aberdeen City Council

Falkirk Council

South Ayrshire Council

East Dunbartonshire Council

Source: Audit Scotland

Independence and objectivity

46. Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must also comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has robust arrangements in place to ensure compliance with these standards including an annual "fit and proper" declaration for all members of staff. The arrangements are overseen by the Director of Audit Services, who serves as Audit Scotland's Ethics Partner.

47. The engagement lead (i.e. appointed auditor) for the Council is John Cornett, Audit Director. Auditing and ethical standards require the appointed auditor to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of the Council.

Quality control

48. International Standard on Quality Control 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor's report or opinion is appropriate in the circumstances.

49. The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards and the Code of Audit Practice (and supporting guidance) issued by Audit Scotland and approved by the Auditor General for Scotland. To ensure that we achieve the required quality standards Audit Scotland conducts peer reviews and internal quality reviews.

Additionally, the Institute of Chartered Accountants of Scotland (ICAS) have been commissioned to carry out external quality reviews.

50. As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We welcome feedback at any time and this may be directed to the engagement lead.

Argyll and Bute Council

Annual Audit Plan 2020/21

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ARGYLL AND BUTE COUNCIL**AUDIT AND SCRUTINY COMMITTEE****FINANCIAL SERVICES****15 JUNE 2021**

SCRUTINY – DEVELOPMENT SESSION

1. INTRODUCTION

- 1.1 The objective of the report is to provide the Audit and Scrutiny Committee (the Committee) with a summary of the Scrutiny development session held on 27 April 2021 which considered an update on the Council's Waste Strategy, future scrutiny topics and amendments to the scrutiny process going forward.

2. RECOMMENDATIONS

- 2.1 The Audit and Scrutiny Committee is asked to:
- 2.1.2 Approve the decision taken at the Scrutiny Development Session that a scrutiny topic focused on the Council's Waste Strategy would not add value at the current time.
- 2.1.3 Approve the decision to adopt a more flexible approach to scrutiny with scrutiny topics to be identified by members of the Audit and Scrutiny Committee.
- 2.1.4 Approve two new scrutiny topics with those being the Community Asset Transfer Process and fly tipping.
- 2.1.5 Note that the Chief Internal Auditor (CIA) will amend the Scrutiny Framework and Scrutiny Manual to reflect the changes set out in this report and bring it back to a future meeting of the Committee for approval.

3. DETAIL

- 3.1 On 27 April 2021 a Committee Development Session was held with the following objectives:
1. Consider a possible scrutiny focus on the Waste Strategy
 2. Agreeing how we further develop our approach to scrutiny
 3. Identifying other potential scrutiny topics

Waste Strategy

- 3.2 On the 16 March 2021 the Committee gave consideration to a report providing an update in terms of the Council's position in relation to waste management and it was agreed that the Head of Roads and Infrastructure Services would provide a further briefing at a scrutiny development session on 27 April 2021.
- 3.3 At the Scrutiny Development Session, the Head of Roads and Infrastructure Services and key officers provided a presentation regarding the Council's Waste Strategy followed by a question and answer session.

- 3.4 Following the presentation the Committee members agreed they were assured that appropriate progress was being made in relation to the Council's waste strategy and that inclusion of a specific scrutiny topic focusing on the Strategy would not add value at this time. However given the materiality of the potential future impact of the issues relating to waste on the Council's future revenue position the Committee asked to be kept abreast of progress. The Head of Roads and Infrastructure Services confirmed that further progress reports on the Waste Strategy will be presented to the Environment, Development and Infrastructure Committee at appropriate times and the Committee Members agreed this was the appropriate forum for those reports.

Approach to Scrutiny Going Forward

- 3.5 At the Development Session the CIA provided a brief summary of the current process adopted to identify and prioritise potential scrutiny topics and of the overall approach adopted to scrutiny topics which has been a combination of panel reviews and 'scrutiny lite' where relevant officers have been asked to present at Committee or at Development Sessions on topics of interest to the Committee.
- 3.6 In particular the CIA asked the Committee to consider some key questions. These, and the Committee responses, are summarised in the table below.

3.7

Question	Committee Response
Should Scrutiny topics originate from all members and senior officers or from Committee members?	There needs to be a degree of flexibility to change topics and to be able to react quickly to an ever changing environment. It is for the Committee to determine scrutiny topics.
If topics originate from the committee should this be via discussions at Committee or development sessions?	We may need to meet as a Committee more often however these could be less formal meetings and held virtually. Further thought can be given to this as to some extent it will depend on the number of emerging topics to be considered for scrutiny.
Do we still need an annual scrutiny plan or should topics for scrutiny 'emerge' as the year goes by?	We don't need a plan we should allow items to emerge.
Do we still need the detailed prioritisation process?	The prioritisation process is there as a tool if we need it but we don't need to use to assess every scrutiny topic.
Do we have the right balance between 'full blown' panel approach vs Scrutiny Lite?	There has been value in having the full panels but these are resource intensive and we should look to make use of a scrutiny lite approach where appropriate. Once a topic is decided then the Committee can decide what the best Scrutiny approach to adopt is.

- 3.8 The CIA agreed to update the Scrutiny Framework and Manual to reflect the Committee responses detailed in the table above.

Future Scrutiny Topics

- 3.9 The Committee then discussed potential scrutiny topics. Two topics which were agreed are as follow

3.10 **Topic 1 – Community Asset Transfer Process.**

The Council's Best Value (BV) report stated that community focus groups highlighted a perception that the Council's current asset transfer processes is complex and does not fully support community empowerment to allow community groups to progress transfer requests without significant support

One of the actions in the Council's BV action plan is to 'Review and simplify the community asset transfer process'.

Scrutiny could assist this action by:

- comparing and contrasting asset transfer processes adopted by other councils
- engaging with community groups to get feedback
- engaging with Audit Scotland to access the feedback provided to them during the BV review .

3.11 **Topic 2 - Fly Tipping**

The Council charge for larger item uplifts and there is a possible correlation between the amount of the charge and the amount of fly tipping that is occurring. The cost to the Council of clearing up fly tipping can be considerable. The CIA is aware of another Council who took the decision to reduce their charges and it resulted in a reduction in the levels of fly tipping

Allocation of Services Across Heads of Service

- 3.12 A third potential topic was discussed regarding the allocation of services across Heads of Service and a query raised about whether the Committee can scrutinise how the Council has structured its service for efficiencies and performance. After the Development Session the CIA sought clarification from the Council's Monitoring Officer on this query.
- 3.13 The Council's Constitution states that the role of Councillors can be described as relating to constituency matters, corporate and strategic decisions and policy making, and a political role. It further sets out a job description for Councillors which, among other things, states that Councillors will participate as a policy maker, executive decision taker as part of the Council or a Committee of the Council and a scrutiniser of the effectiveness of the Council in achieving its desired outcomes and delivering services.
- 3.14 The Audit and Scrutiny Committee has the remit given to it within the Scheme of Administration and Delegations, in particular to monitor, and provide

guidance and advice in relation to financial audit, governance and risk management.

- 3.15 The Chief Executive is the head of paid service and is principal advisor to the Council on all matters of policy and strategic direction and is responsible for the implementation of Council aims and priorities, including leading the delivery of Best Value and Community Planning. The Chief Executive provides leadership, direction and motivation for staff and is responsible for the management of other resources to ensure that the Council's policies and priorities are delivered in an efficient and effective manner.
- 3.16 Therefore, the allocation of services across Heads of Service is one that relates more specifically to the remit of the Chief Executive as head of paid service and does not directly fall within the terms of reference or remit of members in their role as a Councillor or as a member of the Audit and Scrutiny Committee.
- 3.17 Based on the information set out in paragraphs 3.12 – 3.16 a review of the allocation of Services Across Heads of Service will not be included as a scrutiny topic.

4. CONCLUSION

- 4.1 The scrutiny process is new and evolving as each review is progressed. Members and officers continue to identify areas for improvement and these will be addressed as they are raised. Two scrutiny topics have been proposed for inclusion in the scrutiny work plan.

5 IMPLICATIONS

- 5.1 **Policy - None**
- 5.2 Financial -None
- 5.3 Legal -None
- 5.4 HR - None
- 5.5 Fairer Scotland Duty - None
- 5.5.1 Equalities – None
- 5.5.2 Socio-Economic Duty – None
- 5.5.3 Islands Duty - None
- 5.6 Risk – None
- 5.7 Customer Service - None

Laurence Slavin
Chief Internal Auditor
19 May 2021

For further information contact:

Laurence Slavin, Chief Internal Auditor (01436 657694)

ARGYLL AND BUTE COUNCIL**AUDIT AND SCRUTINY COMMITTEE****FINANCIAL SERVICES****15 JUNE 2021**

STRATEGIC HOUSING FUND SCRUTINY REVIEW

1. SUMMARY

- 1.1 The Strategic Housing Fund scrutiny review was carried out as per the 2019/20 scrutiny plan agreed by the Audit and Scrutiny Committee on the 18 June 2019.
- 1.2 The Strategic Housing Fund scrutiny panel comprised of Councillor Sandy Taylor (chair), Councillor Freeman and Councillor Vennard with support provided by internal audit officers.
- 1.3 The Strategic Housing Fund was chosen for inclusion in our scrutiny priorities for 2019/20 as a review had been approved by Community Services Committee in December 2018 and it was agreed to continue existing funding for RSLs but extend it to community organisations in certain areas, thus reducing the risk of not providing affordable homes in areas that RSL's do not wish to develop. There was also a question over whether there is a more effective way to distribute funds currently set at a rate of £12k per housing unit regardless of location.

2. RECOMMENDATIONS

- 2.1 Committee to agree the Draft Strategic Housing Fund Scrutiny Report
- 2.2 Committee to agree the most appropriate committee or other Council group for the Strategic Housing Fund scrutiny report to be presented to for consideration.

3. DETAIL.

- 3.1 The agreed objectives of the scrutiny review were to consider whether use of the Strategic Housing fund:
- complies with relevant legislation and guidance
 - is properly informed by the Local Housing Strategy, Housing Needs and Demand Assessment and the Strategic Housing Investment Plan
 - is focused on delivering value for money and on areas of identified need and priority.
- 3.2 Throughout this review three panel meetings were held to gather evidence.

- Panel one – Council’s Head of Economic Development, the Development Policy and Housing Strategy Manager and the Team Lead – Housing Strategy.
- Panel two – representative from Argyll Community Housing Association (ACHA), West Highland Housing Association, Link Housing Association Ltd, Fyne Homes Ltd, and Dunbritton Housing Association Ltd
- Panel three – Officers from Scottish Government’s More Homes service

3.3 We would like to extend our appreciation for the cooperation and assistance received from all witnesses invited to provide evidence over the course of the review.

3.4 Based on the information obtained over the course of the review the panel has identified six findings specific to this review. These are detailed in the report attached as appendix 1.

3.5 The report has been discussed with the Head of Economic Development to confirm accuracy and it is now for the Committee to decide whether to approve the report and, if so, to agree the most appropriate committee or other Council group for the Strategic Housing Fund scrutiny report to be presented to for consideration.

4. CONCLUSION

4.1 Committee is requested to agree the attached report and agree the most appropriate Committee or other Council group for the report to be presented to for consideration.

5. IMPLICATIONS

- 5.1 Policy - None
- 5.2 Financial -None
- 5.3 Legal -None
- 5.4 HR - None
- 5.5 Fairer Scotland Duty - None
 - 5.5.1 Equalities – None
 - 5.5.2 Socio-Economic Duty – None
 - 5.5.3 Islands Duty - None
- 5.6 Risk – None
- 5.7 Customer Service - None

Councillor Sandy Taylor
Chair of the Strategic Housing Fund Scrutiny Panel
15 June 2021

For further information please contact:
Laurence Slavin, Chief Internal Auditor, 01436 657694

Appendices:
Appendix 1 – Draft Strategic Housing Fund Scrutiny Report

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Argyll and Bute Council

Scrutiny Report

June 2021

DRAFT

Strategic Housing Fund

Contents

1. Executive Summary	3
Introduction	3
Objectives	3
Background	3
Scrutiny Initiation Briefing – 22 October 2019	5
2. Scrutiny Meetings	6
Scrutiny Meeting One – Council Officers – 12 October 2019	6
Scrutiny Meeting Two – Registered Social Landlords – 04 March 2020	9
Scrutiny Meeting Three – Scottish Government Officers – 8 April 2021	11
3. Overall Conclusion and Findings	13

Contact Details

Chair: Sandy Taylor (Vice-Chair of Audit and Scrutiny Committee)

Chief Internal Auditor: Laurence Slavin (laurence.slavin@argyll-bute.gov.uk)

www.argyll-bute.gov.uk

1. Executive Summary

Introduction

1. As part of Argyll and Bute Council's (the Council) 2019/20 scrutiny plan, approved by the Audit & Scrutiny Committee (the Committee) in June 2019, we have undertaken a scrutiny review of the Council's Strategic Housing Fund (SHF).
2. Throughout this report references to 'the Panel' refers to the vice-chair of the Committee and two Committee members who conducted this review. They were:
 - Councillor Taylor (Panel Chair)
 - Councillor Freeman
 - Councillor Vennard
3. The Panel was supported by council officers and relevant external parties who gave willingly of their time to help deliver the review. We would like to extend our appreciation for the cooperation and assistance received from all witnesses invited to provide evidence over the course of the review.

Objectives

4. The agreed objectives of the scrutiny review were to:
 - ensure the housing needs assessment process is robust with appropriate engagement from key stakeholders
 - ensure the SHF is being spent appropriately in compliance with legislation and national guidance
 - ensure the Council is achieving Value for Money (VfM) and that the Council are the lead body when determining what SHF funds should be spent on
 - assess the potential benefit of extending the SHF to community groups.

Background

5. The Council no longer has its own housing since transferring stock to ACHA in 2006. However, as the Strategic Housing Authority, the Council has a number of statutory duties and responsibilities in terms of delivery of, and investment in, affordable housing, and improving housing condition across all housing sectors.
6. All Scottish local authorities are required to prepare a Local Housing Strategy (LHS) every five years, setting out how the Council and its partners will address local need and demand, and contribute to national housing priorities. In developing the strategy the Council must take account of the views of a wide range of partners, stakeholders and local residents. The strategy covers all types and tenures of housing including social rented, private rented and owner occupied accommodation and sets out Argyll & Bute Council's vision for housing over a five year period outlining practical actions with specific targets.
7. The SHF is primarily funded by revenue raised through a decision to reduce the discount awarded to Council Tax on empty and second homes in Argyll and Bute. The SHF is used to support affordable housing provision in the area. In particular it focuses on:

- a Landbanking fund to address the limited supply of effective land for affordable housing development which has been identified as a crucial factor within the LHS. This tackles the issue of land shortage and recycles revenue back into affordable housing as land acquired will either be sold on to registered social landlords (RSLs) and/or private developers, or developed for re-sale.
- an Empty Homes Strategy to bring empty properties in the area back into use
- promoting additional investment in infrastructure capacity where further development of affordable housing is otherwise constrained.

8. The following items of expenditure are deemed appropriate for SHF funds:

- expenditure incurred in relation to assets formally held on the Housing Revenue Account
- expenditure relating to the acquisition of land for the landbank
- expenditure related to the purchase of homes under the empty homes initiative
- payments to enhance infrastructure where this is restricting the development of affordable housing
- payments to RSLs to partially fund proposed projects to deliver houses in accordance with the LHS.

9. In 2016 the Council was set a target to deliver 550 affordable homes by 2021 as part of a Scottish Government (SG) Scotland wide target to deliver 50,000 affordable homes between 2016 and 2021 including 35,000 for social rent. The SG has allocated £51.6m in Resource Planning Assumption to Argyll and Bute to deliver affordable housing until 2021. The SHF will be required to contribute £9.8m over the same period. There is an action included in the Development Policy & Housing Team scorecard relating to the “number of new affordable homes completed per annum”. The targets and actual performance were as follows:

Year	Target Build	Actual Build
2016-17	110	154
2017-18	110	75
2018-19	110	107
2019-20	110	84
2020-21	110	48
Total	550	468

10. The actual build was ahead of target in the first three of the five year period but due to COVID and associated delays, building work was affected in the latter two years. A large number of completions were achieved soon after the end of the five year period, it is considered that the target would have been met had it not been for the impact of COVID.
11. In February 2019, the Council agreed to extend the £12k per unit to community organisations who satisfy the requisite funding criteria and secure Rural Housing Fund and/or Islands Housing Fund Grant from the Scottish Government to deliver affordable housing.
12. The Council’s Strategic Housing Investment Plan (SHIP) identifies priority housing projects to support the delivery of both local and national strategic housing targets as well as helping to increase the supply of housing across other tenures as appropriate.
13. The SHF aligns to business outcome “We Enable a Choice Of Suitable Housing Options”. This makes a major contribution towards the Council’s mission statement of “Making Argyll and Bute

a place people choose to Live, Learn, Work and do Business” and the Council priority “to ensure we have homes for all”.

14. Risk 12 in the EDI operational risk register relates to the failure to meet expectations in new housing targets. This also aligns to red risk SRR01 – the impact on the Council of population and economic decline.
15. The SHF was chosen for inclusion in our scrutiny priorities for 2019/20 as a review had been approved by Community Services Committee in December 2018 and it was agreed to continue existing funding for RSLs but extend it to community organisations in certain areas, thus reducing the risk of not providing affordable homes in areas that RSL’s do not wish to develop. There was also a question over whether there is a more effective way to distribute funds currently set at a rate of £12k per housing unit regardless of location.

Scrutiny Initiation Briefing – 22 October 2019

16. In October 2019 scrutiny officers circulated a briefing to the Panel which provided background on the SHF. The Panel then met to agree the scope and identify invitees to give evidence at a series of meetings.
17. The agreed scope was to consider whether use of the SHF:
 - complies with relevant legislation and guidance
 - is properly informed by the LHS, Housing Needs and Demand Assessment (HNDA) and the SHIP
 - is focused on delivering value for money and on areas of identified need and priority.
18. The Panel agreed that they should meet with appropriate representatives of the groups set out in Exhibit 1.

Exhibit 1 – Scrutiny Meetings

Group	Key Areas for Discussion
Council Officer(s)	<ul style="list-style-type: none"> • How the HNDA is formulated and what consultations are undertaken and does this adequately embrace and capture all the needs of the local population. • The extent the Council influences, pre-empts or steers use of the SHF. • Review of the SHF.
Registered Social Landlords	<ul style="list-style-type: none"> • Engagement between the Council and RSLs in relation to areas such as the Strategic Housing Forum, LHS, and the HNDA. • The extent RSLs influence the projects where a funding contribution is provided from the SHF. • The extent the Housing Strategy supports the Council’s vision “Our economy is built on a growing population” where we are working together to attract people to live and work in Argyll and Bute.
Scottish Government Officers	<ul style="list-style-type: none"> • Management of equivalent funds at other councils. • Initiatives implemented at other councils to reinstate Empty Homes. • How well the Council performs in terms of good practice. • Scottish Government’s vision for 2040.

2. Scrutiny Meetings

Scrutiny Meeting One – Council Officers – 12 October 2019

19. The first scrutiny meeting consisted of the Council's Head of Economic Development, who has overall responsibility for the Strategic Housing Fund, The Development Policy and Housing Strategy Manager and the Team Lead – Housing Strategy. The key messages reflecting the views of the Council officers who attended, from this meeting are set out in Exhibit 2.

Exhibit 2 – Scrutiny Meeting 1 – Council Officers - Key Messages

Theme	Detail
<p>How the HNDA is formulated and what consultations are undertaken and does this adequately embrace and capture all the needs of the local population.</p>	<p>The HNDA is carried out every five years and agreed between the SG and the Council. It estimates the number of additional housing units required to meet existing and future needs and demand by completion of a spreadsheet template provided by the SG and use of national statistics provided by the SG. The Council also utilise external consultants to carry out a household survey across all administrative areas which provides more information from the community. The survey information is used in addition to national data to provide a more accurate HNDA. This is an additional source of information that not all councils choose to seek. It provides information on areas such as resident satisfaction, requirements for larger houses, aspirations for property ownership, overcrowding, under, occupancy, disability requirements etc.</p> <p>The information from the HNDA flows into the housing strategy and the local development plan to set housing supply targets. This can come out as zero because the population is declining but projections are used to tie into the general vision of the Council in terms of growing the economy.</p> <p>In addition to the HNDA, the Council looks at affordability, demographics, economic trends across Scotland and the common housing waiting list used by Housing Associations. The Council also uses pressure ratios where focus is placed on applicant's first choice of area to determine where to target housing.</p> <p>The HNDA is just one element of the LHS, other factors such as land, infrastructure and growth strategy are also considered following consultation with the public and members.</p> <p>The Strategic Housing Forum (The Forum) engage in dialogue with planning, housing and the private sector to consider different layers of needs and issues such as key worker housing and unrecorded need. SG don't allow for speculative building, there has to be proven need and demand and therefore RSLs won't take the risk of building if need is not evident.</p> <p>The rural growth deal analysis found that people are reluctant to move to Argyll and Bute as there is a lack of affordable housing and there is a perception that social rented housing is not what is wanted.</p>

<p>The extent the Council influences, pre-empt or steers use of the SHF</p>	<p>The SHIP is agreed between the Council, SG and other partners. RSLs submit projects to the SHIP but only so many are taken forward through a prioritisation process aligned to the HNDA. Once a project is included within the SHIP and primary funding is approved by SG, the RSL can submit a formal application to the SHF for further funding.</p> <p>The Council receives around £2 million per annum from second homes and currently provides £12k per housing unit however, RSLs can apply for additional funding where additional challenges have to be addressed to allow the project to complete. This is subject to Economic Development and Infrastructure Committee approval.</p> <p>There does not appear to be a similar fund in other Councils possibly because they do not have the same level of second homes or they have their own housing stock and funds generated are placed directly into capital projects to deliver affordable housing. The Fund appears to be quite unique to the Council.</p> <p>The Council does not currently ask developers to provide a spend profile for projects. The application form is to be altered to determine when developers require payments to be made as this will allow for better fund management and facilitate better cash flow management.</p> <p>The Council employs an empty homes officer who is fully funded through the SHF. The officer was recognised as the empty homes champion for 2018-19 by the National Empty Homes Partnership and was presented an award by the SG housing minister. Grants and loans are available to owners through the SHF to provide principal home or accommodation to let. 482 empty homes have been brought back into use since 2013 which is excellent value for money when compared to the capital cost of building that many homes.</p> <p>The SHF fully funds six members of staff and 30% of a seventh in relation to the delivery of affordable housing and facilitation of the SHF, these are:</p> <ul style="list-style-type: none"> • Housing Operations Manager (30%) • Housing Strategy Manager • Research and Development Officer • Housing Officer – Empty Homes • Housing Systems Co-ordinator • Housing Improvement Officer • Research Assistant
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SHF Income and Expenditure 2020-21					
Income		£	£		
Opening Balance					7,499,429
Usable Capital Receipts Reserve					2,872,036
Income in Year					2,256,253
Expenditure					
Payments to RSLs/Trusts		-2,207,041			
Witchburn Road Demolition					
Furnace Coastal Protection					
SHQS Upgrades					
Empty Homes Grants		-1,428			
ABC Strategic Housing Staff		-421,013			
Outstanding Commitments		-3,118,465			-5,747,947
Uncommitted Closing Balance					6,879,771
<p>In addition to the above income and expenditure, loans have been advanced to RSLs in line with the approach agreed in 2013, the value outstanding as at 31 March 2021 is £3.502 million.</p>					
RSL	Scheme Name	Amount £m	Rate of interest %	Repayment Period (years)	Amount o/s 31/3/20 £m
FYNE	6000 - Rothesay Court House	1.9	1.93	9	0.076
ACHA	6005 - Glenshellach	2.305	4.45	25	1.891
ACHA	6010 - Bonawe	0.123	4.43	25	0.103
ACHA	6015 - Hood Court	0.603	4.43	25	0.508
FYNE	6020 - St Cuthberts	0.201	3.14	25	0
WHHA	6025 - Imeraval	0.955	2.85	25	0.866
The Port Ellen Station	6030- Port Ellen Police Station	0.08	2.12	10	0.058
TOTAL		6.167			3.502
Review of the SHF	<p>The last review of the SHF took place in November 2018 and will be reviewed again in the current financial year. It is considered within the Council that the £12k per unit award as a standard amount regardless of where the property is being built should be reviewed. Grant awards have also been extended to community development trusts as long as the £84k equivalent of SG funding is provided from the Rural Housing Fund. It was agreed at the time of the 2018</p>				

	<p>review to maintain the level of the grant to aid delivery of the 550 target number of properties by 2021 and perform a review of the SHF after that.</p> <p>RSLs are concerned that if they no longer receive the grant this would require higher borrowing and, consequently, increased rents charged to tenants. The scope of the review is to see what developments have been delivered and whether these could have been delivered without a SHF contribution.</p> <p>SG has set a vision for Housing to 2040 and the SHF needs to tie in with national priorities.</p>
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Scrutiny Meeting Two – Registered Social Landlords – 04 March 2020

20. The second scrutiny meeting consisted of representative from five RSLs that operate in Argyll and Bute. These are Argyll Community Housing Association (ACHA), West Highland Housing Association (WHHA), Fyne Homes Ltd, Dunbritton Housing Association Ltd and Link Housing Association Ltd. The key messages from this meeting, reflecting the views of the RSL representatives who attended, are set out in Exhibit 3.

Exhibit 3 – Scrutiny Meeting 2 – Registered Social Landlords - Key Messages

Theme	Detail
Engagement between the Council and RSLs in relation to areas such as the SHF, LHS, and HNDA	<p>The Forum plays a key role in engagement between the RSLs and the Council. A number of detailed reports are presented to the Forum and everyone has the opportunity to provide input and debate how the HNDA information is pulled together before it is agreed. The Forum provides a good opportunity at strategic level to enable open dialogue and welcome involvement from the other outside agencies coming on board e.g. Allenergy, HIE and Scottish Water. There are a variety of forums that can be attended, and whilst there is joined up working in place between RSLs and the Council, there is always room for improvement.</p> <p>Existing meeting structures are very inclusive and strong working relationships exist between RSLs and the Council. The SHIP group consisting of representatives from the SG, RSLs, Planning Service and the Health and Social Care Partnership (HSCP) feeds into the Forum a fortnight before the meeting which creates an understanding of what is going on.</p> <p>Developers and RSLs are trying to deliver the strategic priorities of the Council. Whilst the RSL representatives felt the strategic aim of the Council and high level plans are clear they felt sometimes services within the Council may have different priorities resulting in difficulty agreeing issues with developments. For example there is always going to be conflict between Roads, Planners and what RSLs may want to do due to legislative requirements. The biggest hurdle is roads construction consent. The impact of this is that the resources allocated to the Council from the Scottish Government's Resource Planning Assumption in the year may not be spent because projects take longer to deliver. If this is the case the funds are lost to Argyll and Bute.</p> <p>Another Council holds meetings with all officers dealing with a project together on the same day, including Building Standards, Planning and</p>

	<p>Roads. This provides early dialogue to identify potential issues and can repeat throughout the course of the project at various key stages. The Council does something similar in terms of the forum but not at operational level. Operational meetings were held in relation to a project in Dunbeg and although these were time consuming they were effective and a similar approach might be beneficial for other housing projects.</p> <p>The Council has design guides in place but these are for private developers rather than RSLs and that degree of flexibility is better for RSLs. Parties will engage in discussions regarding any specialist types of accommodation as required.</p> <p>The RSL representatives confirmed they have a very good working relationship with the Council and they are content that they have ample opportunity to input to the various documents (SHIP, HNDA etc) and can put forward any consideration for change at the Forum. They also stated that whilst the Council's housing planning guidance sets a tone and expectations the Council is not as prescriptive as other councils due to there being some very rural areas as well as some urban areas and therefore it would difficult to have a one size fits all approach.</p>
<p>The extent RSLs influence the projects where a funding contribution is provided from the SHF</p>	<p>The SHIP is flexible enough to accommodate various local needs. There is a particular need for specialist sound proofing for people with Autism and extra Care Housing that allows people to stay in their houses longer. An issue can arise if tenants without a need remain in accommodation following transfer to residential care or death of partner who did have need.</p> <p>The RSL representatives said they have tried to engage with HSCP regarding specific social care requirements in developments but feel there is limited communication or HSCP representation at the Forum.</p> <p>10% of stock is built to an exemplar standard including wider doors to accommodate wheelchairs but there are additional costs involved. To a degree, RSLs build houses that can be easily adapted, the issue is that when specific housing needs and adaptations are addressed, fewer units can be delivered within the allocated resources. Smaller housing units are more viable for this as it reduces chance of under-occupancy or excessive heating charges.</p> <p>RSLs have a responsibility to prepare a project and they can enter that project on the basis of a £12k contribution per unit. It is important in terms of business planning but sometimes infrastructure costs only become known to RSLs after they commit to a development. RSLs also borrow money to fund a development. The rent for each development is based on the actual cost so the less money contributed by the Council the higher the rent would be for the tenant.</p> <p>The £12k contribution from the SHF is essential to RSLs, any reduction would have a negative impact on the delivery of social housing across the area. In addition to this flat-rate contribution, RSLs would like clear</p>

	<p>guidance to refer to when there is a justified need to apply for additional funding for particularly challenging development sites. A number of criteria could be set where increased costs are expected and provide an opportunity to apply for additional funding e.g. increased costs of delivery to remote and island communities, infrastructure costs etc</p> <p>RSLs are not involved in bringing derelict empty homes back into use as these tend to be private houses. RSLs would be interested to know if they can access funds for property amalgamations. The SHF states that payments may be used for RSLs to partially fund projects to deliver houses according to the LHS, there is no restriction on how that is delivered, so it could possibly facilitate the purchase of empty private flats for regeneration.</p>
<p>The extent the Housing Strategy supports the Council's vision "Our economy is built on a growing population" where we are working together to attract people to live and work in Argyll and Bute</p>	<p>The current allocation policy does not give priority to people who are economically active or newly forming households however a local letting initiative is now in place in the Dunbeg area to give priority to up to 30% of the allocation to ensure ability to house people coming to work in the area.</p> <p>Building is not speculative but must support the HNDA including projected need. RSLs are confident the market is sustainable, in some areas, an overall target approach to encourage growth is needed and then an overall needs assessment. Local development plans identify land for development, RSLs and other developers have the opportunity to submit sites for inclusion, the next is due to be prepared for August 2021. Land banking can be an issue with some long-standing planning consents having never been taken up. Consideration should be given to removing these.</p>

Scrutiny Meeting Three – Scottish Government Officers – 8 April 2021

21. The third scrutiny meeting consisted of two officers from the SG's More Homes service, who work to increase the number of homes across Scotland so that everyone has a good quality home that they can afford and that meets their needs. They have good knowledge of the Argyll and Bute area and attend the Strategic Housing Forum meetings. The key messages, reflecting the views of the SG representatives who attended, are set out in exhibit 4.

Exhibit 4 – Scrutiny Meeting 3 – Scottish Government Officers - Key Messages

Theme	Detail
<p>Management of equivalent funds at other Councils</p>	<p>SG officers were able to provide an impression but not the entire picture as their remit covers seven local authorities in the West of Scotland. There are, however, examples across the country of councils using these monies to support affordable housing but they do it in different ways as one size does not fit all.</p> <p>In the council areas that the officers work with, the use of the income is highlighted in the SHIP. The greatest amount of money generated from these councils is Argyll and Bute. A lot of thought has been put into the</p>

	<p>SHF by Argyll and Bute to offer support and that is seen to be fair and clearly linked to delivery of the strategic housing objectives.</p> <p>Over the last 11-12 years, the Council has developed innovative ways of using the SHF to support the delivery of affordable housing, e.g. in the provision of loans and importantly, the Council was able to increase funding to compensate when SG temporarily reduced their subsidy level to RSLs. Other councils are using the monies to support the delivery of affordable housing but it is perhaps not in such a structured or managed way as has evolved in Argyll and Bute.</p> <p>The partners who are involved in delivering the Council's strategic housing objectives (principally the Housing Associations) are familiar with the rules and principals that the fund operates and it is openly discussed through the Strategic Housing Forum. It is a very open process and a good example of strong collaborative partnership working.</p>
<p>Initiatives implemented at other councils to reinstate Empty Homes</p>	<p>It is the Council's responsibility to determine the use of the SHF in line with guidance and ensure value for money is achieved. Work is taking place in other council areas to bring empty homes back into use although the scale of the problem is probably greater in Argyll and Bute than elsewhere. The Council has a lot of experience and good work has already taken place and this has been awarded recognition. The approach to empty homes is likely to evolve over time, the earlier properties were easier to deal with and the more challenging properties will be addressed over time.</p>
<p>How well does the Council perform in terms of good practice</p>	<p>The SG officers are not aware of any good practice that we could adopt from other councils but encourage dialogue with other councils to see what they are doing. They would advise officers from other councils to contact Argyll and Bute if they were looking for examples of good practice. The Council adapts to circumstances as they change and address any cost differentials that arise to ensure contributions are enough to ensure projects are delivered. The Council has also opened up funding to Community Development Trusts in rural areas and provided a huge benefit to those communities.</p> <p>Early engagement to support communities and businesses is key to growing the economy, there is a concern that with the absence of housing, young people will move away and businesses won't develop if there is no workforce.</p> <p>There is a mutual trust between the SG and the Council due to the strong ethos of partnership and collaborative working. The Council takes the lead in pushing for improvements in collaboration and partnership working and all parties involved are keen to play their part. That level of good partnership working and trust does not happen to the same extent everywhere.</p> <p>Low cost housing can be addressed through the Affordable Housing Investment Programme and the SG can award grant funding for shared</p>

	<p>equity housing as part of the core funding. The SG and RSLs are there to help deliver on strategic objectives, over recent years the focus has been on delivery of social rented accommodation but as strategic objectives evolve through linkages with other strategies in terms of tackling population, demographic issues and economic regeneration, there is recognition that there may be a need to offer tenure choice.</p> <p>Partnership Support for Regeneration (previously called Grow Grant) has not been used by the Council for many years. This is a deficit fund that bridges the gap between the cost of building a house and the sale price and is particularly important in remote rural areas where housing is a real issue.</p>
Scottish Government's vision for 2040	<p>The consultation for the Housing to 2040 is completed and the document is now available on the SG website. This involved talking to Strategic Housing Forums across the country and discussing the main issues and routes to engage with people. There is a target to provide 100,000 homes across Scotland over a ten year period with a principal objective of 70% earmarked for social rental and the remainder being other tenures. There is a focus on making better use of stock we already have. It sets the framework for housing policy for the next 20 years and will inform investment funding positions going forward.</p>

3. Overall Conclusion and Findings

22. Based on the information obtained over the course of the review the Panel has concluded that:

- the HNSA process is robust with appropriate engagement from key stakeholders
- the SHF is being spent appropriately in compliance with legislation and national guidance and is having a positive impact on the delivery of housing projects across Argyll and Bute
- the Council is achieving value for money from the SHF with strong partnership working in place with RSLs and the Scottish Government
- there is benefit in extending the SHF to community groups however this requires proper due diligence to safeguard against the enhance risk of projects not being delivered.

23. The review has identified six findings which have been discussed with management. These, and the management responses, are detailed in Exhibit 5.

Exhibit 5 – Findings

No.	Finding	Management Response
1	RSL's would like clear guidance setting out when it may be possible to access in excess of £12k per unit from the SHF for particularly challenging development sites (i.e. increased costs of delivery to remote and island communities, higher than normal infrastructure costs etc).	This can be clarified in a review and update of policy and procedures in 2021-2022. The SHF application form and assessment templates will be updated to provide clearer guidance or a second application form for additional funding may be created. A general statement to this effect can also be incorporated in the next formal SHIP submission.

No.	Finding	Management Response
2	To aid progress on housing developments there would be benefit in establishing periodic meetings with representation from all relevant stakeholders including RSL's and officers from Building Standards, Planning, Roads and the HSCP. This will help identify and resolve potential issues at the outset of a project and throughout its lifecycle which will reduce the risk of losing RPA funding through project delay.	The SHIP Operational Group serves this purpose. If an RSL raises a Roads, Planning, Building Standards, Scottish Water issue we speak with the relevant agency to try and resolve the issue. If there is a particular pattern of concern we would invite the relevant department/organisation. There is a standing agenda item – 'RSL Project Updates/Programme Status' which gives the RSL's the opportunity to raise issues. We will engage with RSLs to identify why they feel this is still an area of concern.
3	There is a need to review the HSCP representation at the Strategic Housing Forum to ensure that those attending have authority and can provide information to allow longer term planning to address needs.	The HSCP Head of Strategic Planning and Performance attends the Forum and other HSCP delegates have also been involved in recent years and it is anticipated that a Social Work delegate will also attend in future. The HSCP is also involved in the SHIP Group, particularly via the dedicated Housing Occupational Therapist (OT) post which provides the clear and appropriate conduit between Housing and HSCP for specific projects and specific needs. The OT representation on the Forum will help ensure local level needs are fed into the SHIP process.
4	Local development plans identify land for development and land banking can be an issue with some long-standing planning consents not taken up. This should be considered as part of the LDP2 which is scheduled to be adopted in 2022.	<p>The LDP2 which is currently up for adoption in 2022 has already identified its land supply and undergone its statutory process of consultation.</p> <p>The LDP process addresses this through the call for sites process which challenges landowners/developers that their site is deliverable. It is therefore too late now to make changes to it.</p> <p>LDP3 can consider this issue but we are not able to remove planning consents unless they expire. Removal will allow other sites to be brought on board, however, there is a more than adequate housing land supply identified and the recent rates of delivery by the RSLs would indicate they are able to access sufficient land.</p>

No.	Finding	Management Response
5	<p>The Scottish Government are supportive of the Council's extension of the SHF to Community Groups however it is important that any such awards properly consider the higher risk of projects not being delivered and that Community Groups are not regulated in the way RSLs are.</p>	<p>We will only approve awards which have passed the Scottish Government risk assessment process and have been awarded Rural and Islands Housing Fund. It is important that Community Groups should be subject to scrutiny at least as rigorous as RSLs via the SHF assessment process. The council is required to ensure due diligence in assessing the suitable governance, sustainability and financial security/prudence of the applicant organisation before making an award. Full risk assessments are required for each project and appropriate safeguards should be included in the terms & conditions of grant awards.</p>
6	<p>Partnership Support for Regeneration Grant (PSRG) has not been used by the Council for many years. This is a deficit fund that bridges the gap between the cost of building a house and the sale price and is particularly important in remote rural areas where housing is a real issue.</p>	<p>According to Scottish Government, the grant was not intended for rural areas. We have explored with them over the last 12 months how to develop a model which can help us to deliver housing for key workers. However restrictions of the model are making it difficult to find a suitable site, and difficult to provide the type of product and tenure we feel is missing. The SHF and Rural Housing Fund offer much more simple potential solutions and our intention is to pursue those. PSRG could remain one possible mechanism within the funding framework that can be considered as required; albeit in the current context of A&B, it may be that the Rural Growth Deal presents a more appropriate, immediate and potentially more effective tool within the direct control of the council.</p>

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ARGYLL AND BUTE COUNCIL**AUDIT AND SCRUTINY COMMITTEE****LEGAL AND REGULATORY SUPPORT
STRATEGIC FINANCE****15 June 2021**

REVIEW OF CODE OF CORPORATE GOVERNANCE

1. EXECUTIVE SUMMARY

- 1.1 This report advises that the code of corporate governance action plan for 2020/21 has been reviewed and updated along with the content of the code to reflect the governance position within the Council for 2020/21.
- 1.2 An action plan has been drafted for 2021/22.
- 1.3 The review allows the Council to include a statement of governance and internal control in the Annual Accounts for 2020/21.

2. RECOMMENDATIONS

- 2.1 The Audit and Scrutiny Committee note the updates in the Action Plan for 2020/21.
- 2.2 The Audit and Scrutiny Committee consider and approve the content of the Code of Corporate Governance for 2020/21.
- 2.3 The Audit and Scrutiny Committee consider and approve the content of the Action Plan for 2021/22.
- 2.4 The Audit and Scrutiny Committee consider and approve the draft statement of governance and internal control for 2020/21

ARGYLL AND BUTE COUNCIL

AUDIT AND SCRUTINY COMMITTEE

LEGAL AND REGULATORY SUPPORT
STRATEGIC FINANCE

15 June 2021

REVIEW OF CODE OF CORPORATE GOVERNANCE

3. INTRODUCTION

- 3.1 This report advises that the code of corporate governance action plan for 2020/21 has been reviewed and updated along with the content of the code to reflect the governance position within the Council for 2020/21. The review allows the Council to include a statement of governance and internal control in the Annual Accounts for 2020/21. An action plan for 2020/21 has been prepared

4. RECOMMENDATIONS

- 4.1 To note the updates in the Action Plan for 2020/21
- 4.2 To consider and approve the content of the Code of Corporate Governance for 2020/21
- 4.3 To consider and approve the content of the Action Plan for 2021/22
- 4.4 To consider and approve the draft statement of governance and internal control for 2020/21

5. DETAIL

- 5.1 CIPFA and SOLACE published a revised Framework for 'Delivering Good Governance in Local Government' in 2007. The Framework was intended to define the principles that should underpin the governance of local authorities and provides a structure to assist authorities with their own approach to governance. The Framework took the six core principles, from the 'Good Governance Standard for Public Services' (2004), and adapted these principles for local government, identifying eighteen supporting principles.
- 5.2 The Council has responsibility for the preparation of the code of corporate governance along with an Action Plan which identifies areas within the Council where work to improve the governance arrangements within the Council is being undertaken. It is considered that the actions on the action plan for 2020/21 (appendix 1) have been progressed.

5.3 The six core principles contained in the local code are:

1. Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
2. Members & Officers working together to achieve a common purpose with clearly defined functions and roles
3. Promoting values for the authority and demonstrating the value of good governance through upholding high standards of conduct and behaviour.
4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
5. Developing the capacity and capabilities of members and officers to be effective
6. Engaging with local people and other stakeholders to ensure robust public accountability

The revised code (appendix 2) includes links to the evidence demonstrating compliance with these six core principles.

5.4 The review of the effectiveness of the system of governance and internal control is informed by the:

- work of council officers
- work of External and Internal Audit
- Statements of Governance or Internal Control provided by external bodies
- external review and inspection reports
- recommendations from the Audit and Scrutiny Committee

6. CONCLUSION

6.1 This review of the content of the local code of corporate governance gives assurance about the robustness of the Council's governance arrangements as level 3 of the CIPFA code

7. IMPLICATIONS

- 7.1 Policy – None
- 7.2 Financial – None
- 7.3 Legal -None
- 7.4 HR - None
- 7.5 Fairer Scotland Duty - None
- 7.6 Equalities – None

- 7.7 Socio-Economic Duty – None
- 7.8 Islands Duty - None
- 7.9 Risk – None
- 7.10 Customer Service - None

Douglas Hendry

Executive Director with responsibility for Legal and Regulatory Support

For further information please contact:

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Appendices

Appendix 1 - Updated action plan for 2020/21

Appendix 2 - Code of corporate governance 2020/21

Appendix 3 - Action plan for 2021/22

Appendix 4 - Draft Annual Governance Statement 2020/21

Argyll and Bute Council – Corporate Governance Action Plan 2020/2021

Updated actions

Ref	Improvement actions	Success measures	Key dates/Update	Lead
CG-1	Continue to progress the work to digitalise all document and evidence exchanges for Local Development Plan 2 'Examination in Public' process.	Digitalised system in place and monitoring of effectiveness undertaken	31 March 2021 Digital systems in place and will be monitored for effectiveness during 2021 when document exchange will occur and things are submitted to the reporter for Examination.	Head of D&EG
CG-2	Develop an integrated production process for the SHIP and Local Housing Strategy which will utilise GIS information to improve due diligence knowledge of proposed Registered Social Landlord housing sites, thus identifying risks to delivering the SHIP.	Process in place and monitoring of effectiveness undertaken	31 March 2021 System is now in place and can begin to be utilised. Over time it will be populated with more information and its effectiveness can be monitored and the system adapted as required. This will be ongoing as opposed to having a fixed end	Head of D&EG

			date.	
CG-3	Procure and implement enhanced logistical software that will facilitate route optimisation for many transport related functions	System in place and monitoring of effectiveness undertaken	31 March 2021 The market was tested in terms of availability of systems and suppliers but due to the pandemic and the fact that many potential suppliers had furloughed staff, the response was disappointingly low. As we are now easing out of lockdown in a new financial year, a further procurement exercise will be carried out to enable service improvements and efficiencies through technology achieved.	Head of R&I
CG-4	Continue to develop an automated interface between the Property Management System (Concerto) and the Financial System (Oracle) to process contractor payments	Interface in place and monitoring of effectiveness undertaken	31 December 2020 This element of work was delayed due to the impact of Covid. The interface for capital payments was further scrutinised at the past two financial year end. Work will continue with	Head of CS

Appendix 1

			Strategic Finance to finalise an automated interface for the processing of contractor payments for revenue. It is anticipated this will be completed by September 2021.	
CG-5	Improve quality and accuracy of asset information which will benefit asset valuations, calculations for utilities costs and asset management	System in place and monitoring of effectiveness undertaken	30 March 2021 Approximately 50% of buildings being reviewed have been completed. Delayed due to COVID as site visits were not able to take place. Will be completed by April 2022.	Head of CS
CG-6	Develop the provision of governance and committee support to the Integration Joint Board.	Appropriate support in place and functioning well	30 March 2021 Governance processes put in place to support pre-agendas and committee meetings and all meetings hosted on ModGov. Facilitated move to on-line meetings in response to Covid-19	Head of L&R

			<p>pandemic. Arrangements working well and development ongoing in response to organisational requirements.</p>	
CG-7	<p>Develop further self-evaluation tools to improve self-evaluation processes and monitoring of quality provision within 1140 hours</p>	<p>Self-evaluation tools in place and monitoring of effectiveness undertaken</p>	<p>30 March 2021</p> <p>Learning and Development self-evaluation resource updated and shared electronically to ensure it is accessible to all in settings. Established calendar of self-evaluation activities in place.</p>	<p>Heads of Education</p>
CG-8	<p>Work with the Quality Improvement Group to develop GIRFEC procedures and processes to improve children and young people's experiences of Child's Planning Processes.</p>	<p>Procedures and processes in place and monitoring of effectiveness undertaken</p>	<p>30 March 2021</p> <p>In the context of Argyll and Bute's Children and Young People's Service Plan 2020-23, Education, Social Work and Health have been working in multi-agency partnership, employing a newly-developed auditing tool to ensure that 75% of Child Plans are rated</p>	<p>Heads of Education</p>

			<p>'good' or better. Plans will contain a clear set of SMART outcomes, and up-to-date assessments of Risk and analyses of need for each child or young person. The small audit sample has produced encouraging data, and is being expanded to include a higher number of Plans from more than one geographical area.</p>	
CG-9	<p>Implementation of a self-billing approach using CareFirst for payments to social care providers to further improve payment efficiency and simplify monthly budget monitoring work</p>	<p>Processes and procedures in place and monitoring of effectiveness undertaken</p>	<p>28 February 2021</p> <p>During April 2020, improvements were implemented to improve the efficiency of payment generation to care providers through the extended use of an electronic interface between the CareFirst and Payables systems to partially automate the processing of payments for non-residential care.</p>	<p>Head of FS</p>

			<p>Exploratory work was undertaken informally to establish if a suitable technical environment was available to further enhance the care provider payment process through the establishment of a self-billing approach. Unfortunately, it was found that a suitable and robust environment was not currently available however the Council and Health and Social Care Partnership are currently working on projects to replace the current Payables and Social Care systems and the intent to develop a self-billing approach has been fed into both projects with discussion underway on potential solutions offered by the new systems</p>	
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Code of Corporate Governance 2020/21

Date 1 May 2021
Version 1.0 – annual update

Principle 1: Focussing on the purpose of the Authority and on the outcomes for the community, and creating and implementing a vision for the local area

1.1 Supporting Principle: Exercising Strategic Leadership by developing and clearly communicating the Authority's purpose and vision and its intended outcome for citizens and service users

Evaluation Key

1. Not compliant with local code requirements
2. Partially compliant with local code requirements
3. Fully compliant with local code requirements
4. Exceeds the requirements of the local code

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 19/20 20/21	Lead Officer
1.1.1 Develop and promote the Authority's purpose and vision	The Council's strategic objectives are reflected in the Community Plan, Single Outcome Agreement and Corporate Plan Corporate Plan and Single Outcome Agreement 2013-23 approved by Council and published on the Council's website	Chief Executive/ Executive Director	3 3	Head of CSS
	Clear terms of reference are set for the preparation of service plans in the Performance and Improvement Framework to ensure fit with the Corporate Plan Service Plans clearly reflect corporate objectives	Chief Executive/ Executive Directors	3 3	All Service Heads
	Documented meetings have taken place to discuss key objectives in the Corporate and Service Plans	Chief Executive	3 3	Executive Directors
	A Communications Strategy has been implemented. Public Performance Reporting Strategy has been implemented. Public performance reporting	Chief Executive	3 3	Head of CSS
1.1.2 Review on a regular basis the Authority's vision for the local area and its implications for the Authority's governance arrangements	Local Code of Corporate Governance has been developed in line with CIPFA/SOLACE guidelines	Executive Director	3 3	Head of L&R
	Annual review of the Corporate Plan	Chief Executive/	3 3	Head of

		ED - Customer		CSS
	Annual review of Service Plans	Executive Directors	3 3	All Service Heads
1.1.3 Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all partners	Corporate framework for all partnerships within Argyll and Bute Community Planning Partnership Roles and responsibilities defined for Argyll and Bute Community Planning Partnership	Chief Executive	3 3	Chief Executive
1.1.4 Publish an Annual Report on a timely basis to communicate the Authority's activities and achievements, its financial position and performance	Prepare and publish an Annual report	Chief Executive/ Executive Director	3 3	Head of CSS
	Prepare and publish report for local government benchmarking framework Public performance reporting	Chief Executive/ Executive Director	3 3	Head of CSS
	Prepare and publish Annual Accounts and Efficiency Statements	Chief Executive	3 3	Head of FS

1.2 Supporting Principle: Ensuring that users receive a high quality of service whether directly, in partnership, or by commissioning

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 19/20 20/21	Lead Officer
1.2.1 Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available	A robust performance management system has been developed which enables all operations to be reported on in terms of meeting performance standards targets and levels of customer satisfaction and linked to PSIF	Chief Executive/ Executive Director	3 3	Head of CSS
	Prepare and publish Statutory/Defined Performance Indicator Report. Public performance reporting	Chief Executive/ Executive Director	3 3	Head of CSS
	Documented meetings have taken place to discuss performance at service level Audit and Scrutiny	Chief Executive/ Leader	3 3	Executive Directors / Members
1.2.2 Put in place effective arrangements to identify and deal with failure in service delivery	An Audit and Scrutiny Committee has been established. Terms of Reference include governance and risk in addition to financial matters. Audit and Scrutiny Committee meetings	Executive Director	3 3	Head of L&R

	Part D of Constitution				
	The Council is proactive in reviewing its services through the internal audit team and external auditors Internal Audit Plan in place	Chief Executive	3	3	Head of FS
	The Council has a formally established Complaints procedure web Unified approach to complaints handling across the organisation with a common point of entry. Staff have been trained in dealing with complaints and empowered and supported to deal with complaints	Executive Director	3	3	Head of L&R
	The complaints system records actions taken to prevent complaints recurring, and evidence that complaints inform positive service improvement. Regular testing of the complaints handling system to ensure it meets consumer needs and expectations	Executive Director	3	3	Head of L&R
	The Council has in place robust Critical Activity Recovery Plans for its identified critical activities which are subject to regular review and testing	Executive Director	3	3	Head of L&R

1.3 Supporting Principle: Ensuring that the Authority makes best use of resources and that tax payers and service users receive excellent value for money

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 19/20 20/21	Lead Officer
1.3.1 Decide how value for money (VFM) is to be measured and make sure the Authority has the information needed to review VFM and performance effectively. Measure the environmental impact of policies, plans and decisions.	Reviews of Council services to ensure best value principles adhered to Benchmarking: comparing economy, efficiency and effectiveness of services through our involvement in the Local Government Benchmarking Framework benchmarking framework Asset Management BV review	Chief Executive	3 3	All Directors
	A robust performance management system has been developed which enables all operations to be reported on in terms of meeting performance standards targets and levels of customer satisfaction and linked to PSIF	Chief Executive/ Executive Director	3 3	Head of CSS
	The authority responds positively to and acts upon the findings and recommendations of external scrutiny	Chief Executive	3 3	Chief Executive
	The Council is proactive in reviewing its services through the internal audit team and external auditors Audit and Scrutiny Committee	SMT Audit Committee	3 3	Head of FS
	Prepare and publish Annual Accounts and Efficiency Statements	Chief Executive	3 3	Head of FS
	Prepare and publish report for local government benchmarking framework	Chief Executive/ Executive Director	3 3	Head of CSS

Principle 2: Members and Officers working together to achieve a common purpose with clearly defined functions and roles

2.1 Supporting Principle: Ensuring effective leadership throughout the authority and being clear about executive and non-executive functions, and the roles and responsibilities of the scrutiny function

<u>Evaluation Key</u>
1. Not compliant with local code requirements
2. Partially compliant with local code requirements
3. Fully compliant with local code requirements
4. Exceeds the requirements of the local code

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 19/20 20/21	Lead Officer
2.1.1 Set out a clear statement of the respective roles and responsibilities of Members generally and of senior officers	Statement of roles of Leader and Chief Executive included within the Council Constitution and will be reviewed annually. Part A of constitution	Executive Director	3 3	Head of L&R
	The Council Constitution includes Standing Orders for Meetings, Scheme of Administration and Delegations, and an Ethical Framework Constitution	Executive Director	3 3	Head of L&R
	Local Code of Corporate Governance developed in line with CIPFA/SOLACE guidelines	Executive Director	3 3	Head of L&R
	Roles and responsibilities defined for Argyll and Bute Community Planning Partnership	Chief Executive	3 3	CE

2.2 Supporting Principle: Ensuring that a constructive working relationship exists between the authority members and officers, and that the responsibilities of members and officers are carried out to a high standard

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 19/20 20/21	Lead Officer
2.2.1 Determine a scheme of delegation and reserve powers within the constitution, including a formal scheme on those matters specifically reserved for collective decision of the authority, taking account of relevant legislation, and ensure that it is monitored and updated when required.	The Council Constitution includes Standing Orders for Meetings, Scheme of Administration and Delegations, and an Ethical Framework Constitution	Executive Director	3 3	Head of L&R
	There are Terms of Reference and reporting arrangements for all sub-committees of the Authority Part C of Constitution	Executive Director	3 3	Head of L&R
2.2.2 Make the Chief Executive responsible and accountable to the authority for all aspects of operational management.	Responsibilities of Chief Executive detailed within Council Constitution Part A of Constitution	Executive Director	3 3	Head of L&R
2.2.3 Make a senior officer (the Section 95 Officer) responsible to the authority for ensuring that appropriate advice is given for all financial matters, for keeping proper financial records and accounts, and for maintaining effective systems of internal financial control.	Section 95 Officer role identified in the Council Constitution and included as a member of the Strategic Management Team Part A of Constitution	Chief Executive Executive Director	3 3	Head of FS
	Standing Orders and financial regulations contained in the Council Constitution Constitution	Executive Director	3 3	Heads of L&R FS
	Council Accounts comply with statutory and professional reporting standards and are prepared and approved in accordance with a preset timetable Part D of Constitution	Chief Executive	3 3	Head of FS
2.2.4 Make a senior officer responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.	Senior Officer designated as Monitoring Officer. Role and responsibilities set out in the Council Constitution taking account of comments from Audit Scotland report. Constitution Monitoring Officer Protocol in place	Executive Director	3 3	ED – Customer

2.3 Supporting Principle: Ensuring relationships between the authority, its partners and the public are clear so that each other knows what to expect of the other

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 19/20 20/21	Lead Officer
2.3.1 Develop protocols to ensure effective communication between members and officers in their respective roles	<p>Protocols for Member / Officer relations detailed in the Council Constitution Constitution</p> <p>The Council has fully endorsed the Councillor's Code of Conduct introduced under the Standards In Public Life etc (Scotland) Act 2000 and has provided a copy of the Code to all Members Part F of Constitution</p> <p>Recommendations in Audit Scotland Report approved and Action Plan agreed</p> <p>Monitoring Officer Protocol in place</p>	Executive Director	3 3	Head of L&R
2.3.2 Ensure that an established scheme for remuneration of members and officers and an effective structure for managing the process including an effective remuneration panel (if applicable) are in place.	<p>Structured pay scales reflecting competence for Officers; Core Conditions of Service for Officers Core conditions of service</p> <p>Scheme for Member remuneration and allowances. Part F of Constitution</p>	Chief Executive/ Executive Director	3 3	Head of CSS
2.3.3 When working in partnership ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the authority.	<p>Roles and responsibilities defined for Argyll and Bute Community Planning Partnership</p> <p>Reference within Councillor Code of Conduct to partnership working Part F of Constitution</p> <p>Members Training refers to Improvement Service notebook on Corporate Governance</p>	Chief Executive	3 3	CE

Principle 3: Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

3.1 Supporting Principle: Ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance

Evaluation Key
1. Not compliant with local code requirements
2. Partially compliant with local code requirements
3. Fully compliant with local code requirements
4. Exceeds the requirements of the local code

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 19/20 20/21	Lead Officer
3.1.1 Ensure that the authority’s leadership sets a tone for the organisation by creating a climate of openness, support and respect.	The authority responds positively to and acts upon the findings and recommendations of external scrutiny.	Executive Director	3 3	Head of L&R
	The Council Constitution contains Standing Orders for meetings, a Scheme of Administration and Delegations, an Ethical Framework and a Code of Conduct Constitution		3 3	
	Formal meetings of the Council and its Committees held in private in accordance with legislation	Executive Director	3 3	Head of L&R
	The Council has a formally established complaints policy and procedure	Executive Director	3 3	Head of L&R
	Minutes and Committee reports are published on the Council’s website mod.gov	Executive Director	3 3	Head of L&R
	Compliance with the Data Protection and Freedom of Information Acts FOI and DP	Executive Director	3 3	Head of L&R
3.1.2 Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols.	Protocols for Member / Officer relations detailed in the Council Constitution. The Council has fully endorsed the Councillor’s Code of Conduct introduced under the Standards In Public Life etc (Scotland) Act 2000 and has	Executive Director	3 3	Head of L&R

	provided a copy of the Code to all Members Part F of Constitution				
3.1.3 Put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice.	Council Constitution contains the Councillors Code, Audit Committee Terms of Reference, guidelines on the conduct of employees, protocol on Member / Officer relations, Public Interest Disclosure Policy Constitution	Executive Director	3	3	Head of L&R
	Register of Members Interests is maintained Form issued to Members	Executive Director	3	3	Head of L&R

3.2 Supporting Principle: Ensuring that organisational values are put into practice and are effective

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 19/20 20/21		Lead Officer
3.2.1 Develop and maintain shared values for both the organisation and staff reflecting public expectations, and communicating these with members, staff, the community and partners	The Council's strategic objectives are reflected in the Community Plan, Single outcome agreement and Corporate Plan Corporate Plan and Single Outcome Agreement approved by Council and published on the Council's website	Chief Executive	3	3	Head of CSS
3.2.2 Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice.	The Council Constitution includes Standing Orders for Meetings, Scheme of Administration and Delegations, and an Ethical Framework Constitution	Executive Director	3	3	Head of L&R
	The Council Constitution contains the Councillors Code, Audit Committee Terms of Reference, guidelines on the conduct of employees, protocol on Member / Officer relations, Public Interest Disclosure Policy Constitution	Executive Director	3	3	Head of L&R

Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and risk

4.1 Supporting Principle: Being rigorous and transparent about how decisions are taken, and listening and acting on the outcome of constructive scrutiny

Evaluation Key

1. Not compliant with local code requirements
2. Partially compliant with local code requirements
3. Fully compliant with local code requirements
4. Exceeds the requirements of the local code

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 19/20 20/21	Lead Officer
4.1.1 Develop and maintain an effective scrutiny function which encourages constructive challenges and enhances the authority's performance overall and that of any organisation for which it is responsible.	The role of scrutiny has been established through a scheme of delegation and committee structures. Part C of Constitution Audit and Scrutiny Committee has been established	Executive Director	3 3	Head of L&R
4.1.2 Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.	Minutes and Committee reports are published on the Council's website mod.gov	Executive Director	3 3	Head of L&R
	Formal meetings of the Council and its Committees held in private in accordance with legislation	Executive Director	3 3	Head of L&R
4.1.3 Put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice.	Protocols of Member / Officer relations detailed in the Council Constitution Part F of Constitution	Executive Director	3 3	Head of L&R
	Protocols for Member / Officer relations detailed in the Council Constitution. The Council has fully endorsed the Councillor's Code of Conduct introduced under the Standards In Public Life etc (Scotland) Act 2000 and has provided a copy of the Code to all Members Part F of Constitution	Executive Director	3 3	Head of L&R

	The Council Constitution contains the Councillors Code, Audit and Scrutiny Committee Terms of Reference, guidelines on the conduct of employees, protocol on Member / Officer relations, Public Interest Disclosure Policy Constitution	Executive Director	3	3	Head of L&R
	Register of Members Interests is maintained Form issued to Members	Executive Director	3	3	Head of L&R
	The Council Constitution contains Standing Orders relating to Contracts Part E of Constitution	Executive Director	3	3	Heads of L&R SF
4.1.4 Develop and maintain an effective audit committee (or equivalent) which is independent of the executive and scrutiny functions or make other arrangements for the discharge of the functions of such a committee.	An Audit and Scrutiny Committee has been established. Terms of Reference include governance and risk in addition to financial matters. Audit and Scrutiny Committee meetings Part D of Constitution	Executive Director	3	3	Head of L&R

4.2 Supporting Principle: Having good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants / needs

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 19/20	20/21	Lead Officer
4.2.1 Ensure that those making decisions are provided with information that is fit for purpose, relevant, timely, and gives clear explanations of technical issues and their implications.	Relevant information available to decision makers	Executive Directors	3	3	Executive Directors
4.2.2 Ensure that professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and is used appropriately.	Relevant advice and information available to decision makers	Executive Directors	3	3	Executive Directors

4.3 Supporting Principle: Ensuring that an effective risk management system is in place

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 19/20 20/21	Lead Officer
4.3.1 Ensuring that risk management is embedded into the culture of the Authority with members and managers at all levels, recognising that risk management is part of their jobs.	A risk based approach is a key component of the Council's approach to Planning and Performance Management (Service Planning process requires identification of associated risks. Budget Monitoring process is risk based where a number of criteria are used to classify risk category of particular cost centres.) Service Plans	Chief Executive	3 3	Head of FS
	Strategic and Operational Risk management procedures and processes in place The Council is a member of the CIPFA benchmarking club for risk management.	Chief Executive	3 3	Head of FS
	Appropriate training on risk management is provided to Members and Officers. Risk Management Training	Chief Executive	3 3	Head of FS
	Key documents to underpin the approach to risk management include a Risk Management Policy Statement and Risk Management Guidance.	Chief Executive	3 3	Head of FS
	The SMT has a role to oversee the effectiveness of risk management	Chief Executive	3 3	Head of FS
	Progress reports on the development of risk management have been submitted to the Audit and Scrutiny Committee during the year.	Executive Director	3 3	Head of L&R

<p>4.3.2 Ensure that arrangements are in place for whistle-blowing to which staff and all those contracting with the authority have access.</p>	<p>Whistle blowing policy Public Interest Disclosure Policy in Council Constitution Part D of Constitution - anti-fraud strategy including public interest disclosure policy</p>	<p>Executive Director</p>	<p>3 3</p>	<p>Head of L&R</p>
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4.4 Supporting Principle: Using their legal powers to the full benefit of the citizens and communities in their area

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 19/20 20/21	Lead Officer
<p>4.4.1 Actively recognise the limits of lawful activity placed on them by, for example, the ultra vires doctrine but also strive to utilise powers to the full benefit of their communities.</p>	<p>Council Constitution reflects the legal requirements placed upon the authority Constitution</p>	<p>Executive Director</p>	<p>3 3</p>	<p>Head of L&R</p>
	<p>Statutory Plans, for example Local Development Plan local development plan</p>	<p>Executive Director</p>	<p>3 3</p>	<p>Head of D&EG</p>
	<p>Senior Officer designated as Monitoring Officer. Role and responsibilities set out in the Council Constitution. Constitution</p>	<p>Executive Director</p>	<p>3 3</p>	<p>ED – Cus S</p>
<p>4.4.2 Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law</p>	<p>Training provided to relevant Members and Officers in areas of identified need, for example Planning and Licensing matters Elected Member Resources</p>	<p>Executive Director</p>	<p>3 3</p>	<p>Head of L&R</p>
	<p>Advice from the Council’s Chief Legal Officer or their nominated Officer is available at all decision making meetings Legal advice is available to all departments from the Council’s Legal Services department</p>	<p>Executive Director</p>	<p>3 3</p>	<p>Head of L&R</p>
<p>4.4.3 Observe all specific legislative requirements placed upon them, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice, into their procedures and decision making processes.</p>	<p>Council Constitution reflects the legal requirements placed upon the Council Constitution</p>	<p>Executive Director</p>	<p>3 3</p>	<p>Head of L&R</p>
	<p>Senior Officer designated as Monitoring Officer. Roles and responsibilities set out in the Council Constitution Constitution</p>	<p>Executive Director</p>	<p>3 3</p>	<p>ED – Customer</p>

Principle 5: Developing the capacity and capabilities of members and officers to be effective

5.1 Supporting Principle: Making sure that members and officers have the skills, knowledge and experience, and resources they need to perform their roles well		Evaluation Key		
		1. Not compliant with local code requirements 2. Partially compliant with local code requirements 3. Fully compliant with local code requirements 4. Exceeds the requirements of the local code		
Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 19/20 20/21	Lead Officer
5.1.1 Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis.	Induction Training provided to all new Elected Members	Executive Director	3 3	Head of L&R
	The Council has fully endorsed the Councillor's Code of Conduct introduced under the Standards In Public Life etc (Scotland) Act 2000 and has provided a copy of the Code to all Members Code of conduct in Constitution	Executive Director	3 3	Head of L&R
	Corporate Induction Programme in place for all new employees	Executive Director	3 3	Head of CSS
	Development and performance review process in place for eligible employees, with training and development plans	Executive Director	3 3	Head of CSS
5.1.2 Ensure that statutory officers have the skills, resources and support necessary to perform actively in their roles and that these roles are properly understood throughout the authority.	Development and performance review process in place for eligible employees, with training and development plans	Executive Director	3 3	Head of CSS
	Job descriptions and Person Specifications in place for employees	Executive Director	3 3	Head of CSS

5.2 Supporting Principle: Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 19/20 20/21	Lead Officer
5.2.1 Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively.	Development and performance review process in place for eligible employees, with training and development plans PRD process PDP process for Members	Executive Director	3 3	Head of CSS
	Training provided to relevant Members and Officers in areas of identified need Elected Member Resources Council has signed up to Improvement Service CPD Framework IS CPD Framework	Executive Director	3 3	Heads of CSS L&R
	5.2.2 Develop skills on a continuing basis to improve the performance, including the ability to scrutinise and challenge and to recognise when outside advice is needed.	Development and performance review process in place for eligible employees, with training and development plans PRD process PDP process for members	Executive Director	3 3
	Training provided to relevant Members and Officers in areas of identified need, for example Planning and Licensing matters Elected Member Resources Council has signed up to Improvement Service CPD Framework IS CPD Framework	Executive Director	3 3	Heads of CSS L&R
	An Audit and Scrutiny Committee has been established. Terms of Reference include governance and risk in addition to financial matters. Audit and Scrutiny Committee meetings	Executive Director	3 3	Head of L&R

	Part D of Constitution				
5.2.3 Ensure that effective arrangements are in place for reviewing the performance of the executive as a whole and of individual members and agreeing an action plan which might for example, aim to address any training or development needs.	An Audit and Scrutiny Committee has been established. Terms of Reference include governance and risk in addition to financial matters. Audit and Scrutiny Committee meetings Part D of Constitution	Executive Director	3	3	Head of L&R
	Development and performance review process in place for eligible employees, with training and development plans PRD process PDP process for members Council has signed up to Improvement Service CPD Framework IS CPD Framework	Executive Director	3	3	Head of CSS
	Training provided to relevant Members and Officers in areas of identified need, for example Planning and Licensing matters Elected Member Resources	Executive Director	3	3	Heads of CSS L&R

5.3 Supporting Principle: Encouraging new talent so that best use can be made of individuals skills and resources in balancing continuity and renewal

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 19/20 20/21	Lead Officer	
5.3.1 Ensure that effective arrangements are in place designed to encourage individuals from all section of the community to engage with, contribute to and participate in the work of the Authority.	Community Planning activity Better Community Engagement Pack	Chief Executive	3	3	Executive Directors

Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability

6.1 Supporting Principle: Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships		Evaluation Key			
		1. Not compliant with local code requirements 2. Partially compliant with local code requirements 3. Fully compliant with local code requirements 4. Exceeds the requirements of the local code			
Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 19/20 20/21		Lead Officer
6.1.1 Clearly defined lines of accountability	Public Performance Reporting Strategy Communications Strategy Better Community Engagement Pack	Chief Executive/ ED – Customer	3	3	Head of CSS
	The Council’s strategic objectives are reflected in the Community Plan, Single outcome agreement and Corporate Plan Corporate Plan and Single Outcome Agreement approved by Council and published on the Council’s website	Chief Executive/ ED – Customer	3	3	Head of CSS
6.1.2 Consider those institutional stakeholders to whom the authority is accountable and assess the effectiveness of the relationships and any changes required.	Ability to communicate with discrete groups in an appropriate manner Communications Strategy	Chief Executive	3	3	Executive Directors
6.1.3 Produce an annual report on the activity of the scrutiny function.	Annual Audit report	Chief Executive	3	3	Head of FS

6.2 Supporting Principle: Taking an active and planned approach to dialogue with, and accountability to, the public to ensure effective and appropriate service delivery whether directly by the authority or in partnership

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 19/20 20/21	Lead Officer
6.2.1 Ensure clear channels of communication are in place with all sections of the community and other stakeholders, and put in place monitoring arrangements to ensure that they operate effectively.	Ability to communicate with all groups in an appropriate manner Social Media Policy Communications Strategy	Executive Director	3 3	Head of CSS
6.2.2 Hold meetings in public unless there are good reasons for confidentiality	Minutes and Committee reports are published on the Council's website mod.gov	Executive Director	3 3	Head of L&R
	Formal meetings of the Council and its Committees held in private in accordance with legislation	Executive Director	3 3	Head of L&R
	Compliance with the Data Protection and Freedom of Information Acts FOI and DP	Executive Director	3 3	Head of L&R
6.2.3 Ensure that arrangements are in place to enable the authority to engage with all sectors of the community effectively. These arrangements should recognise that different sections of the community have different priorities and established explicit processes for dealing with these competing demands.	Ability to communicate with discrete groups in an appropriate manner Better Community Engagement Pack	Chief Executive	3 3	Executive Directors
6.2.4 On an annual basis, publish a performance plan giving information on the authority's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and satisfaction of service users in the previous period.	The Council's strategic objectives are reflected in the Community Plan, Single outcome agreement and Corporate Plan Corporate Plan and Single Outcome Agreement approved by Council and published on the Council's website	Chief Executive/ Executive Director	3 3	Head of CSS
	Prepare and publish Annual Accounts and Efficiency Statements	Chief Executive	3 3	Head of FS

	Prepare and publish an Annual report	Chief Executive/ Executive Director	3	3	Head of CSS
	Prepare and publish report for local government benchmarking framework Public performance reporting	Executive Director	3	3	Head of CSS
6.2.5 Ensure that the authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.	Minutes and Committee reports are published on the Council's website mod.gov	Executive Director	3	3	Head of L&R
	Formal meetings of the Council and its Committees held in private in accordance with legislation	Executive Director	3	3	Head of L&R
	Compliance with the Data Protection and Freedom of Information Acts FOI and DP	Executive Director	3	3	Head of L&R

6.3 Supporting Principle: Making best use of human resources by taking an active and planned approach

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Responsible	Evaluation 19/20	20/21	Lead Officer
6.3.1 Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making.	The Council has in place an Employee Joint Consultative Committee (EJCC)	Executive Director	3	3	Head of CSS
	Structure for Trade Union engagement in place				
	Development and performance review process in place for all employees, with training and development plans PRD process employees	Executive Director	3	3	Head of CSS
	PDP process for Members				
	Mechanisms and processes are in place for communication and engagement with employees The Hub – news – cascade	Executive Director	3	3	Head of CSS
6.3.2 Planned approach to securing a workforce for the future	The Council has in place strategies for the Recruitment and Retention of employees	Executive Director	3	3	Head of CSS

Argyll and Bute Council – Corporate Governance Action Plan 2021/2022

Ref	Improvement actions	Success measures	Key dates	Lead
CG-1	Continue to engage with the Scottish Government and other local authorities to determine the most efficient and effective way of ensuring the Council can provide a waste solution which complied with the 2025 Bio-degradable Municipal Waste Ban	Progress made in identifying appropriate solution	31 March 2022	Head of R&I
CG-2	Further develop the Council's Counter Fraud Team	2 year pilot successful and SMT agree to it becoming a permanent feature of the Councils' establishment	31 March 2022	Head of FS
CG-3	Progress the project to upgrade the Council's general ledger system with an anticipated go live of 1 April 2022	System in place and monitoring of effectiveness undertaken	31 March 2022	Head of FS
CG-4	Complete the development of the automated interface between the Property Management System (Concerto) and the Financial System (Oracle) to process contractor payments	Interface in place and monitoring of effectiveness undertaken	30 September 2021	Head of CS

CG-5	Review of the scheme of delegation in relation to property matters to ensure decisions are taken at the correct level	Appropriate delegations agreed and monitoring of effectiveness undertaken	31 March 2022	Head of CS
CG-6	Enhance reporting of workforce planning to the Strategic Management Team and Elected Members	Reporting process in place and working well	31 March 2022	Head of CSS
CG-7	Further progress the work to digitalise all document and evidence exchanges for Local Development Plan 2 'Examination in Public'	Digitalised system in place and monitoring of effectiveness undertaken	31 March 2022	Head of D&EG
CG-8	Respond to the findings of the Scrutiny Review of the Strategic Housing Fund which is to be reported in June 2021	All actions identified are progressed	31 March 2022	Head of D&EG
CG-9	Continue to improve quality and accuracy of asset information which will benefit asset valuations, calculations for utilities costs and asset management	System in place and monitoring of effectiveness undertaken	31 March 2022	Head of CS
CG-10	Further progress the implementation of a self-billing approach using CareFirst for payments to social care providers	Processes and procedures in place and monitoring of effectiveness undertaken	31 March 2022	Head of FS



BACKGROUND / SCOPE OF RESPONSIBILITY

Argyll and Bute Council's (the Council) governance framework includes the systems, processes and culture by which the Council is controlled, engages with communities and monitors the achievement of strategic objectives. The Council conducts its business in accordance with the law and proper standards. The Council has a duty to make arrangements to secure continuous improvement in the way which its functions are exercised, having regard to the economic, efficient and effective use of public money.

The system of internal control is a key part of the framework, and is designed to manage risk to an acceptable level.

In discharging these responsibilities, the Council has put in place proper arrangements for the governance of its affairs and the stewardship of the resources at its disposal. The Council has approved and adopted a Local Code of Corporate Governance (the Code), which is consistent with the principles and requirements of the CIPFA/SOLACE Framework Note for Scottish Authorities – Delivering Good Governance in Local Government (2007). This Statement explains how the Council has complied with the Code and meets the requirements of current good practice.

A copy of the Code may be obtained from the Head of Legal and Regulatory Services, Argyll and Bute Council, Kilmory, Lochgilphead, PA31 8RT and is also available on the Council's website.

THE GOVERNANCE FRAMEWORK

The Code details how the Council will demonstrate compliance with the fundamental principles of corporate governance for public sector bodies. The six key principles of our governance arrangements in 2020/21 are described in the Code, along with our supporting principles and key aspects of our arrangements to ensure compliance. Key features of our arrangements are summarised below.

1. Focusing on the purpose of the Council and on outcomes for the community, and creating and implementing a vision for the local area

Our Corporate Plan sets out our, and our community planning partner's, vision for Argyll and Bute's economic success to be built on a growing population. It also defines our mission "*To make Argyll and Bute a place people choose to live, learn, work and do business*" and establishes our outcomes, priorities and approach to delivering on our shared ambition with our community partners.

We have a Performance Improvement Framework (PIF) that ensures performance is integral to the work of the Council. The PIF is focused not just on measuring what we do but on measuring the difference we make in terms of our outcomes.

Councillors and senior managers review and scrutinise the Council's performance at all levels to ensure our services are having the desired impact on our communities and customers. At a strategic level, performance is scrutinised through our strategic committees and, more locally, at our area committees. The Audit and Scrutiny Committee, which meets four times a year, has a key role in reviewing and scrutinising how we are meeting our strategic objectives. They also promote good internal control, financial and risk management, governance and performance management, in order to provide reasonable assurance over the effective and efficient operation of the Council, and compliance with laws and regulations, including the Council's Financial and Security Regulations, Contract Standing Orders and accounting codes of practice.



2. Members and officers working together to achieve a common purpose with clearly defined functions and roles

The Council's constitution defines the roles and responsibilities of the administration, committees, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication. The constitution is updated on an annual basis with the last update carried out in September 2020.

The constitution includes collective and individual roles and responsibilities of the Leader, Provost, Policy Lead Councillors, other councillors and officers. It also includes a protocol for the role of the Monitoring Officer (the Executive Director for Customer Services).

Best Value (BV) is assessed by the Council's external auditors over the five year audit appointment, as part of the annual audit work and, additionally, a Best Value Assurance Report (BVAR) for each Council will be considered by the Accounts Commission at least once during this five year period.

Audit Scotland completed their BV Audit of the Council in January 2020. The Accounts Commission then published the final report with their findings on 21 May 2020. The Commission welcomed the progress made by the Council since the last inspection in 2015, highlighting the significantly improved relationships amongst elected members and between members and officers, which provide a sound basis for tackling future challenges and the Council's sound approach to financial planning and budgeting which has allowed it to achieve financial balance in the short term.

As for all councils, the Accounts Commission also identified areas for the Council to focus its continued improvement upon such as improve how we manage and report performance and deliver more significant transformation and redesign of service, and engage staff fully in planning and implementing change,

The Accounts Commission presented the Report to Council at their June meeting and the associated Action Plan was also considered and agreed at that meeting. Work is underway to deliver the actions in this plan and progress was reported to the Audit and Scrutiny Committee on 16 March 2021. Audit Scotland will commence follow up BV Audit work in June 2021.

The Standards Commission Advice Note for Councillors on Distinguishing between their Strategic Role and any Operational Work has previously been included in an Elected Member Seminar and is hosted on the Members Resource page on the Hub for ease of reference.

3. Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour;

We have four values, which underpin all that we do and provide a sound basis to achieve transformation to ensure we meet the challenges of the future and deliver quality services. These values are that we have a workforce which is:

- Caring
- Committed
- Collaborative
- Creative

We have developed and communicated an Ethical Framework within the Council's Constitution, which defines standards of behaviour for members and staff. Protocols for Member/Officer relations are also detailed within the Constitution.

The Councillors' Code of Conduct is set out at a national level, applying to all members in Scottish local authorities. A register of members' interests is available on the Council's website.

4. Taking informed and transparent decisions which are subject to effective scrutiny, and managing risk; ensuring effective counter fraud and anti-corruption arrangements are developed and maintained

Our standing orders, financial instructions, scheme of delegation and supporting procedure notes/manuals clearly define how decisions are taken and the processes and controls in place to manage risks. These are reviewed and updated on an annual basis. We ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful. The Council's Monitoring Officer advises on compliance with our policy framework, ensuring that decision making is lawful and fair.

Our financial management arrangements conform to the CIPFA Statement on the Role of the Chief Financial Officer and we ensure that our independent Audit and Scrutiny Committee undertakes the core functions identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities. The Audit and Scrutiny Committee receive an annual Strategic Risk Assurance Mapping report which helps inform their consideration of potential scrutiny topics. This is supported by the Council's Scrutiny Framework and Manual which continues to be refreshed on an annual basis as the Council's approach to scrutiny evolves and matures.

The anti-fraud strategy ensures there are effective arrangements for whistle-blowing and for receiving and investigating complaints from the public and partners. During 2020/21 the Council implemented a new counter fraud team on a two year pilot basis. The team is working to further enhance the Council's zero tolerance approach to fraud and to protect the public purse.

5. Developing the capacity and capability of members and officers to be effective

Elected Member Development

The Council has signed up to the Improvement Service's Continuing Professional Development Framework for Elected Members. All Elected Members are provided with opportunities to progress personal development plans so that individual training needs and aspirations are identified and support provided as appropriate. This is complemented by a comprehensive seminar and workshop programme which addresses a wide range of topics and strategic issues. Since the introduction of new ways of working and operating in a virtual environment in response to the Covid-19 pandemic this programme has moved on-line and since March 2020 a regular programme of webinars and workshops have taken place on-line with a positive effect on member participation levels with an average attendance level of 64%. Additionally with the move to on-line committees additional development support has been provided to Chairs in terms of process and guidance notes to facilitate the transition to operating on a virtual basis and enhance effectiveness in this regard.

A review of the arrangements for supporting Elected Member Development has been undertaken and a revised programme has been developed for implementation which supports a strategic focus and provides Members with access to information and development opportunities which facilitate effective decision making, scrutiny and challenge. It recognises there is an existing nationally agreed framework for Elected Member continuous professional development but seeks to ensure this is effectively aligned in supporting development within Argyll and Bute and ensures appropriate arrangements and resources are in place to encourage and facilitate development activity. It further seeks to capitalise on the opportunities presented by on-line and virtual means to increase access to development activities for all members.



The Elected Member Induction Programme has also undergone a review and a comprehensive virtual induction programme was put in place to support new elected members appointed through by-elections in this period.

Officer Development

The Council supports officer development through a structured approach, driven by the values set out in the Corporate Plan and a behavioural competency framework. This is underpinned by a systematic approach to identifying core and mandatory training requirements in all council job descriptions and the annual Performance Review and Development (PRD) process.

The Council has Argyll and Bute Manager and Leadership Programmes, which ensure that all employees who have management responsibilities are knowledgeable and effective in delivering services within the priority management policies and procedures of the Council, including finance, performance and people management. The Leadership Programme ensures that senior and aspiring leaders in the organisation have support to develop their leadership behaviours and to improve their overall impact and performance across the organisation.

The Council is committed to delivering an annual PRD programme, which in turn informs the annual corporate training programme.

6. Engaging with local people and other stakeholders to ensure robust public accountability

We have established clear channels of communication with the community and other stakeholders through our Communication Strategy. Key mechanisms include:

Annual Budget Consultation

The Council undertakes a wide ranging budget consultation exercise each year, using a range of channels including written, face to face, online, Community Councils and through partner organisations and community groups in the Community Planning Partnership. The results of the consultation inform the members' budget decision making process and are reported to the Council as part of the budget reports pack.

Consultation Diary

The Council has developed a consultation section on its website which hosts all consultations run by the Council, both current and historic. This includes a section which publicises the results and/or outcome of the consultation and the resultant decisions that have been taken, showing how they were informed by the consultation process. This is part of our commitment to You Said, We Did information sharing for the public.

Keep in the Loop Service

2019/20 was the first full year that the pro-active Keep in the Loop Service was deployed. It proved hugely popular as a customer engagement tool and the 7927 customers subscribed to receive notifications across the range of services. In 20/21 this has increased to 10549. For customers it meant that they have been kept up to date with topical council information and opportunities to provide valued input on matters that affect them.

MyAccount

Myaccount is the simple and secure sign-in service for accessing online public services in Scotland. It provides people living in Scotland with the ability to set up an online account and use it to access a growing range of online public services, Scotland-wide, including Argyll and Bute Council. 11,079 customers have signed up to this service, which includes:



- Fill in forms automatically with your details
- Save forms for finishing later
- Track the progress of your reports and requests
- Access to council services that require proof of identity
- Access your council tax account and sign up for e-billing
- Find out when your bins are collected at a glance
- Manage your email subscriptions and alerts
- Avoid having to re-register with local council services when you move to a new part of Scotland
- Bookmark useful pages to make them easier to find

Public Performance Reporting

The Council's website makes all performance information available to the public within the performance section. This includes information on performance scorecards, budgets and other service related information. This ensures the Council is openly accountable to the public for its performance against agreed policies and standards. Public Performance Reporting is being reviewed and improved as part of the Performance Excellence Project, an action in the BV3 Action Plan.

Accessibility

Online service provision is only effective if it is easy to access. In order to ensure maximum accessibility for everyone and meet our equalities responsibilities, the Council's website has been revised and refreshed to improve its rating for accessibility in the national Silktide accessibility score. The website now has a 98% rating (excellent) and is the 13th highest ranking Council in the UK.

Community Engagement

The Council supports good community engagement with the resourcing of community development officers in the Community Planning and Community Development Service and the work of the community learning officers (Youth Work and Adult Learning). Both teams have resources and expertise to support children and young people, hard to reach groups and remote communities to have a voice in local service planning, delivery and evaluation, as well as best community engagement practice for any other requirement.

The Council's Community Development Team can also assist community organisations with developing new projects, exploring income generation opportunities, identifying sources of funding and evaluation techniques.

Local community development officers also support community groups, organisations and individuals, particularly those who do not traditionally engage in community issues, to participate in local area community planning groups.

The Council's Governance section supports community engagement by providing the staff resource to support Area Community Planning Groups which act as a forum to enable local groups and organisations to participate in community planning and partnership working at a local area level throughout Argyll & Bute. The section has put arrangements in place across the partnership members to ensure these groups have had the ability to continue to meet on a virtual basis during the Covid19 pandemic response period. It also plays a key role in supporting the Community Safety Partnership which is an integral part of the Community Planning Partnership and takes a lead in relation to Outcome 6 of the Argyll and Bute Outcome Improvement Plan:

People live in safer and stronger communities. This group has produced its first Community Safety Strategy which sets out strategic priorities and how the partnership will work together to focus resources in support of agreed actions.

It also supports community engagement by resourcing community council liaison activities, including training and support activity, which helps to build the capacity of community councils. During the Covid 19 response period the Scheme for the Establishment of Community Councils was amended to facilitate community councils being able to meet on a virtual basis during this period to fulfil their representative role and advice and support was provided to facilitate this development.

The Council actively seeks to ensure that young people are engaged in Community Planning and has implemented the following initiatives:

- The 3 local Members of the Scottish Youth Parliament (MSYP's) attend the Community Planning Partnership Management Committee meetings on a rotational basis.
- The Area Community Planning Groups invite members of local Youth Forums to attend meetings when they are held in their local areas & information is passed on to young people by Youth Workers who are kept updated on any developments. One ACPG currently has a young person in the Vice Chair role.
- The revised Scheme of Establishment for Community Councils outlines the requirement to encourage young people to attend and participate in community council meetings” and the age to become a Community Councillor was lowered to be 16 to encourage more young people to become involved.

The Council continues to promote the Community-Led Action Planning Toolkit (developed in partnership with Scottish Community Development Centre). Communities are being supported to consider use of the online toolkit in developing action plans that the community can lead on to address issues and needs in their communities. There are a number of existing community-led action plans and these are recognised as important community contributions to area community planning.

The Community Planning Partnership undertook a Place Standard Engagement exercise to inform the next phase of Area Community Planning Action Plans to enable the community to shape the CPP priorities locally from 2021. This information has also been shared with communities to be used to develop community led action plans.

A strong Community Planning Partnership (CPP) is in place with partners leading on each of the outcomes. This ensures a shared sense of accountability and ownership of working towards realising the CPP priorities.

During the Covid pandemic, the council engaged with local community response groups, making sure that groups were underpinned with good practice – lone volunteering policies, safe medication delivery process, insurance, confidentiality guidance etc. Fortnightly online drop-in sessions were set up for the groups to receive updates and to enable them to highlight needs/challenges and ask questions

As part of the Argyll and Bute Covid-19 Recovery Planning, the Building Back Better (Communities) work stream spoke to the local community groups who have been supporting people during the Covid-19 pandemic, to find out their experience and areas that could be built



upon or strengthened moving forwards. The digital participation platform CONSUL was used to engage the wider community and encourage them to have their say. CONSUL is a platform being supported by COSLA and is being trialled by a number of local authorities.

In the first stage of the consultation, the community groups involved in the response were asked to share their views in online sessions that were independently facilitated by the Scottish Community Development Centre. For the second stage, the overall themes that emerged from these discussions were then uploaded onto the CONSUL online consultation platform. The consultation was opened up more widely and the community were invited to share their thoughts and add to the existing comments.

The comments on the platform were available for anyone to read. To “like” a comment or add to the discussion, people had to sign up and provide a user name and contact email address. Paper forms were available for those who needed them and could be requested by phone or email. The consultation was open between 7th and 28th October 2020.

A summary of the comments was shared with all who participated. The Building Back Better (Communities) Group then reviewed the findings and identified key themes to help take forward actions. An update on progress to date was sent out to participants in March to keep them informed.

Council/Committee Meetings

Meetings are always held in public, unless one of the statutory exemptions in the Local Government (Scotland) Act 1973, schedule 7A applies to the content of the report. When this is the case papers are adjusted to ensure that the maximum amount of content is in the public domain.

GOVERNANCE ROLES AND RESPONSIBILITIES

The Council has appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is adequate and effective in practice. The legislative framework of local government defines a number of posts which are primary to the Council’s governance arrangements. These include the Chief Executive, fulfilling the role of Head of Paid Service. As Monitoring Officer, the Executive Director Douglas Hendry:

- oversees the implementation of the Code and monitoring its operation
- reports annually to the Council on compliance with the Code and any changes required to maintain it and ensure its effectiveness.

Account has been taken of the results of reviews of internal control that have been carried out within each council service.

Specific responsibilities are assigned to the Executive Director Kirsty Flanagan as the Council’s Chief Financial Officer (S95 Officer), to ensure that public funds are properly accounted for. In recognition of the significant role that the Chief Financial Officer has in relation to financial performance and the financial control environment, CIPFA has set out key principles that define the core activities and behaviours that belong to the role. These include, being a key member of the Leadership Team, being actively involved in and influencing decision making, and leading the delivery of good financial management across the whole organisation.

The Council have appointed a Data Protection Officer in line with the requirements of the General Data Protection Regulations (EU) 2016/679 and the Data Protection Act 2018 which came into force on 25 May 2018.

IMPACT OF COVID-19 ON GOVERNANCE

In response to the Covid 19 pandemic the Council took a decision on 31 March 2020 to put on hold scheduled meetings and constitute a temporary committee, known as the Business Continuity Committee to exercise all of the powers of the council for a finite period of time. All decisions taken by the Leadership Group were reported to this Committee as were key actions taken by services in responding to the pandemic. In the initial phases of the response all Members also received a daily bulletin to keep them apprised of the situation.

In May 2020 the Planning, Protective Services and Licensing Committee (PPSL) and the Licensing Board commenced operating on a virtual basis in recognition of the quasi-judicial requirements of these functions and that planning and licensing would have a crucial part to play beyond the immediate emergency with a high performing planning and licensing system supporting future economic and societal recovery.

Council subsequently agreed at their meeting in June 2020 that all Area Committees and Strategic Committees (with the exception of the Policy and Resources (P&R) Committee scheduled for August/September would resume on a virtual basis. The position was reviewed in September 2020 and again in April 2021 where it was agreed all committees would continue to operate on a virtual basis with a further review scheduled for September 2021.

Although the Coronavirus legislation provided for meetings not to be held in public members of the press have been invited to attend all meetings to facilitate openness and transparency and public access has been provided on request and for all PPSL meetings and associated hearings. Revised protocols were developed to support members and participants operate on a virtual basis and ensure ongoing adherence to standing orders and governance frameworks. Arrangements were also put in place to align the programme of elected member virtual seminars with providing information and discussion forums in relation to key strategies and policies in advance of Committees decisions e.g. Budget, Climate Change & Landfill ban, economic recovery.

COVID-19 also impacted on governance across services during 2020/21 and this has been assessed against four broad categories:

1. Impact on business as usual in the delivery of services

Some specific areas where service delivery has been impacted are:

- restrictions on travel and social distancing requirements impacted on the ability of planning officers to visit application sites and enforcement complaints – this required the use of remote verification inspections to be implemented
- air services converted to essential travel only or cargo to the islands from Oban Airport
- a wide range of services within Roads and Infrastructure Services were significantly impacted including, but not limited to, burials, cremations, refuse collection, civic amenity sites, home to school transport and ferry transport
- School closures meant learning and teaching delivery was delivered across Argyll and Bute by distance learning.

2. New areas of activity as part of the national response to COVID-19 and any governance issues arising

Some specific examples of new areas of activity are:

- move to flexible online home working for 1400 employees with access via secure vpn to all files, processes and telephony
- establishing procedures for estates staff to work safely, carry out remote marketing and arrange premises for COVID related projects
- additional cleansing of buildings such as schools, public conveniences, crematoria chapel, and a variety of vehicles including ferries and refuse vehicles.
- providing business support through the administration of COVID specific Scottish Government grants to local businesses and self-employed people
- a Community Food Programme team to ensure vulnerable people can access food and provision of doorstep delivery of free school meals
- a Caring for People partnership bringing together the Health and Social Care Partnership, Third Sector Interface and the Council to work together with a focus on helping people affected by COVID-19 to receive essential support where no other support exists
- redeployment of staff from substantive posts to provide support in critical areas of response activity
- establishment of HUB schools for children of keyworkers.

3. The funding and logistical consequences of delivering the local government response

The Council's Financial Services team have worked in conjunction with all services to capture and monitor the financial impact of COVID-19 in terms of creating new cost pressures and its impact on the delivery of agreed savings options.

4. Assessment of the longer term disruption and consequences arising from COVID-19

The Council established a 'Recovery Strategy and Framework' which is focused on considering the actions and priorities required to return the Council, and the services it delivers, to 'business as usual'. An Argyll and Bute Overarching Recovery Group has been established with thematic groups established focusing on recovering the Council, community strengthening, economic and social recovery, infrastructure and transportation and financial management.

FINANCIAL SUSTAINABILITY

It is anticipated the Scottish public sector will continue to face a very challenging short and medium term financial outlook with significant uncertainty over the scale of likely reductions in funding. The one year financial settlements do not provide any degree of medium term certainty and ring-fencing of monies limits as well as additional policy commitments not always fully funding creates additional financial pressures.

The financial outlook is significantly exacerbated by the extent to which COVID-19 will continue to impact on expenditure, loss of income and future years funding levels. The additional funds made available by the UK and Scottish Government to combat the impact of COVID-19, and the agreement of financial flexibilities, have been sufficient to combat the financial impact of COVID



on the Council in 2020/21 and the current estimated cost pressures in 2021/22 however it is difficult to estimate future years funding and it is likely that the Chancellor will have to increase taxes or cut spending in the future in order to pay for the significant borrowing that has been taken out in the response to the COVID pandemic.

The Council continues to provide financial estimates for future years with their medium term financial outlook covering a five year window to provide a longer term view of the Council's estimated budget gap. Preparing any forward looking financial outlook is challenging due to the levels of uncertainty however the assumptions are reviewed regularly and updated with the outlook prepared to reflect a best case, worst case and mid-range scenario.

The Council has a strong track record in financial management as recognised by previous year's annual external audit reports and the Council's Best Value report issued in May 2020. The Best Value report also recognises that the Council's medium to long term financial strategy helps support financial planning arrangements whilst noting it could be further enhanced when it is next reviewed. The ten year strategy was first developed in 2017/18 and was to be updated in October 2019 however this was delayed as the Council was expecting a three year budget settlement. It was then further delayed due to the General Election in early 2020 and the outbreak of COVID-19. In April 2020 the Business Continuity Committee agreed to delay the review until the impact of COVID-19 has been managed and there is greater clarity over its financial impact. The review will take on board the recommendations made by our external auditors and will be presented to the Policy and Resources Committee in August 2021.

In 2020/21 Council officers embarked on programme of themed reviews to as part of a three year service redesign programme to generate savings options to help deliver a balanced 2021/22 revenue budget and contribute toward reducing the budget gap in future years. This work is continuing in 2021/22 with regular updates on the themed reviews reported to the Strategic Management Team. 2020/21 also saw the introduction of a cross party budget working group whose role was to engage with theme leads and provide a sounding board to assist in the development and identification of savings options and provide a degree of scrutiny over options as they are being developed. This proved to be very beneficial to both Elected Members and Council officers and will be retained in 2021/22.

INTERNAL FINANCIAL CONTROL

The Council has a system of internal financial control designed to manage risk to a reasonable level. It is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability.

Development and maintenance of the system is undertaken by officers within the Council and the named bodies mentioned below.

In particular the system includes:

- comprehensive budgeting systems
- regular reviews by the Council and the named bodies (mentioned below) of periodic and annual financial reports which indicate financial performance against forecast



- setting targets to measure financial and other performance
- the preparation of regular financial reports which indicate actual expenditure against forecast
- clearly defined capital expenditure guidelines
- project management disciplines
- guidance relating to financial processes, procedures and regulations
- an effective Internal Audit section.

Internal controls cannot eliminate risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

This annual review also covers the other bodies whose activities are incorporated into our Group Accounts and reliance is placed on the formal audit opinion contained in the financial statements of each individual body.

- Dunbartonshire and Argyll and Bute Valuation Board
- Strathclyde Partnership for Transport
- Strathclyde Concessionary Travel Scheme Joint Committee
- Live Argyll
- Argyll and Bute Integration Joint Board

RISK MANAGEMENT

The Council's risk management processes are well developed. In particular the:

- Strategic Risk Register is updated twice a year and approved by the SMT
- Chief Executive presents the Strategic Risk Register to the Audit and Scrutiny Committee on an annual basis
- Operational Risk Registers are updated quarterly by departmental management teams.

Internal Audit performed an audit of risk management in 2019/20 to assess whether the revised processes are operating effectively. The audit provided high assurance over the Council's risk management arrangements. In 2019/20 the Chief Internal Auditor introduced a new strategic risk assurance mapping exercise which was presented to the Audit and Scrutiny Committee on 24 September 2019, and again on 22 September 2020. This mapping exercise will continue to be performed annually and Internal Audit will perform an audit of compliance with risk management arrangements every three years unless issues are brought to the attention of the Chief Internal Auditor which would suggest a review is required outwith that cycle.

INTERNAL AUDIT

The Council and its Group bodies have internal audit functions, which operate to Public Sector Internal Audit Standards. The work of internal audit is informed by an analysis of the risk to which the Council and its Group bodies are exposed, with annual internal audit plans prepared based on that analysis. The Council's Audit and Scrutiny Committee endorses the preparation methodology and annual internal audit plan and monitors the performance of Internal Audit in completing the plan.

The COVID-19 pandemic meant the 2020/21 audit plan needed to be revised and this revision was approved by the Audit and Scrutiny Committee on 22 September 2020. This was due to a

need to redeploy audit resource to priority tasks required to support the Council's response to the pandemic. This resulted in six audits being removed from the 2020/21 plan.

The Chief Internal Auditor provides the Audit and Scrutiny Committee with an annual report on internal audit activity in the Council and this confirms that reasonable assurance can be taken that the systems of governance and internal control are operating effectively.

Internal audit provides members and management of the Council with independent assurance on risk management, internal control and corporate governance processes. External audit has, and continues to, place reliance on the work of internal audit. The Chair of the Audit and Scrutiny Committee is an independent lay member.

During 2020/21, four of the sixteen audit reports presented to the Audit and Scrutiny Committee had an overall audit opinion of 'limited' assurance. The four audits related to the legionella improvement plan, disaster recovery planning, warden services and a special investigation into school funds. For these and all other audit reports, an action plan has been agreed and progress against their delivery is routinely monitored by Internal Audit. Management have accepted 100% of audit recommendations and a robust follow-up system is in place with progress reports presented to the SMT on a quarterly basis.

During 2020/21 the following developments were made within Internal Audit:

- a new counter fraud team was implemented on a two year pilot basis with that team working alongside internal audit to ensure there is cross team learning
- the CIA engaged with members of the Audit and Scrutiny Committee as part of the planning process for the 2020/21 audit plan
- the internal audit team were successful in a tender to deliver internal audit services to the Argyll and Bute Health and Social Care Partnership for a three year period

HEALTH AND SOCIAL CARE INTEGRATION

The Argyll and Bute IJB has been established as a separate legal entity from either Argyll and Bute Council and NHS Highland, with a separate board of governance. The IJB comprises eight voting members with four Elected Members nominated by Argyll and Bute Council and four Board members of NHS Highland. In addition there are a number of non-voting appointees representing other sectors and stakeholder groups, such as the Third Sector, Independent Sector, Patients and Service Users, Carers and Staff.

The arrangements for the operation, remit and governance of the IJB are set out in the Argyll and Bute Integration Scheme which has been prepared and approved by Argyll and Bute Council and NHS Highland. This was revised and formally signed off by the Scottish Government on 23 March 2021. The IJB, via a process of delegation from the Health Board and Local Authority as outlined in the Scheme of Integration has responsibility for the planning, resourcing and operational delivery of all integrated health and social care services within Argyll and Bute.

The Council places reliance on the IJB's framework of internal controls and similarly the IJB places reliance on the procedures, policies and operational systems of the Council and the Health Board. The IJB operates within an established procedural framework. The roles and responsibilities of board members and officers are defined within Standing Orders, the Integration Scheme, Financial Regulations and Standing Financial Instructions.



The IJB has proportionate internal audit arrangements in place to provide independent assurance on risk management, corporate governance and the system of internal control. A risk based internal audit plan was carried out in 2020-21 and the IJB's internal auditor has issued a formal annual report providing their independent opinion on the effectiveness of the IJB's risk management, internal control and governance processes.

During 2020-21 the IJB has progressed a number of initiatives to develop its governance arrangements including developing committee terms of reference and introducing a new annual reporting process from committees, progressing an induction and development programme for staff, re-tendering the internal audit service, revising its risk management strategy and providing training to all IJB members on the use of Directions.

The IJB has continued to face a number of financial challenges during 2020-21 and received support from Scottish Government towards the costs of the Covid-19 pandemic including assistance for undelivered savings. The final outturn position was an underspend of £1.089m, much improved from the previous year's overspend of £2.446m which is a considerable achievement. The operating environment going forward remains challenging. The IJB approved a balanced budget for 2021-22 which should provide reassurance to the public, staff and stakeholders that the HSCP is determined to work within budget. That said, there remains a number of risks to deliver the services within the budget resource and to deliver the agreed savings, both the ones newly agreed for 2021-22 and also the remaining undelivered savings from 2020-21. 2 additional project manager posts were agreed as part of the budget to increase the focus of delivery of transformation projects and will add to the small team of service improvement officers already in post. Work on transformation was set aside whilst the IJB was on an emergency footing but recommenced in February 2021.

UPDATE ON AREAS FOR DEVELOPMENT IN 2019/20 ANNUAL GOVERNANCE STATEMENT

The 2019/20 Annual Governance Statement identified a number of areas for further development. A summary update for each area is provided in the table below.

Area	2020/21 Update
Digitalise all document and evidence exchanges for Local Development Plan 2 'Examination in Public'	Digital systems in place and will be monitored for effectiveness during 2021 when document exchange will occur and things are submitted to the reporter for Examination.
Develop an integrated production process for the SHIP and Local Housing Strategy	System is now in place and can begin to be utilised. Over time it will be populated with more information and its effectiveness can be monitored and the system adapted as required. This will be ongoing as opposed to having a fixed end date
Procure and implement enhanced logistical software that will facilitate route optimisation for many transport related functions	The market was tested in terms of availability of systems and suppliers but due to the pandemic and the fact that many potential suppliers had furloughed staff, the response was disappointingly low. As we are now easing out of lockdown in a new financial year, a further procurement exercise will be carried out to enable service improvements and efficiencies through technology achieved.
Continued to develop an automated interface between Concerto and Oracle	This element of work was delayed due to the impact of Covid. The interface for capital payments was further scrutinised at the past two financial year end. Work will continue with Strategic Finance to finalise an automated interface for the processing of contractor payments for revenue. It is anticipated this will be completed by September 2021.
Improve quality and accuracy of asset information which will benefit asset valuations, calculations for utilities costs and asset management	Approximately 50% of buildings being reviewed have been completed. Delayed due to COVID as site visits were not able to take place. Will be completed by March 2022.
Develop the provision of governance and committee support to the Integration Joint Board	Governance processes put in place to support pre-agendas and committee meetings and all meetings hosted on ModGov. Facilitated move to on-line meetings in response to Covid-19 pandemic. Arrangements working well and development ongoing in response to organisational requirements.
Develop further self-evaluation tools to improve self-evaluation processes and monitoring of quality provision within 1140 hours	Learning and Development self-evaluation resource updated and shared electronically to ensure it is accessible to all in settings. Established calendar of self-evaluation activities in place

<p>Work with the Quality Improvement Group to develop GIRFEC procedures and processes to improve children and young people's experiences of Child's Planning Processes</p>	<p>In the context of Argyll and Bute's Children and Young People's Service Plan 2020-23, Education, Social Work and Health have been working in multi-agency partnership, employing a newly-developed auditing tool to ensure that 75% of Child Plans are rated 'good' or better. Plans will contain a clear set of SMART outcomes, and up-to-date assessments of Risk and analyses of need for each child or young person. The small audit sample has produced encouraging data, and is being expanded to include a higher number of Plans from more than one geographical area</p>
<p>Implementation of a self-billing approach using CareFirst for payments to social care providers to further improve payment efficiency and simplify monthly budget monitoring work</p>	<p>During April 2020, improvements were implemented to improve the efficiency of payment generation to care providers through the extended use of an electronic interface between the CareFirst and Payables systems to partially automate the processing of payments for non-residential care. Exploratory work was undertaken informally to establish if a suitable technical environment was available to further enhance the care provider payment process through the establishment of a self-billing approach. Unfortunately, it was found that a suitable and robust environment was not currently available however the Council and Health and Social Care Partnership are currently working on projects to replace the current Payables and Social Care systems and the intent to develop a self-billing approach has been fed into both projects with discussion underway on potential solutions offered by the new systems</p>

ISSUES FOR FURTHER DEVELOPMENT (LAURENCE)

The review of governance and internal control has identified the following areas for consideration during 2021/22, particularly in the context of continuous improvement within the Council:

- Continue to engage with the Scottish Government and other local authorities to determine the most efficient and effective way of ensuring the Council can provide a waste solution which complied with the 2025 Bio-degradable Municipal Waste Ban (Head of Roads and Infrastructure Services – March 2022)
- Further develop the Council's Counter Fraud Team (Head of Financial Services – March 2022)
- Progress the project to upgrade the Council's general ledger system with an anticipated go live of 1 April 2022 (Head of Financial Services – March 2022)
- Complete the development an automated interface between Concerto and Oracle (Head of Commercial Services – September 2021)
- Review of the scheme of delegation in relation to property matters to ensure decisions are taken at the correct level (Head of Commercial Services)
- Enhance reporting of workforce planning to the Strategic Management Team and Elected Members (Head of Customer Support Services – 31 December 2021)
- Further progress the work to digitalise all document and evidence exchanges for Local Development Plan 2 'Examination in Public' (Head of Development and Economic Growth – March 2022)



- Respond to the findings of the Scrutiny Review of the Strategic Housing Fund which is to be reported in June 2021 (Head of Development and Economic Growth – March 2022)
- Continue to improve quality and accuracy of asset information which will benefit asset valuations, calculations for utilities costs and asset management (Head of Commercial Services – March 2022)
- Further progress the implementation of a self-billing approach using CareFirst for payments to social care providers (Head of Financial Services – March 2022)

ASSURANCE

The annual review of the effectiveness of the system of governance and internal financial control is informed by:

- the work of officers within the Council
- the work of Internal Audit as described above
- the work of External Audit
- the Statements of Governance and/or Internal Control provided by the bodies incorporated into our Group Accounts
- statements of assurance provided by the Council's Chief Executive, Executive Directors and Heads of Service
- external review and inspection reports; and
- recommendations from the Audit and Scrutiny Committee.

It is the Council's view that the systems for governance and internal control are operating effectively within Argyll and Bute Council and the aforementioned bodies during 2020/21 and that there are no significant weaknesses. This assurance is framed within the context of the work undertaken during the year and the evidence available at the time of preparing this statement.

Audit & Scrutiny Committee Work Plan 2020 – 2021

This is an outline plan to facilitate forward planning of reports to the Audit & Scrutiny Committee

Report	Lead Service	Regularity
15 June 2021	Reports to Committee Services by 21 May 2021	
Internal Audit and Counter Fraud Summary of Activities	Chief Internal Auditor	Quarterly
Internal Audit Report Follow Up	Chief Internal Auditor	Quarterly
Internal Audit Reports to Audit and Scrutiny Committee	Chief Internal Auditor	Quarterly
2020/21 Internal Audit Plan <ul style="list-style-type: none"> • Capital Monitoring • Sickness Absence • Intercompany Controls (Live Argyll) • Charging for Non-Residential Care • Workforce Planning • Warden Services • Disaster Recovery Planning 		
External Audit Update Report	Audit Scotland	Quarterly
External Audit – 2020/21 Annual Plan	Audit Scotland	Annual
Internal Audit Annual Report	Chief Internal Auditor	Annual
Verbal Update by Chair(s) of Scrutiny Panel	Chair and Vice Chair of Audit & Scrutiny Committee	Quarterly
Strategic Housing Fund Scrutiny Report	Chair of Scrutiny Panel	One-off
Council Performance Report – October 2020 to March 2021	Head of Customer Support Services	Bi-Annual
Review of Code of Corporate Governance	Governance, Risk and Safety Manager	Annual

Audit & Scrutiny Committee Work Plan 2020 – 2021

Unaudited Financial Accounts	Head of Financial Services	Annual
2021/22 Scrutiny Approach	Chief Internal Auditor	Annual
14 September 2021	Reports to Committee Services by 20 August 2021	
Internal Audit and Counter Fraud Summary of Activities	Chief Internal Auditor	Quarterly
Internal Audit Report Follow Up	Chief Internal Auditor	Quarterly
Internal Audit Reports to Audit and Scrutiny Committee <ul style="list-style-type: none"> • Civil Contingencies • Contract Management (Roads and Amenities) • Adult Protective Services • HR Project Management 2021/22 Internal Audit Plan <ul style="list-style-type: none"> • Land and Asset Disposal • Purchasing Cards 	Chief Internal Auditor	Quarterly
External Audit Update Report	Audit Scotland	Quarterly
Verbal Update by Chair(s) of Scrutiny Panel	Chair and Vice Chair of Audit & Scrutiny Committee	Quarterly
Internal Audit 2019/20 Annual Report	Chief Internal Auditor	Annual
Local Government Benchmarking Framework Report	Head of Customer Support Services	Annual
Corporate Complaints Annual Report 2019/20	Governance, Risk and Safety Manager	Annual
Freedom of Information Annual Report 2019/20	Governance, Risk and Safety Manager	Annual
Audit & Scrutiny Committee 2019/20 Annual Report	Audit & Scrutiny Committee Chair	Annual
Strategic Risk Register – Assurance Mapping	Chief Internal Auditor	Annual

Audit & Scrutiny Committee Work Plan 2020 – 2021

Strategic Risk Register Update	Chief Executive	Annual
Trust Fund Annual Accounts	External Audit	Annual
Local Government in Scotland Overview 2021	Audit Scotland	Annual
Audit Scotland Report - Digital Progress in Local Government	Head of Customer Support Services	One-off
14 December 2021	Reports to Committee Services by 19 November 2021	
Internal Audit and Counter Fraud Summary of Activities	Chief Internal Auditor	Quarterly
Internal Audit Report Follow Up	Chief Internal Auditor	Quarterly
Internal Audit Reports to Audit and Scrutiny Committee <ul style="list-style-type: none"> • Street Cleaning • Oban Airport • LEADER • Child Protective Services • Planning Applications 	Chief Internal Auditor	Quarterly
External Audit Update Report	Audit Scotland	Quarterly
Verbal Update by Chair(s) of Scrutiny Panel	Chair and Vice Chair of Audit & Scrutiny Committee	Quarterly
PSIAS Self-Assessment	Chief Internal Auditor	Annual
Local Government Benchmarking Framework Report	Head of Customer Support Services	Annual
Council 6-month Performance Report – April to September 2021	Chief Executive/Head of Customer Support Services	Bi-Annual
15 March 2022	Reports to Committee Services by 18 February 2022	
Internal Audit and Counter Fraud Summary of Activities	Chief Internal Auditor	Quarterly
Internal Audit Report Follow Up	Chief Internal Auditor	Quarterly
Internal Audit Reports to Audit and Scrutiny Committee 2022/23 <ul style="list-style-type: none"> • Fixed Asset register 	Chief Internal Auditor	Quarterly

Audit & Scrutiny Committee Work Plan 2020 – 2021

<ul style="list-style-type: none"> • Live Argyll Budget Monitoring • Complaints Handling • Environmental Health • ICT Remote Working • ELC Parental Satisfaction • School Funds 		
External Audit Update Report	Audit Scotland	Quarterly
Verbal Update by Chair(s) of Scrutiny Panel	Chair and Vice Chair of Audit & Scrutiny Committee	Quarterly
RIPSA Annual Report	Governance and Risk Manager	Annual
Internal Audit 2022/23 Plan	Chief Internal Auditor	Annual
External Audit – 2021/22 Annual Plan	Audit Scotland	Annual
Audit Scotland Report – Financial Overview 2020/21	Head of Financial Services	Annual
2021/22 Unaudited Annual Accounts Preparation Plan and Timetable	Head of Financial Services	Annual
Treasury Management Strategy and Annual Investment Strategy	Head of Financial Services	Annual
14 June 2022	Reports to Committee Services by 20 May 2022	
Internal Audit and Counter Fraud Summary of Activities	Chief Internal Auditor	Quarterly
Internal Audit Report Follow Up	Chief Internal Auditor	Quarterly
Internal Audit Reports to Audit and Scrutiny Committee <ul style="list-style-type: none"> • Education Processes • Climate Change Act 	Chief Internal Auditor	Quarterly
External Audit Update Report	Audit Scotland	Quarterly
Verbal Update by Chair(s) of Scrutiny Panel	Chair and Vice Chair of Audit & Scrutiny Committee	Quarterly
Council Performance Report – October 2021 to March 2022	Head of Customer Support Services	Bi-Annual
Strategic Risk Register Update	Chief Executive	Annual

Audit & Scrutiny Committee Work Plan 2020 – 2021

Internal Audit 2021/22 Annual Report	Chief Internal Auditor	Annual
Review of Code of Corporate Governance	Governance, Risk and Safety Manager	Annual
External Audit 2021/22 Management Report	Audit Scotland	Annual
Local Government Benchmarking Framework Report	Head of Customer Support Services	Annual
Unaudited Financial Accounts	Head of Financial Services	Annual
Local Government in Scotland: Challenges and Performance 2022	Audit Scotland	Annual

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