

Public Document Pack

Argyll and Bute Council
Comhairle Earra Ghaidheal agus Bhoid

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7 December 2021

NOTICE OF MEETING

A meeting of the **AUDIT AND SCRUTINY COMMITTEE** will be held **BY MICROSOFT TEAMS** on **TUESDAY, 14 DECEMBER 2021** at **10:00 AM**, which you are requested to attend.

Douglas Hendry
Executive Director

BUSINESS

1. APOLOGIES

2. DECLARATIONS OF INTEREST

3. MINUTES

- (a) Minute of meeting held on 14 September 2021 (Pages 3 - 10)
- (b) Minute of Special Meeting held on Wednesday, 24 November 2021 (Pages 11 - 14)

AUDIT ITEMS

4. INTERNAL AUDIT AND COUNTER FRAUD SUMMARY OF ACTIVITIES (Pages 15 - 22)

Report by Interim Chief Internal Auditor

5. INTERNAL AND EXTERNAL AUDIT REPORT FOLLOW UP 2021-22 (Pages 23 - 40)

Report by Interim Chief Internal Auditor

6. INTERNAL AUDIT REPORTS TO AUDIT AND SCRUTINY COMMITTEE 2020/2021 (Pages 41 - 118)

Report by Interim Chief Internal Auditor

- *Child Protective Services*
- *Contract Management Roads & Infrastructure Services*
- *Fixed Assets Register*
- *Oban Airport*

- *Street Cleaning*
 - *HSCP Care Programme Approach (for information only)*
7. **2020/21 ANNUAL AUDIT REPORT** (Pages 119 - 156)
Report by Audit Scotland
SCRUTINY ITEMS
 8. **VERBAL UPDATE BY CHAIR(S) OF SCRUTINY PANEL**
Verbal Update by Martin Caldwell and Councillor Jim Lynch
 9. **COUNCIL 6-MONTH PERFORMANCE REPORT - APRIL TO SEPTEMBER 2021**
(Pages 157 - 214)
Report by Chief Executive
 10. **AUDIT AND SCRUTINY WORKPLAN** (Pages 215 - 218)

Audit and Scrutiny Committee

Martin Caldwell (Chair)	Councillor Jim Findlay
Councillor George Freeman	Councillor Jim Lynch (Vice-Chair)
Councillor Sir Jamie McGrigor	Councillor Alan Reid
Councillor Richard Trail	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 MICROSOFT TEAMS
on TUESDAY, 14 SEPTEMBER 2021****Present:** Martin Caldwell (Chair)

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

Attending: David Logan, Head of Legal and Regulatory Support
Jane Fowler, Head of Customer Support Services
Laurence Slavin, Interim Head of Financial Services
Shona Barton, Committee Manager
Colin Rae, Counter Fraud Team Leader
Sonya Thomas, Performance & Improvement Officer
Fiona Anderson, Special Projects Officer
Kyle McAulay, Senior Audit Manager, 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 FROM PREVIOUS MEETING HELD ON 15 JUNE 2021

The minute of the previous meeting, held on 15 June 2021, 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 two of 2021/22 against the following areas:

Audits Completed

- Land and Asset Disposal
- Complaints Handling
- LEADER

Audits in Progress

- Purchasing Cards
- Fixed Asset Register
- Child Protection Services
- Contract Management in Roads and Infrastructure Services

The report also provided information on the structure of the Internal Audit and Counter Fraud teams for the period until 22 September 2022.

Decision

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

(Reference: Report by Interim Chief Internal Auditor, dated 14 September 2021, submitted)

Councillor Lynch joined the meeting during discussion of the previous item of business.

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5. INTERNAL AND EXTERNAL AUDIT REPORT FOLLOW UP 2021-22

Consideration was given to a report providing an update on all open actions as at 30 June 2021 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 Interim Chief Internal Auditor, dated 14 September 2021, submitted)

Councillor Vennard joined the meeting during discussion of the previous item of business.

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6. INTERNAL AUDIT REPORTS TO AUDIT AND SCRUTINY COMMITTEE 2020/2021

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

- Complaints Handling
- Land and Asset Disposal
- LEADER

Decision

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

(Reference: Report by Interim Chief Internal Auditor, dated 14 September 2021, submitted)

Councillor Freeman joined the meeting during discussion of the previous item of business.

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7. EXTERNAL AUDIT UPDATE

The Committee gave consideration to a verbal update from the Senior Audit Manager of Audit Scotland who outlined work undertaken to date, which included documenting the key financial systems in place; assessing the design and implementation of key controls within the key financial systems and early substantive testing covering income and expenditure.

Mr McAulay advised that the design and implementation of controls was found to be satisfactory with the exception of the segregation of duties control in the Accounts Receivable System. He advised that Management had agreed to implement a mitigating control in response to the issue identified and that Internal Audit would build this into their continuous monitoring programme. Mr McAulay further advised that the audit of Financial Statements was progressing well with no significant issues identified to date. He noted that sign off of the audit was on schedule for 24 November 2021.

Decision

The Audit and Scrutiny Committee agreed to note the contents of the verbal update by the Senior Audit Manager of Audit Scotland.

8. INTERNAL AUDIT - ANNUAL SELF-ASSESSMENT

Consideration was given to a report informing of the findings from the recent internal self-assessment of the Councils Internal Audit service, performed by a member of the Internal Audit Team.

Decision

The Audit and Scrutiny Committee agreed to note and endorse the findings of the assessment, including the identified areas for improvement.

(Reference: Report by Interim Chief Internal Auditor, dated 14 September 2021, submitted)

9. COUNTER FRAUD TEAM 2021 ANNUAL REPORT

The Committee gave consideration to a report updating on the progress of the two year pilot Counter Fraud Team (CFT), which was established in September 2020.

Decision

The Audit and Scrutiny Committee:

1. Endorsed the 2021 CFT Annual Report, setting out the progress of the CFT since its inception in September 2020; and
2. Noted that the 2022 CFT Annual Report will be presented to the Committee upon its expiry of the two year pilot in September 2022.

(Reference: Report by Interim Head of Financial Services, dated 14 September 2021, submitted)

10. UPDATE BY CHAIR(S) OF THE SCRUTINY PANELS

Martin Caldwell, the Chair of the Community Asset Transfer Review Panel provided a short update in relation to the progress of the review. He advised that work had started with a session being undertaken with Councillors Trail and McGrigor and the Senior Audit Assistant, which had resulted in a suite of questions being drafted and signed off. Mr Caldwell advised that a further meeting of the Panel was scheduled for some time in October with a more substantive update to be provided to the Committee at their next meeting.

Councillor Lynch advised that work had yet to begin on the review of Fly Tipping. He advised that Internal Audit had prepared a briefing note which he expected to receive in the near future, at which point a meeting of the Panel will be convened in order to progress further. Councillor Lynch advised that an update would be provided to the Committee at their next meeting on 14 December 2021.

Decision

The Audit and Scrutiny Committee agreed to note the contents of the verbal updates by the Chairs of the Scrutiny Panels.

11. STRATEGIC RISK REGISTER

Consideration was given to a report providing an update on the Council's Strategic Risk Register (SRR).

Decision

The Audit and Scrutiny Committee agreed to endorse the updated SRR at Appendix 1 of the report.

(Reference: Report by Chief Executive, dated 14 September 2021, submitted)

12. STRATEGIC RISK ASSURANCE MAPPING

The Committee gave consideration to a report setting out Internal Audit's assessment of the sources of assurance for the Audit and Scrutiny Committee, in the management of the Council's strategic risks.

Decision

The Audit and Scrutiny Committee:

1. Noted the risk assurance map at Appendix 1 of the report; and
2. Considered the implications for audit and scrutiny coverage in the respective audit and scrutiny annual plans in 2022/23 and/or beyond, and in particular requested an update on the Council's progress against the Best Value Action Plan in March 2022 with further annual updates reported in March of each year until the plan is fully delivered.

(Reference: Report by Interim Head of Financial Services, dated 14 September 2021, submitted)

13. AUDIT AND SCRUTINY COMMITTEE ANNUAL REPORT 2020/21

Consideration was given to a report providing the Chair of the Audit and Scrutiny Committee's annual overview of the Committee's activity during the financial year 2020/21 and a summary of key developments since the commencement of 2021/22. The report also set out how the Committee had fulfilled its remit and provided assurances to the Council.

Decision

The Audit and Scrutiny Committee:

1. Noted and endorsed the Chair's Annual Report; and
2. Agreed that the Chair present the report to the Council at its meeting on 25 November 2021.

(Reference: Report by Chair of the Audit and Scrutiny Committee, dated 14 September 2021, submitted)

14. LOCAL GOVERNMENT IN SCOTLAND OVERVIEW 2021

The Committee gave consideration to the first in a series of reports that reflected the evolving and long-term nature of the impact of Covid-19; outlining the initial response phase of the pandemic from March 2020 and including financial data, correct as at end of February 2021. The report also provided case study examples of Council responses to new challenges and outlined future reporting which will include a more detailed analysis of the impact of the pandemic and lessons learned from it and further progress including renewal and recovery.

Decision

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

(Reference: Report by Audit Scotland, submitted)

15. LOCAL GOVERNMENT BENCHMARKING FRAMEWORK 2019/20 - ANALYSIS AND COMMENTARY

Consideration was given to a report presenting the final Local Government Benchmarking Framework (LGBF) 2019/20 data for Argyll and Bute, which included "How We Performed" and "Expected Future Performance and Impact of Policy Decisions" commentary from Heads of Service.

The Chair took the opportunity to thank both the Head of Customer Support Services and the Performance and Improvement Officer for all their hard work in the provision of data for the LGBF 2019/20.

Decision

The Audit and Scrutiny Committee:

1. Considered the contents of the report for scrutiny activity and performance reporting purposes; and

2. Noted that the completed LGBF 2019/20 is published on our website as part of the Council's statutory Public Performance Reporting duty.

(Reference: Report by Executive Director with responsibility for Customer Support Services, dated 29 July 2021, submitted)

16. AUDIT SCOTLAND REPORT - DIGITAL PROGRESS IN LOCAL GOVERNMENT

The Committee gave consideration to a report which presented Audit Scotland's audit report "Digital Progress in Local Government" and provided information on the progress of the Council towards becoming a Digital First Council. The report also outlined the current position of the Council in respect of the areas of priority as per the Council's strategic plans for digital.

Decision

The Audit and Scrutiny Committee:

1. Noted the content of the Audit Scotland Report;
2. Noted the progress made by the Council towards becoming a Digital First Council; and
3. Considered and commented on the current position of the Council in respect of the areas of priority highlighted in the report.

(Reference: Report by Executive Director with responsibility for Customer Support Services, dated 19 August 2021, submitted)

17. AUDIT SCOTLAND - 2020/21 FRAUD AND IRREGULARITY REPORT

Consideration was given to a report providing reassurance that the Council has appropriate governance and counter fraud arrangements in place to mitigate, as far as possible, the risks highlighted in Audit Scotland's "Fraud and Irregularity 2020/21" report.

Decision

The Audit and Scrutiny Committee endorsed the contents of the report and noted the assurance that the Council has robust policy and procedures to, as far as possible, mitigate the risks identified in Audit Scotland's Fraud and Irregularity Report.

(Reference: Report by Interim Head of Financial Services, dated 14 September 2021, submitted)

18. CORPORATE COMPLAINTS - ANNUAL REPORT 2020-21

The Committee gave consideration to a report providing information on how the Council has dealt with complaints during the period between 1 April 2020 and 31 March 2021 and performed against statutory indicators, which have been agreed between the Scottish Public Services Ombudsman (SPSO) and the Local Authorities Complaint Handlers Network.

Decision

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

(Reference: Report by Executive Director with responsibility for Legal and Regulatory Support, dated 24 August 2021, submitted)

19. FREEDOM OF INFORMATION - ANNUAL REPORT 2020-21

Consideration was given to a report providing an update on the position regarding the recording, responding to, monitoring and reporting of requests for information under the Freedom of Information (Scotland) Act 2002 (FOISA) and the Environmental Information (Scotland) Regulations 2004 (EIR's) for the period between 1 April 2020 and 31 March 2021.

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 24 August 2021, submitted)

20. AUDIT AND SCRUTINY WORKPLAN

In order to facilitate forward planning of reports to the Audit and Scrutiny Committee, Members considered the outline Audit and Scrutiny Committee workplan.

Decision

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

(Reference: Audit and Scrutiny workplan, dated 14 September 2021, submitted)

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**MINUTES of SPECIAL MEETING of AUDIT AND SCRUTINY COMMITTEE held BY MICROSOFT
TEAMS
on WEDNESDAY, 24 NOVEMBER 2021**

Present: Martin Caldwell (Chair)

Councillor Jim Findlay	Councillor Sir Jamie McGrigor
Councillor George Freeman	Councillor Alan Reid
Councillor Jim Lynch	Councillor Richard Trail

Attending: Shona Barton, Committee Manager
Kirsty Flanagan, Section 95 Officer
Laurence Slavin, Interim Head of Finance
Moira Weatherstone, Interim Chief Internal Auditor
Anne Blue, Finance Manager
John Cornett, Audit Scotland
Kyle McAulay, Audit Scotland

1. APOLOGIES FOR ABSENCE

There were no apologies for absence intimated.

2. DECLARATIONS OF INTEREST

There were no declarations of interest intimated.

3. 2020-21 PROPOSED INDEPENDENT AUDITORS REPORT

The Committee gave consideration to a report outlining the unqualified opinion of the External Auditors, Audit Scotland, on the audit of the financial statements.

Decision

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

(Reference: Report by Audit Scotland, dated 25 November 2021, submitted)

4. 2020-21 REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260)

Consideration was given to a report summarising the findings arising from an audit of the annual accounts. The report noted that work on the 2020/21 annual accounts of Argyll and Bute Council was substantially complete and outlined the key elements of work that remained outstanding. Mr Cornett of Audit Scotland provided an update in relation to the outstanding work and confirmed that the Annual Audit Report would be presented to the Policy and Resources Committee, at its meeting on 9 December 2021. He advised that the Annual Audit Report would provide further detail in respect of the annual accounts and the four audit dimensions that frame the wider scope of public audit set out in the Code of Audit Practice 2016, namely, financial management, financial sustainability, governance and transparency and value for money.

Decision

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

(Reference: Report by Audit Scotland, dated 24 November 2021, submitted)

Councillor Reid left the meeting at 11:58am, during discussion of agenda item 4 (2020-21 Report to those charged with Governance (ISA 260)).

5. 2020-21 ARGYLL AND BUTE COUNCIL - ISA 580 LETTER OF REPRESENTATION

Consideration was given to the ISA 580 letter of representation on the audit of the annual accounts of Argyll and Bute Council for the year ended 31 March 2021.

Decision

The Audit and Scrutiny Committee:-

1. noted the contents of the ISA 580 letter of representation; and
2. agreed to recommend to Council that the ISA 580 letter of representation be approved for signing.

(Reference: ISA 580 Letter of Representation by Section 95 Officer, dated 25 November 2021, submitted)

6. 2020-21 ARGYLL AND BUTE COUNCIL TRUST FUNDS - ISA 580 LETTER OF REPRESENTATION

The Committee gave consideration to the proposed independent Auditor's report in relation to the following charitable trusts:-

- McCaig Trust
- Marquess of Bute Silver Wedding Dowry
- Baillie Gillies Bequest
- Kidston Park Trust
- Miss Annie Dickson Bequest
- Logie Baird Prize Fund
- County of Argyll Educational Trust Scheme 1960
- Oban Common Good Fund

Decision

The Audit and Scrutiny Committee agreed to note the findings of the proposed independent Auditor's report.

(Reference: Report by Audit Scotland, dated 24 November 2021, submitted)

7. 2020-21 AUDITED ANNUAL ACCOUNTS

The Committee gave consideration to a report presenting the Audited Annual Accounts of the Council and Charitable Trusts for the year to 31 March 2021.

Discussion took place in respect of the general fund reserves; earmarked reserves and issues identified for further development.

The Chair took the opportunity to thank both the Finance team for the provision of highly informative management commentary and for their continued hard work in the provision of the annual accounts.

Decision

The Audit and Scrutiny Committee agreed to recommend to Council that the Audited Annual Accounts of the Council and Charitable Trusts for the year to 31 March 2021 are approved.

(Reference: Report by Section 95 Officer, dated 24 November 2021, submitted)

Having noted that the Interim Head of Finance would be leaving the employment of the Council shortly before Christmas, the Chair, on behalf of the Committee, took the opportunity to thank Mr Slavin for his hard work and commitment to service and wished him well for the future.

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ARGYLL AND BUTE COUNCIL**AUDIT & SCRUTINY COMMITTEE****FINANCIAL SERVICES****14 DECEMBER 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 three of 2021/22.

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

- **2021/22 Audit Plan progress:** On Track
- **Individual Audits undertaken:** Six audits have been completed during the period. One audit report is presented for information only as it is delivered as part of the HSCP 2021/2022 Internal Audit Plan. One audit has been assessed as providing high assurance, one is limited and four to be confirmed.
- **Counter Fraud:** The Counter Fraud team is continuing to rebill council tax accounts and recovery of funds is underway. All other aspects and referrals are being considered, investigated and evaluated and the Counter Fraud Team remain vigilant to protect our public purse.
- **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 Six audits have been completed since the previous Committee in September 2021. 6 audits are currently in progress and will be reported to a future meeting of the Committee.

Audits Completed

- Child Protective Services
- Contract Management Roads & Infrastructure Services
- Fixed Asset Register
- Oban Airport
- Street Cleaning

- H&SCP – Care Programme Approach (Part of the HSCP Internal Audit Plan 2021/2022 and presented for information only)

Audit in Progress

- Civil Contingencies
- Environmental Health
- LiveArgyll - Budget Monitoring
- Purchasing Cards
- School Funds
- Workforce Planning – HSCP

3.2 In addition to those already in progress indicative audits planned for Quarter 4 2021/22 are:

3.3 2021/22 Audit Plan

- Adult Protective Services
- Climate Change Act
- Education Processes
- ELC – Parental Satisfaction
- ICT - Remote Working
- Planning Applications
- Complaints Handling (HSCP Audit)

Scrutiny

3.4 Work is progressing on the 2021/22 scrutiny plan, The Community Asset Transfer Process review panel met with Council Officers on 5 October and with Audit Scotland on 18 November, the final report is to be submitted to the March 2022 Committee.

3.5 The briefing meeting for the review of the Fly-tipping has taken place on 9 November 2021.

Counter Fraud

3.6 The paragraphs below summarise the work carried out by the Counter Fraud Team (CFT) since the Audit and Scrutiny Committee on 14 September 2021 and provide an update on total additional billing to date as a direct consequence of their work.

3.7 In September there was a whistleblowing referral alleging fraud by a council officer. The investigation concluded there was no evidence of fraud, simply a processing error which was highlighted to line management to ensure appropriate corrective action was taken.

3.8 In November there was a whistleblowing referral regarding employee conduct. This was reviewed and it was concluded the alleged activity did not constitute fraud and therefore did not fall in the remit of the CFT. The referral was passed on to the appropriate line manager for consideration.

3.9 Investigations into potential Council Tax anomalies continue to be carried out. These mainly consist of potentially fraudulent claims for single person discounts, fictitious tenants or claims of second home status for the avoidance of 100% premium of Council Tax. A rolling programme of reviews is also carried out on council tax discounts and exemptions to ensure they are only applied where appropriate. The CFT have also been working with debt recovery officers to assist in any way possible to recover some accounts with high levels of debt. These are ongoing due to the large scale nature of the investigations. The below table summaries fraud activity work in 2021 and confirms that, in total, the work of the team has resulted in additional billing of £263,788 during the year.

Investigation Area	No. of Referrals	Summary
Council tax	21	Investigative work confirmed there is no evidence of fraud in relation to these 21 referrals although: <ul style="list-style-type: none"> • One case referred to local housing association. • Several cases not enough information given – online portal updated to request “clear and concise information” • One sent to assessors
Benefits	13	Details passed to DWP <ul style="list-style-type: none"> • One adjustment of Benefits through NFI data matching
Blue Badge	2	Passed to Blue Badge team
Employee	3	No fraud established
Others	7	<ul style="list-style-type: none"> • Head teacher impersonation phishing emails for invoice payment • Police investigation into Covid Grant • DPA request to other LA • DPA request for civil action (rejected) • NDR information request x2 • Fraudulent Covid Grant
Proactive Work	N/A	Proactive reviews not based on referrals has resulted in removal of exemptions and applying extra charges and penalties where appropriate. High level debt accounts. Working with Debt Recovery to visit sites or assist in investigatory work
Total	45	Additional Billing to Date £263,788

Additional Updates from Quarter Three

3.10 Work has now completed on the Council’s Discretionary Fund For Business. The two team members that were redeployed have now returned to their roles in Internal Audit with no further input required to administer the fund.

- 3.11 Internal Audit continues to progress the work-plan for the Health and Social Care Partnership (HSCP). The Care Programme Approach audit has been completed. The Workforce Planning audit is currently in progress.

Continuous Monitoring

- 3.12 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.

Table 1: Continuous Monitoring Findings

Auditable Area	Areas Tested	Issues Identified	Management comment / action
Creditors	Changes to suppliers/New suppliers	Manual records are maintained within the office, which makes testing difficult	The Creditors Supervisor has advised that their focus for the next few months is on the new replacement Oracle System, therefore there is no possibility of looking to digitise records in the foreseeable future. Options will be explored when the new system is fully operational.

- 3.13 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.

National Reports

- 3.14 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
Best Value Assurance Report: Aberdeen City Council	Chief Executive	Significant improvement in performance while making challenging savings targets and acting to reshape the city's economy. However, improvements need to accelerate in housing and education.	The Executive Leadership Team (ELT) visited Aberdeen City Council on 8-9 November. A number of actions will be considered as a result of this visit.

Best Value Assurance Report: East Dunbartonshire	Chief Executive	The Council is well led and understands the actions needed to improve still further. Local people are, overall, satisfied with their local services. Its education services are performing well, even in the most deprived areas.	Considered by ELT and no action is to be taken.
The impact of Covid-19 on Scottish councils' benefit services	Head of Financial Services	Most of Scotland's councils have maintained or improved their delivery of vial benefits during the Covid-19 pandemic, despite short-staffing and major disruptions from having to abruptly move to home or remote working.	This report reflects well on Argyll and Bute Council in response to the pandemic. We are already delivering the innovations suggested, however we will look at expanding hybrid mail contracts to allow staff working from home to issue letters to customers without needing someone in the office to print and post letters.
Best Value Assurance Report: South Ayrshire Council	Chief Executive	Public services at South Ayrshire Council perform well and residents are satisfied with the services they receive, however, the Council must move faster in changing services for the future.	Considered by ELT and no action is to be taken.

National Fraud Initiative (NFI)

- 3.15 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.
- 3.16 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 14/11/2021:

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	29	14	14	0	HB records to records in other authorities / other datasets including student loans, payroll and pensions to identify undeclared income and capital.
Payroll	57	9	1	0	Payroll records to other datasets including other payrolls and pensions to ensure employee is not receiving additional income.
Blue Badges	255	220	249	0	Blue badge records to DWP data to identify deceased claimant with valid badge.
Housing Waiting list	264	264	255	9	Housing waiting list records to other organisations HBCTR and tenant data to identify undisclosed changes in circs or false info.
Council Tax Reduction	398	71	50	0	CTR records with records in other authorities / other datasets including; student loans, payroll and pensions to identify undeclared income and capital
Creditors	4839	0	103	0	Analyses Creditors data to identify possible duplicate vendors and payments, VAT errors or fraud and multiple vendors sharing a bank account.
Business Rates	115	0	0	0	Non-domestic Rates Records within and between authorities to identify businesses fraudulently in receipt of multiple small business bonus scheme grants.

Overall Summary of Matches

Matches Complete	Work In Progress	Cleared	Frauds	Errors	Total Value £	Recovering	Recovering Value £
731	0	611	1	119	£673.66	1	£673.66

Internal Audit Development

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

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

3.18 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 2021– 22 – FQ2 21/22 (as at October 2021)			
BO115 We Are Efficient And Cost Effective			
Internal Audit Level of Satisfaction	Actual	94%	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 2021/22 audit plan is in progress and 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 Climate Change – None
- 5.7 Risk – None
- 5.8 Customer Service – None

For further information please contact Internal Audit (01546 604146)

Moira Weatherstone
Interim Chief Internal Auditor
14 December 2021

ARGYLL AND BUTE COUNCIL**AUDIT AND SCRUTINY COMMITTEE****FINANCIAL SERVICES****14 DECEMBER 2021**

INTERNAL AND EXTERNAL AUDIT REPORT FOLLOW UP 2021-22

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 30 September 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 30 September 2021.

Table 1 – Actions due by 30 September 2021

DMT/Service	Complete	Delayed/Rescheduled	No Response	Evidence Required	Total
Internal Audit					
DH – Commercial Services	5	5	0	0	10
CEU – Cross Cutting	0	2	0	0	2
KF – Customer Support Services	3	0	0	0	3
DH – Education	1	3	0	0	4
CEU – Financial Services	1	0	0	0	1
DH – Legal & Regulatory	0	4	0	0	4
LiveArgyll	1	0	0	0	1
KF – Roads & Infrastructure Services	3	0	0	0	3
External Audit					
N/A					
TOTAL	14	14	0	0	28

Table 2 – Actions due after 30 September 2021

DMT/Service	Complete	Delayed/Rescheduled	No Response	On Course	Total
Internal Audit					
SW – Adult Care	0	0	2	2	4
CEU – Cross Cutting	0	0	0	1	1
KF – Customer Support Services	2	1	0	7	10
DH - Education	0	0	0	3	3
CEU – Financial Services	0	0	0	5	5
DH – Legal & Regulatory	0	0	0	1	1
DH – Lifelong Learning & Support	0	0	0	1	1
KF – Roads & Infrastructure Services	1	2	0	8	11
External Audit					
N/A					
TOTAL	3	3	2	28	36

- 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	Climate Change – None
5.7	Risk – None
5.8	Customer Service – None

Moira Weatherstone
Interim Chief Internal Auditor
14 December 2021

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APPENDICES

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

Appendix 1 - Action Plan Points Delayed & Rescheduled & Evidence Required

Action Plan Points Due by 30 September 2021						
DMT/Service/ Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
CEU – Cross Cutting	Communication	N/A	Introduce standards to develop employee communication as a priority and practice: these to include requirement to give 'You said/we did' feedback to surveys	31 Oct 19 31 Dec 19 31 Mar 20 31 Dec 20 31 Mar 21 30 Sep 21 31 Dec 21	Complete in part: Providing 'You said/we did' feedback timeously to employees on surveys in practice; draft guidance going to different groups for in-put in Oct/November. Delayed & Rescheduled	Communications Manager
CEU – Cross Cutting	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 Mar 20 31 Dec 20 31 Mar 21 30 Sep 21 31 Mar 22	Revised PRD process paper coming to Management early October. Delayed & Rescheduled	Head of Customer Support Services
DH – Commercial Services – Contract Management – Property Services	Annual Contract Review Property Service contracts have been assigned a high level of risk which determines the level of contract monitoring required. None of the existing contractors have	Medium	Discuss level of risk with colleagues in the PCCMT and ensure that is included in any new contracts. Undertake formal annual reviews/risk assessments on all 9 term contracts.	30 Sep 21 31 Dec 21	3 contracts recently let so no annual review due. 1 contract still in its first year. Now that KPIs available annual review process agreed with PCCMT and annual reviews will be undertaken for remaining 5 contracts during FQ3 2021-22. It is anticipated the standardised approach will for the 5 contracts will allow the action to be signed off as	Property Services Manager/ Property Maintenance Manager

Action Plan Points Due by 30 September 2021						
DMT/Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
	been subject to a formal annual review nor have the contracts been subject to a formal risk assessment during the contract life.				complete by 31 December 2021. Delayed & Rescheduled	
DH – Commercial Services – Contract Management – Property Services	Roles and Responsibilities There is a need for greater clarity over the roles and responsibilities of those involved in the overall management of the term contracts.	Medium	Review resource required to administer term contracts Issue roles and responsibilities guidance to staff involved in the overall management of the term contracts.	30 Sep 21 31 Dec 21	Progress hindered by resignation of Property Maintenance Manager. First draft of Roles and Responsibilities completed. Revised completion date 31 December 2021. Delayed & Rescheduled	Property Services Manager/Property Maintenance Manager
DH – Commercial Services – Contract Management – Property Services	Concerto In order to present cost KPI data the Contract Manager needs to extract data from Concerto and manipulate it in Excel using pivot tables. There would be merit in investigating whether the required KPIs can	VFM	Investigate and develop functionality of Concerto as necessary to minimise data manipulation and therefore officer time.	30 Sep 21 31 Mar 22	Progress hindered by resignation of Property Maintenance Manager. To allow position to be filled on a permanent basis extend to 31 March 2022. Delayed & Rescheduled	Property Maintenance Manager

Action Plan Points Due by 30 September 2021						
DMT/Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
	be generated via a standard reporting package rather than through data manipulation although we acknowledge there may be a cost involved in this which would need to be considered.					
DH – 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 30 Sep 21 31 Dec 21	Benchmarking exercise complete, gap analysis complete. LEON training module available which will inform guidance to FRPs. Final review of resource to be completed in context of Property Restructure to be implemented in 2022/23. Revised date 31 December 2021. Delayed & Rescheduled	Executive Director with Responsibility for Commercial Services/Head of Commercial Services
DH – Commercial Services – Systems Interfaces & Reconciliations	General Ledger Reconciliations There is no reconciliation performed between the source system and the general ledger for	Medium	Data in the source system may not be accurately reflected in the general ledger.	31 Mar 21 30 Sep 21 31 Dec 21	Ongoing discussion between Auditor and Service, requirement for reconciliation report from both systems has been confirmed. Scope and output of reports to be established, may require assistance from I.T. Oracle	Concerto - Property Design Manager

Action Plan Points Due by 30 September 2021						
DMT/Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
	ResourceLink, PECOS, Concerto and Tranman and the SEEMiS interface for clothing grants.				admin and Concerto admin to create compatible reports. Delayed & Rescheduled	
DH - Education – Pupil Work Placements	Record Keeping The Standard requires the Council to have “have robust record keeping in place which monitors and tracks where and when each young person participates in a work placement”. The establishment of a database containing all relevant information relating to work placements was a key recommendation of an audit of work placements carried out in 2010 however responsibility for	Medium	Explore options, identify and adopt a suitable document management system.	30 Sep 21 31 Dec 21	Best practice in schools being collated to inform new database. Database on track to be in place for end December 2021. Delayed & Rescheduled	Head of Education - Support & Lifelong Learning

Action Plan Points Due by 30 September 2021						
DMT/Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
	recording pupil placements has been de-centralised since then and there is no centralised database and schools have designed their own recording systems. One school was unable to access any records relating to one of the sampled pupils. Consideration should be given to whether there is scope to adopt a document management system which the Council already utilises.					
DH - Education – Pupil Work Placements	Handover Process There is no robust handover process in place to ensure that staff taking on responsibility for pupil work placements are	Medium	Develop handover and induction procedures for school staff taking on lead role in delivering work placements.	30 Sep 21 31 Dec 21	Handover and induction procedures are being developed and will be in place by end December. Delayed & Rescheduled	Head of Education - Support & Lifelong Learning

Action Plan Points Due by 30 September 2021						
DMT/Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
	provided with the necessary governance documents and appropriate information to help them perform the role.					
DH - Education – Pupil Work Placements	Training There is no training programme to support officers involved in the work placement programme including ensuring appropriate steps are taken to determine whether a PVG check is required.	Medium	Conduct a training needs analysis with school staff leading on work placements. Produce a programme of centrally run CPD opportunities for next academic year (or include in Education Service Training Programme).	30 Sep 21 31 Dec 21	Consultation on training programme requirements and content underway. Programme will be in place for end December. Delayed & Rescheduled	Head of Education - Support & Lifelong Learning
DH – Legal & Regulatory – 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	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	31 Mar 20 30 Sep 20 31 Mar 21 30 Jun 21 30 Sep 21 31 Dec 21	Report will be submitted to DMT / SMT by the end of the year. Delayed & Rescheduled	Governance & Risk Manager

Action Plan Points Due by 30 September 2021						
DMT/Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
	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.		benefit from having a CARP.			
DH – Legal & Regulatory – 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	High	Social Work IARs to be completed and approved by appropriate management teams	31 Dec 20 30 Jun 21 30 Sept 21 31 Dec 21	Social Work IARs are partially completed, and information management rep is arranging for review and approval by Heads of Service. Delayed & Rescheduled	Governance, Risk & Safety Manager

Action Plan Points Due by 30 September 2021						
DMT/Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
	required.					
DH – Legal & Regulatory – Information Asset Registers	<p>Periodic Review and Agreement of Information Asset Registers</p> <p>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.</p> <p>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.</p>	Medium	Obtain annual approval from DMTs for all completed IARs	30 Sep 20 31 Mar 21 30 Sep 21 31 Dec 21	<p>Customer Services completed, extended target date for DIS and Social Work – request out with information management reps and Heads of Service to ensure current versions are approved.</p> <p>Delayed & Rescheduled</p>	Governance, Risk & Safety Manager
DH – Legal & Regulatory –	Periodic Review and Agreement of	Medium	Action plans for all IARs to be put in	30 Sept 20 31 Mar 21	Complete for Customer Services, extended target	Governance, Risk & Safety Manager

Action Plan Points Due by 30 September 2021						
DMT/Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
Information Asset Registers	<p>Information Asset Registers</p> <p>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 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.</p>		place and agreed by management teams	30 Sept 21 31 Dec 21	<p>date for DIS and Social Work, engagement required from these Services to work with IARs and prepare action plans.</p> <p>Delayed & Rescheduled</p>	

Action Plan Points Due After 30 September 2021						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
KF – 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 31 Dec 21	Payroll have been prioritising Covid related payments and other urgent activities. Delayed & Rescheduled	Resourcelink – Pensions & Payroll Officer
KF – 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 the required functionality. We have only highlighted issues where the system does have the functionality however it has not been turned on.	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 31 Dec 21	The password reset has been made active. Delayed & Rescheduled	Tranman Systems Administrators

Action Plan Points Due After 30 September 2021						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
	<input type="checkbox"/> Tranman o Password changes are not enforced o Password complexity not enforced o Password file visible to the systems administrator					
KF – Roads & Infrastructure Services – Logical Access	<p>Logon Controls 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> <input type="checkbox"/> Tranman o User not locked following failed login attempts	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 31 Dec 21	Linked to above action. Delayed & Rescheduled	Tranman Systems Administrator

Action Plan Points Due After 30 September 2021						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
	o No control over inactive users					
SW – Adult Care – Charging for non-Residential Care Services	<p>Standing Orders for Community Alarms 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. 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</p>	Low	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.	30 Jun 21 30 Oct 21	No Response	TEC Hub Co-ordinator/ Revenue and Benefits Manager

Action Plan Points Due After 30 September 2021						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
	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.					
SW – Adult Care – Charging for non-Residential Care Services	Service Uptake Data 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.	VFM	Recommendation accepted. Further discussion will be held with supplier to include service uptake functionality and reporting capabilities on new system from April 2022.	31 Mar 22	No Response	Deputy Head of eHealth HSCP

Action Plan Points Due After 30 September 2021						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
	It would be advisable to progress this issue in conjunction with the CareFirst replacement programme which is scheduled to be complete by April 2022.					

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ARGYLL AND BUTE COUNCIL

AUDIT AND SCRUTINY COMMITTEE

FINANCIAL SERVICES

14 DECEMBER 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
Child Protective Services	Substantial	0	0	1	0
Contract Management: Roads and Infrastructure Services	Limited	2	1	0	0
Fixed Asset Register	Reasonable	0	5	2	0
Oban Airport	High	0	1	0	0
Street Cleaning	Substantial	1	2	1	1
HSCP – Care Programme Approach (Part of the HSCP Internal Audit Plan and presented for information only)	Limited	3	1	0	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:

Child Protective Services: 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. The Council has in place a wide range of policies, procedures and protocols which are available to all staff on the Councils website and there is a comprehensive training programme in place. The procedures conform to national guidance and are consistent with legislative requirements. The Child Protection Committee conforms to the requirements stipulated within national

guidance such as performance reporting and strategic planning, however the Council's Pyramid Management Performance data has not been updated with performance data. Child Protective Services have representation across all relevant agencies. The Council works effectively with other relevant agencies.

Contract Management - Roads and Amenity 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 are at risk. Contract management procedures are in place to provide guidance on the day to day operational management of contracts with roles and responsibilities clearly defined within the procedures. However, roles and responsibilities within the department have not been assigned to current contracts resulting in day to day contract monitoring not being carried out. Contract management training was delivered to relevant staff in 2019 and refresher training in April 2021. No formal performance monitoring and reporting arrangements are in place for the 20 contracts currently in progress.

Fixed Assets Register: This audit has provided a reasonable level of assurance. 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. Strategies and plans are prepared and submitted for Council approval each year, responsibilities are set at an appropriate level and system access is appropriately controlled, however, there is no system in place to review access rights periodically. Fixed asset records are maintained on AIRS for financial reporting purposes and on a number of other systems throughout the Council for operational reasons. There are inconsistencies in the use of asset descriptions between the systems and no full reconciliation of records has been undertaken. There is a five year rolling programme of revaluation for estates assets to reflect fair value and assets under construction are recorded at actual cost incurred to date, the remaining assets are recorded at historical cost with adjustments for additions, disposal and transfers. Assets are manually adjusted at the year end to reflect their current status and value, one error of transposition was found in the sample selected for review. There were 103 assets reporting a net book value of £0 and nine assets were found to have been incorrectly treated for depreciation. A reconciliation between the AIRS system and the General Ledger takes place at the year-end however, there was no evidence that this had been reviewed by a senior officer.

Oban Airport: This audit has provided a high level of assurance as internal control, governance and the management of risk are at a high standard. The audit reviewed 5 of the 22 operating instructions contained within the aerodrome operating manual and all were found to be satisfactory. Ground maintenance procedures have been designed to ensure there is a system in place to maintain the airfield to a suitable standard, however no formal training has been provided in the use of ground maintenance equipment.

Street Cleaning: 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. Risk assessments, guidance and training resources are communicated and available to employees, however, the safety instructions/tool box talks manual has not been reviewed in accordance with the review schedule. Both manual and electronic work schedules have appropriate content, however, the electronic schedules

are not being updated consistently across all areas. Internal recharges are processed for sweeping of the Council's income generating car parks but not free car parks. Vehicles and equipment are subject to the necessary inspection and maintenance regimes and driver licences are checked twice yearly, however, one driver was not recorded on the Tranman system and two drivers have not been checked in the last 9 months. Performance standards are clearly communicated and evidenced through good results published annually in Local Environmental audit and Management System (LEAMS) report. An arrangement with Oban Business Improvement District (BID) to recover the cost of an additional seasonal street sweeper has not been formally documented.

HSCP – Care Programme Approach (CPA): This audit was delivered as part of the HSCP 2021/2022 Internal Audit Plan and is presented for information only. 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 are at risk. There are no agreed CPA procedures, including client assessment processes, to support a consistent approach to CPA across the HSCP. In addition no CPA training has been provided. As there are no CPA procedures we are not able to provide any assurance that CPA processes are being consistently implemented and complied with across the HSCP. Client records are maintained on several systems across the HSCP however there is no consistent agreed approach for recording client records.

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 Climate Change – None
- 5.7 Risk - None
- 5.8 Customer Service – None

Moira Weatherstone
Interim Chief Internal Auditor
14 December 2021

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APPENDICES

1. Child Protective Services
2. Contract Management Roads & Infrastructure Services
3. Fixed Assets Register
4. Oban Airport
5. Street Cleaning
6. HSCP – Care Programme Approach (for information only)

Argyll and Bute Council
Internal Audit Report
November 2021
Final

Child Protective Services

Audit Opinion: Substantial

	High	Medium	Low	VFM
Number of Findings	0	0	1	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	10
Appendix 2 – Audit Opinion	12

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1. Executive Summary

Introduction

1. As part of the 2021/22 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 Child Protective 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. All children have a fundamental right to proper care and protection. Children may need protection when their basic needs such as food and warmth are neglected or they may need protection from harm from other people.
5. Child Protection Services (CPS) is delivered through seven area teams working in partnership with Police Scotland, Education, Health, the 3rd sector and communities. Social Work Children services in Argyll & Bute sit within the Health & Social Care Partnership.
6. The Children (Scotland) Act 1995 embraces the principles of the United Nations Convention on the Rights of the Child. These are:
 - children have a right to be protected from all forms of abuse, neglect and exploitation
 - children should be listened to and their views taken into account in decisions affecting them
 - agencies should work together in providing services to meet the needs of children
 - parents should normally be responsible for the upbringing of their child and should share that responsibility.

Three principals that govern the Act are:

- the child's welfare is the paramount consideration
- consideration must be given to the child's views in all decisions made about them
- the principle of minimum intervention.

7. The Council has in place a Child Protection Committee, the function of which is set out in the National Guidance for Child Protection in Scotland Act 2014. The role of the committee is summarised as follows:

- continuous improvement
- strategic planning
- public information and communication.

Scope

8. The scope of the audit was to ensure compliance with internal policies and procedures as outlined in the Terms of Reference agreed with the senior manager of operations within Health and Social Partnership (HSCP) on 28 July 2021.

Risks

9. The risks considered throughout the audit were:

- Audit Risk 1: failure to have policies and procedures in place
- Audit Risk 2: failure to have an effective Child Protection committee in place
- Audit Risk 3: failure to work effectively with other relevant agencies
- Audit Risk 4: effective training and development is not in place

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 one low priority recommendation where we believe there is scope to strengthen the control and governance environment. These are summarised below:

- annual report should be amended and/or pyramid updated with performance data

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 have policies and procedures in place that reflect national guidance and legislative requirements.	Audit Risk 1	High	The Council has in place wide range of policies, procedures and protocols available to all staff on the Councils website. The procedures conform to national guidance and are consistent with legislative requirements. A CPS risk register is in place which meets the requirements as stipulated within the Council's risk register manual.
CO2	The Child Protection Committee provides effective leadership and direction.	Audit Risk 2	Substantial	The Council has in place a Child Protection Committee. The Committee conforms to the requirements stipulated within national guidance such as performance reporting and strategic planning. The Council Pyramid Performance management system has not been updated with performance data.
CO3	The Council works effectively with other relevant agencies.	Audit Risk 3	High	Child Protection Services have in place committees and groups which have representation across all relevant agencies.
CO4	The council has effective training and development processes in place	Audit Risk 4	High	The Council has in place a comprehensive training program. Due to Covid restrictions no face to face training has been delivered since March 2020, however a programme of online training has been put in place and delivered.

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

3. Detailed Findings

The Council have policies and procedures in place that reflect national guidance and legislative requirements

16. Child protection within the Council is principally governed by the principles outlined within the National Guidance for Child Protection in Scotland Act 2014 (the Guidance). The guidance plays a crucial role in the development of multi-agency child protection procedures, processes and training. The Guidance has been fully endorsed by the COSLA Children and Young People Board which includes all education and children services convenors as well as representatives from education and public health.

17. The National Guidance for Child Protection in Scotland has recently been updated and following a consultation period will be formally launched in 2021.
18. A wide range of policies, procedures and protocols are available on the Council's website. A link was also placed on the Council's SharePoint system in February 2021 for easier access for staff. Examples of guidance and procedural documents include:
 - child protection practitioners guidance
 - child protection protocols and procedures
 - practitioner assessment tools and resources
 - Argyll and Bute inter agency guidance protocols and procedures
19. The principle procedure followed by CPS is outlined within "The West of Scotland Child Protection Procedures". The procedures provides comprehensive guidelines for practitioners when responding to children and young people at risk.
20. Procedures and policies are consistent with legislative requirements including:
 - Children and Young Peoples (Scotland) Act 2014
 - Children (Scotland) Act 1995
 - Community Empowerment Act (Scotland) 2015
 - Public Bodies (Joint Working) (Scotland Act) 2014
21. Procedures are regularly reviewed by the Inter-agency Referral Discussion (IRD) group who are responsible for reviewing current local guidance. The group also functions as a development group in order to address issues as they arise, including analysis of risk. The group met regularly during the pandemic.
22. The Council has in place a risk register for CPS which meets the requirements of the Council's risk register manual. A review of the children's services risk register confirmed that risks have been assessed and prioritised with mitigating action identified.

The Child Protection Committee provides effective leadership and direction

23. The Child Protection Committee (CPC) meets on a quarterly basis. The role of the CPC is central to fostering an inter-agency approach and providing support for the development and delivery of processes, common standards, and continuous improvement. Guidance on the role and responsibilities of the CPC was recently updated by the Scottish Government in 2019 with the publication of a paper "Protecting Children and Young People-Child Protection Committee and Chief Officer's Responsibilities".
24. New members to the CPC receive induction training delivered by the lead officer for child protection. No development session took place for committee members during 2020 due to Covid19, however a development session for committee members was carried out in May 2021.

25. A Strategic Plan covering the period 2021 to 2023 is in place. This outlines a series of actions for communication, collaboration and co-operation amongst all partnership agencies. The plan specifies key areas of priority:

- provide clear and visible leadership of multi-agency work to identify and protect our most vulnerable children and young people
- continue to focus on self-evaluation and continuous improvement
- continue to embed practice toolkits in daily practice and develop the quality of child protection plans
- build our joint approaches to protect and support children affected by domestic abuse, parental mental health and addictions
- improve communication and engagement with our communities.

26. Each priority within the Strategic Plan has a set of actions required in order to deliver on key areas. Each action identifies key personnel responsible for delivering the action, a timescale for delivery and details evidence required to assess outcomes/progress.

27. A Quality and Assurance group meets on a quarterly basis with representation across all relevant partnerships including the acting head of Children, Family and Justice Social Work, the Lead Child Protection officer, Education, Police and the independent Chair of the Child Protection Committee. The minutes demonstrate that the group discuss issues pertinent to the effectiveness of the service. The group plays a central role in scrutinising performance data and provides the CPC with an analysis highlighting key trends/areas of interest.

28. The CPC has introduced a comprehensive dataset which can be used to monitor quality performance and identify patterns and trends in order to support continuous improvement. The dataset mirrors a standardised approach adopted by all Child Protection Committees across Scotland. The dataset is captured on a quarterly basis and is reviewed by the Performance, Quality and Assurance group as well as the CPC. The data captured includes:

- number of children subject to initial and pre-birth protection case conferences
- number of new child protection registrations
- concerns recorded of children placed on the register
- number of children de-registered
- age of children placed on the register
- number of new child protection re-registrations
- % of child protection case conferences held no later than 21 days from raising of concern
- % of initial core group meetings held within 15 days of initial child protection
- % of reported decisions made within 50 working days of referral receipt

29. To meet the requirements within the guidance published by the Scottish Government the CPC publishes an annual report. The report presents findings from a range of single and joint self-evaluation activities which are focussed on prevention; early intervention; keeping vulnerable and young people safe and taking action to protect children and young people from harm, abuse and exploitation. Both the 2020 report and the 2021 report (draft) provides commentary on child protection statistics, child protection governance and continuous improvement.

30. The 2020 Child Protection Committee Annual report and the draft 2021 Child Protection Annual Report refers to performance measures being available on the Council's Pyramid Performance system. A review of Pyramid noted that there is no current performance data on child protection available.

Action Point 1

The Council works effectively with other relevant agencies

31. Child protection services is delivered through seven area teams working in partnership with Police Scotland, Education, Health, the third sector and communities. A review of the minutes from a recent Child Protection Committee showed that there is representation on the committee across relevant bodies.
32. Since March 2020 a weekly sub group has met to discuss the impact of Covid19 on service delivery and all agencies were represented including, Health, Social Work, Education, Police, 3rd Sector and the Lead Officer of the CPC. The lead officer for the CPC attends both the Alcohol and Drugs Partnership meeting and the Adult Support and Protection Committee and the lead officers for those committees attend the Child Protection Committee.
33. The "Discussion Record Group" (IRD) meets regularly with representation across all relevant agencies. Their remit includes case reviews of "discussion" records completed by all agencies. The group carried out 19 reviews between November 2020 and April 2021. The group also functions as a development group in order to address analysis of risk and any current guidance.
34. A development day was held on in October 2020 with representation across all partnership agencies and covered a wide range of topics concerned with child protection and how the CPC can better communicate with staff.

The council has effective training and development processes in place

35. The "Learning & Development Group" are responsible for overseeing the development and delivery of the CPC's multi-agency Learning & Development Strategy and training programme. The group have published a "Learning and Development Strategy 2021-2023" which sets out a 3 year training strategy. The strategy document is driven, directed and overseen by the CPC. The strategy is aimed at supporting people in different work groups to:
- achieve shared understanding of the tasks, processes, roles and responsibilities and local arrangements for protecting children and promoting their well-being
 - improve communication between professionals including common understanding of key terms, definitions and thresholds for action
 - ensure sound decision-making based on information sharing, thorough assessment, and critical analysis and outcome focused planning.
36. Details of the child protection training programme are available on the Child Protection Services website with 18 workshops scheduled in the next 6 months. All training delivered is reported to the CPC. Due to Covid19 restrictions no face to face training has been delivered since March

2020, however a programme of online training has been delivered. In addition online modules aligned to the CPC strategic plan have been developed. The CPC are planning a full review of the training schedule in order to assess the impact of Covid19 on the delivery of the training programme.

Appendix 1 – Action Plan

	No	Finding	Risk	Agreed Action	Responsibility / Due Date
Low		<p>Pyramid Management Information System</p> <p>The 2020 CPC annual report and the draft 2021 CPC annual report refers to performance measures being available on the Council’s Pyramid performance system. A review of Pyramid noted that there is no current performance data on child protection available on the system.</p>	Performance measures may not reported accurately.	The annual report will be adjusted accordingly going forward.	<p>Lead Officer-Child Protective Services</p> <p>31 March 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.

Argyll and Bute Council

Internal Audit Report

November 2021

Final

Contract Management- Roads and Amenity Services

Audit Opinion: Limited

	High	Medium	Low	VFM
Number of Findings	2	1	0	0

Contents

1. Executive Summary	3
Introduction	3
Background	3
Scope	3
Risks	3
Audit Opinion	4
Recommendations	4
2. Objectives and Summary Assessment	4
3. Detailed Findings	5
Appendix 1 – Action Plan	8
Appendix 2 – Audit Opinion	11

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1. Executive Summary

Introduction

1. As part of the 2021/22 internal audit plan, approved by the Audit & Scrutiny Committee in March 2021, we have undertaken an audit of Argyll and Bute Council's (the Council) system of internal control and governance in relation to Contract Management within Roads and Amenity 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 purpose of contract and supplier management is to work closely with suppliers to maximise efficiencies for Argyll and Bute Council (the Council) and suppliers throughout the supply chain by:
 - ensuring the contract(S) are successfully executed utilising the Mixed Economy Model deployed by the service
 - maximising value for money
 - providing a system of monitoring, managing and improving performance
 - ensuring all parties recognise and understand their contractual roles and responsibilities
 - monitoring compliance by all parties to the terms of the contract, including key Performance Indicators
 - driving continuous improvement
 - identifying lessons learned to inform future contract terms or strategies
5. The current value of fixed contracts is approx. £22.0m and covers 20 contracts of which 3 contracts cover some 80% of all contracts awarded.

Scope

6. The scope of the audit was to review the governance and contract monitoring arrangements for Roads and Amenity Services contracts as outlined in the Terms of Reference agreed with the Head of Roads and Infrastructure Services on 15 August 2021.

Risks

7. The risks considered throughout the audit were:

- **Audit Risk 1:** Failure to have appropriately resourced and robust contract management arrangements in place
- **Audit Risk 2:** Failure to ensure that services provided are in line with agreed contractual conditions
- **Audit Risk 3:** appropriate performance monitoring arrangements are not in place

Audit Opinion

8. 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.
9. 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 are at risk. Weakness must be addressed with a reasonable timescale with management allocating appropriate resources to the issues raised.

Recommendations

10. We have highlighted two high priority recommendations and one medium priority recommendation where we believe there is scope to strengthen the control and governance environment. These are summarised below:
 - contracts should be monitored in line with the Councils contract and supplier management procedures
 - roles and responsibility for contract monitoring should be reviewed
 - performance reporting should be undertaken
11. 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

12. 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 appropriately resourced and robust contract management processes in place.	Audit Risk 1	Substantial	Contract management procedures are in place to provide guidance on the day to day operational management of contracts and roles and responsibilities clearly defined. Roles and responsibilities within the department have not been assigned resulting in day to day contract monitoring not being carried out.

				Contract management training was delivered to relevant staff in 2019 and also refresher training in April 2021.
CO2	Supplier performance is monitored and reported in line with established arrangements.	Audit Risk 2	No assurance	No formal contract monitoring has taken place for current Roads and Amenity services contracts. There were weaknesses identified in the following areas: <ul style="list-style-type: none"> • assignment of contract manager • completion of contract management plans • formal supplier review meetings • completion of key performance indicators • annual review of contracts and risk assessment.
CO3	Appropriate arrangements are in place for performance monitoring and reporting.	Audit Risk 3	Limited	No formal performance monitoring and reporting arrangements are in place for the 20 contracts currently in progress.

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

3. Detailed Findings

The Council has appropriately resourced and robust contract management process in place

14. The Procurement, Commercial and Contract Management Team (PCCMT) are responsible for overall contract management activity including the commissioning and quality assurance functions. They co-ordinate contract monitoring activity, analyse information from different sources, identify issues and risks and produce contract monitoring reports.
15. PCCMT have issued a generic 'Contract and Supplier Management Toolkit' which outlines a standardised approach for operational day-to-day management through the lifecycle of a contract. This ensures both the Council and supplier's obligations are understood and managed. It is the responsibility of the departments to ensure that the guidance is followed. The toolkit provides guidance on key areas:
- roles and responsibilities
 - level of contract management based on assessed contract risk
 - contract implementation
 - contract meetings
 - key performance indicators (KPI's)
 - contract variations

16. To address the specific requirements of Roads and Amenity contract monitoring the PCCMT have prepared a draft contract and supplier management procedure. The procedures state that all contracts should have a Contract and Supplier Management Plan detailing:

- the agreed level of management (low/medium/high)
- roles and responsibilities
- risks and issues
- escalation process (within supplier organisation and the Council)
- performance management framework (KPIs)
- review meeting schedule
- exit plan

17. PCCMT provided comprehensive training on contract and supplier management to all relevant staff during 2019 and refresher training in April 2021, including Roads and Amenity Services staff. A review of all contract management processes and procedures is currently being undertaken by PCCMT.

18. There are two services within Development and Infrastructure services namely Operations and Network and Standards services who are responsible for co-ordinating the contract monitoring activity, analysis of information from the external contractors, identifying issues, including risks and producing contract monitoring reports. No clearly defined roles and responsibilities have been identified for contract monitoring between the two services.

Action Plan 2

[Supplier performance is monitored and reported in line with established arrangements](#)

19. Development and Amenity services have in place 20 fixed cost contracts totalling approximately £22.0m of which 3 contracts cover some 80% of all contracts awarded.

20. All Roads and Amenity contractors are required to sign the Council's standard terms and conditions covering all aspects of contract performance including:

- performance of service
- financial regime
- contract manager
- disputes
- monitoring and reporting

21. We reviewed the contractual arrangements for all contracts in place to ensure compliance with the following:

- contract have been signed
- a contract management plan is in place
- contracts are monitored in line with the contract management plan including attendance at performance review meetings
- KPIs are provided by the contractors

- contracts are regularly reviewed for risk and the contract management plan updated accordingly

22. Signed contracts are in place for all contracts and the following was confirmed:

- Contract management plans were in place for two of the contacts
- no contract manager has been assigned to each contract and roles and responsibilities have not been identified
- formal contract monitoring and review meetings have not taken place
- formal performance review meetings have not taken place
- KPI's have not been monitored or recorded
- contracts have not been reviewed for risk

23. A review of all contracts found that no formal engagement with suppliers had taken place. Discussions with management noted that informal contact with supplier occurs on a regular basis in order to address areas where the supplier is not meeting their contractual requirements, however these discussions are not formally recorded.

Action Plan 1

[Appropriate arrangements are in place for performance monitoring and reporting](#)

24. Effective performance reporting ensures that management have the appropriate information to facilitate effective scrutiny of the contractual performance against agreed contractual arrangements. No formal performance monitoring and reporting arrangements in place for any of the 20 contracts currently in operation.

Action Plan 3

Appendix 1 – Action Plan

	No	Finding	Risk	Agreed Action	Responsibility / Due Date
High	1	<p>Contract Monitoring</p> <p>Monitoring of contracts has not been undertaken as required by the 'Contract and Supplier Management Toolkit', specifically: :</p> <ul style="list-style-type: none"> • no contract managers have been identified • contract and Supplier management plans have not been completed • formal supplier review meetings have not been undertaken • key performance indicators have not been identified • contracts have not been subject to formal annual review and risk assessments 	Contracts may not be subject to appropriate and robust contract monitoring.	Contract manager to be identified for each contract, key dates to be agreed including pre-start and review meeting, KPIs to be developed which include formal annual review and risk assessment.	Operations Manager and Network and Standards Manager 30 June 2022
High	2	<p>Roles and Responsibilities</p> <p>No clearly defined roles and responsibilities have been identified for contract monitoring between the Network and Standards services and Operational Services within Development and Infrastructure.</p>	Contract management may not be carried out in line with agreed procedures.	Contract manager to be identified for each contract which will work to the contract monitoring requirements detailed in action 1 above.	Operations Manager and Network and Standards Manager 30 June 2022

Medium	3	<p>Performance Reporting</p> <p>No formal performance monitoring and reporting arrangements are in place for any of the 20 contracts currently in operation.</p>	<p>Contracts may not be subject not the appropriate level of contract monitoring.</p>	<p>As detailed in action 1 and 2 above, the designated contract manager will be responsible for all performance monitoring and reporting for specific contracts.</p>	<p>Operations Manager and Network and Standards Manager</p> <p>30 June 2022</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
November 2021
FINAL

Fixed Asset Register (AIRS)

Audit Opinion: Reasonable

	High	Medium	Low	VFM
Number of Findings	0	5	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	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 2021, we have undertaken an audit of Argyll and Bute Council's (the Council) system of internal control and governance in relation to the Fixed Asset Register.
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. Fixed assets represent a significant financial sum in the balance sheet of the Council. These are capital items that have been acquired, constructed or developed such as land, property, infrastructure and vehicles with the intention of being used to deliver the Council's operational activities.
5. The Capital Plan is submitted to full Council as part of the budget setting process in February every year and identifies the areas of capital expenditure for the year ahead and estimates for the following two years. Funding for the capital plan comes from Scottish Government (General Capital Grant and Specific Ring-Fenced Capital Grants), other capital grants (including European Funding), capital receipts from asset disposals, revenue contributions to capital, prudential borrowing and borrowing funded by the loan charges provision in the revenue budget.
6. For the year 2021/22, the capital plan identified £61.1m of spend covering asset sustainability, service development and strategic change. Restricted funding of £7.3m is also included within this figure to cover grants/external funding for Roads & Infrastructure Service, Development & Economic Growth and major projects.
7. The Capital Plan also reports assets identified for disposal. As at February 2021 there were 22 assets relating to land and buildings listed.
8. Financial regulation FRS102 requires that all Councils report the true and fair value of fixed assets held in their annual accounts. The accounting convention adopted is principally historical cost, modified by the revaluation of certain categories of fixed assets. Charges are made to revenue accounts in respect of depreciation, revaluation and impairment losses of tangible fixed assets and amortisation of intangible fixed assets.

Scope

9. The scope of the audit was to assess the accuracy and completeness of the information that is fed into the Fixed Asset Register, via both IT systems and departmental processes as outlined in the Terms of Reference agreed with the Finance Manager on 16 July 2021.

Risks

10. The risks considered throughout the audit were:
 - Audit Risk 1: Failure to comply with financial accounting regulations
 - Audit Risk 2: Failure to comply with organisational policy
 - Audit Risk 3: Value of fixed assets on the balance sheet is incorrect
 - Audit Risk 4: Data integrity cannot be relied upon
 - Audit Risk 5: Financial Loss/Loss of property goes undetected

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 reasonable level of assurance. This means that 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.

Recommendations

13. We have highlighted, five medium and two low priority recommendations where we believe there is scope to strengthen the control and governance environment. These are summarised below:
 - Access rights to the AIRS fixed asset register should be periodically reviewed.
 - The reconciliation of AIRS to Concerto should be completed and further reconciliation with fixed asset records held in other council services should be considered.
 - Descriptions should be consistent between AIRS and other fixed asset records or notes applied where common references cannot be used to aid cross reference.
 - Negative values generated by AIRS should be identified and rectified promptly.
 - Periodic analysis of assets should take place to ensure depreciation is appropriately applied and recorded.
 - Assets recorded as 'under construction' should be reviewed and removed timeously upon completion.
 - Annual reconciliation of AIRS to the General ledger should be evidenced as reviewed by a senior officer.
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	Procedures are in place and logical access is consistent with user duties and responsibilities	All Risks	Substantial	Strategies and plans are prepared and submitted to full council as part of the budget setting process each year. Policies and procedures are in place and responsibilities for asset management sit at an appropriate level. AIRS is the system used to maintain the Council's fixed asset register and access to the system is controlled. One member of staff has moved to a different role within financial services but their access to AIRS has been maintained for business continuity purposes. However, there is currently no periodic review of access rights to AIRS.
2	The Fixed Asset Register is an accurate list of assets held by the Council	Audit Risk 3 & 4	Reasonable	The AIRS asset management system generates asset reference numbers and has appropriate fields for recording assets, disposals and acquisitions. Records were correctly recorded, however it was difficult to locate some items due to inconsistencies in descriptions used between AIRS and records held by services. There is no comparable records held within Roads or ICT services to allow reconciliation between systems and no reconciliations take place with records held by estates or Fleet services.
3	Items on the Fixed Assets Register correctly reflect completion status, value, depreciation and asset life	Audit Risks 1 & 2	Reasonable	There is a five-year rolling programme of revaluation in place to ensure all land and property assets are reflected in the financial statements at fair value. Assets 'under construction' are reflected at cost to date however there are 103 that provided a £0 net book value (NBV) of which 37 had descriptions stating project dates ranging from 2011 – 2015 suggesting they may be incorrectly recorded on the register. Depreciation is applied to applicable assets, however, nine assets

				were found to be incorrectly stated on the asset register.
4	Fixed Assets are correctly reflected in the Council's general ledger	Audit Risks 1, 2 & 3	Substantial	Reconciliation between AIRS and the General Ledger (Oracle) is carried out at year-end, however, there is no evidence of review by senior officer.

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

3. Detailed Findings

Procedures are in place and logical access is consistent with user duties and responsibilities

17. The Capital Plan, Service Plans, Treasury Management Strategy Statement and Annual Investment Strategy are updated annually and submitted to full Council in February each year as part of the budget setting process.
18. Council services manage assets through their service plans which feed into the corporate asset management process managed by Commercial Services. In co-operation with Commercial Services, Financial Services have responsibility for maintaining the Council's fixed asset register – AIRS. AIRS also generates information for use in the Council's Balance Sheet at the year end. The Strategic Asset Management Board identifies, agrees and oversee projects that are recorded as assets under construction on AIRS.
19. AIRS is the system used to maintain the Council's fixed asset register, it is currently an application based system hosted on the Council's ICT infrastructure, however, will be moving to a cloud based application system in the near future.
20. There is a small team of seven staff members who access AIRS and there is one AIRS administrator to facilitate access to the system and provide support. It is therefore not considered necessary to maintain a separate record of user authorisations and there is currently no process in place to review whether access rights remain appropriate. The AIRS user list was provided and all but one active user was found to be appropriate in accordance with their responsibilities, this staff member has moved to another post within Financial Services and has retained access for business continuity purposes.

Action Plan 1

21. A comprehensive AIRS user guide and procedures are available to staff members and provides detailed instructions on how to add, remove and update assets in the register.

The Fixed Asset Register is an accurate list of assets held by the Council

22. All of the Council's fixed assets should be recorded on AIRS as there is no minimum value set for inclusion in the fixed asset register. There are a number of fields for asset information input including, asset reference, description, cost and depreciation. Data held on AIRS was reviewed to assess completeness and accuracy of all assets held on the Council's fixed asset register.
23. Assets are managed by services and in addition to information being held on AIRS, operational information is held in a number of other systems across the Council. Land and property assets are held on the estates service system – Concerto and vehicle assets are held on the fleet

services system – Tranman. It was not possible to obtain comparable records from roads and infrastructure services or ICT Services due to differences in the way that information is recorded e.g. a bulk purchase of laptops is recorded on AIRS as a single item, however, on the ICT records the laptops are recorded separately and allocated to individual users. There is therefore inconsistencies between records held on AIRS and those held by the services. A reconciliation exercise between AIRS and Concerto commenced in 2017/18 but was not completed. There is currently no reconciliation exercise carried out between AIRS and other council records to ensure the fixed asset register is complete.

Action Plan 2

24. A sample of 30 land and property assets from the Concerto system was selected for review to ensure they were appropriately recorded on AIRS. Twenty four assets were found to be complete, two were no longer owned by the Council and one related to a grouping of three assets of which a corresponding entry for two was found. The remaining three were omitted from AIRS.
25. A sample of 25 fleet assets recorded on Tranman were compared with records held on AIRS. Fifteen assets were found to be appropriately recorded on AIRS, two predated the current fixed asset register carrying a net book value (NBV) of zero and two were correctly omitted due to being leased using specific grant funding. The remaining 6 assets could not be reconciled with records held on AIRS due to insufficient information available to match them.
26. Approximately 10% of the random sample from Tranman highlighted inconsistencies in records management. This included the absence or differences in asset reference numbers and variations to descriptions used. Financial services now ensure that vehicle references applied on the Tranman system are consistent with AIRS and vehicle registration numbers are recorded in descriptions where relevant.
27. Purchases of new assets and additions to existing assets are recorded on the Council's general ledger system (Oracle) and information downloaded from Oracle is used to update AIRS at the year end.
28. The omission of a small number of assets from AIRS and those that could not be reconciled does not materially affect the Council's financial statements.

Action Plan 3

29. Financial services are provided with a list of asset disposals from estates and from fleet services at the financial year-end to facilitate updating AIRS. No information is received from roads and infrastructure services as assets are not disposed of and ICT assets are considered to be fully depreciated at the end of the recorded life, any residual value or charges for disposal of ICT assets are revenue and recorded separately in Oracle.
30. A sample of 18 assets recorded as either sold, demolished or as an asset transfer on Concerto were compared with records held on AIRS. All were found to be appropriately recorded on AIRS reflecting their current asset status.
31. A sample of 15 vehicles was also selected for review and these were all found to have been appropriately recorded on AIRS.
32. Twenty five fixed asset acquisitions was selected from Oracle and compared with records held on AIRS. All were found to be accurately recorded.

Items on the Fixed Assets Register correctly reflect completion status, value, depreciation and asset life

33. In compliance with Council policy and procedures, there is a 5 year rolling programme of asset valuations for land and buildings held by the Council. Investment properties, surplus assets, and non-current assets available for sale are valued annually, additionally any assets where spend is over £100k in the year are also revalued, all other asset categories are recorded at historic cost and are not subject to revaluation. There is a service level agreement in place between estates services and financial services which outlines the process to be followed in reaching a valuation decision. Additionally Estates service provide a list of re-valued assets to Financial Services along with copies of the valuation certificates.
34. A sample of 20 assets was selected for review from the valuation lists to ensure that they were scheduled for revaluation in 2020/21. Seventeen assets were identified as due for revaluation on the rolling programme and although not included in the programme, the remaining 3 assets were appropriately revalued due to a change in status. AIRS was appropriately updated to take account of the revaluation for all but one componentised element of an asset, this was an error of transposition and has now been rectified. All revaluations require to be adjusted manually on AIRS as part of the year-end process, this task requires a large volume of input over a very short period of time thus increasing the risk of error. A reconciliation exercise between the general ledger and AIRS is undertaken to mitigate this as it is not possible to automate the process at the current time.
35. The Council has 41 piers and harbours identified as assets and these were considered in terms of revaluation. The RICS Valuation - Global Standards 2017: UK national supplement issued November 2018, effective from 14 January 2019 covering all asset types was reviewed and this states that infrastructure assets should be recorded at historical cost. Piers and harbours are not specifically stated, however, the current practice of recording at historic cost is considered correct and there is no requirement to reflect fair value in the financial statements.
36. Each asset entered to the AIRS system is allocated an asset type which includes the associated expected useful life, however, in exceptional circumstances, where the useful life applied is not considered to be appropriate, this can be overwritten to one of the asset lives outlined in the Treasury Management Strategy Statement approved by Council in February each year. Estates assets with a value greater than £1 million are componentised and this can be clearly seen on the records provided for review.
37. Assets under construction are recorded on AIRS using the value of costs generated to date, additionally, if the asset has been transferred from an operational status, any historic value is also transferred.
38. Throughout the year, project managers are provided with reports detailing assets under construction and expenditure allocated against them, including the status of the asset at the previous year end. A project status update exercise takes place at the year end to establish if any assets under construction should be reclassified as complete.
39. AIRS currently shows 126 assets under construction, 19 of these generated a NBV at the year end and 4 had been reclassified leaving 103 assets with zero NBV and no expenditure recorded throughout 2020/21. Descriptions of 37 assets contained dates of between 2011 and 2015 suggesting that the asset may have been completed and should no longer be recorded as under construction.

40. A sample of 5 assets under construction was selected for review and project managers contacted to confirm the current status, one was ongoing but the remaining four had been completed some time ago and were duplicated in other asset groups on AIRS using different asset reference numbers. There is no financial implication as the NBV of the assets under construction category is zero.

Action Plan 6

41. The fixed asset register (AIRS) was reviewed to assess if depreciation was appropriately applied. There are 4,858 assets recorded in AIRS, four of these were found to have negative NBV totalling £4,321.72, indicating that depreciation had been overcharged however these had been identified and subsequently amended. There is no setting within the AIRS system to alert the user or prevent negative values occurring.

Action Plan 4

42. Revalued assets are not depreciated in the year of valuation but commence the following year in compliance with financial regulations. In the year 2020/21, 203 land and property assets were revalued and from this a sample of 11 buildings and schools selected for review. The values on AIRS were found to have been updated to match the valuation certificates provided by estates services and all accumulated depreciation to date had been written back to allow the assets to re-commence depreciation based on the revised valuation and residual life in 2021/22.
43. Assets with a NBV of £0 have been either transferred, disposed of, are under construction with no in-year expenditure or have already been fully depreciated and are therefore not eligible to be depreciated in 2020/21, 1045 assets fell into this category and were appropriately treated.
44. A total of 862 assets had a positive NBV and were not depreciated, 854 have been treated correctly, one had the wrong asset type allocated, one requires to be written off and three ICT assets with NBVs totalling £2,425k require to be corrected. The smallest of the three ICT assets with a NBV of £20k has never been charged depreciation due to an error and the two larger assets making up the balance stopped charging depreciation in 2018 as the asset lives had expired on the AIRS system. The asset lives required to be updated and a depreciation charge reinstated on both of these assets to provide an accurate NBV for financial reporting purposes. The remaining 3 assets have been correctly categorised as land in AIRS which does not normally require to be depreciated, however, these 3 assets will require future maintenance on the tarmacadam surface and therefore should be depreciated as an indication that future expenditure will be incurred. Guidance is required from the system provider as the land category on AIRS does not facilitate a depreciation charge.
45. The remaining assets were correctly subject to a depreciation charge in 2020/21. As required the charge was correctly written back on 106 of these due to revaluations, and a transfer. One asset depreciation charge incorrectly had not been written back.

Action Plan 5

Fixed Assets are correctly reflected in the Council's general ledger

46. A reconciliation exercise is carried out as part of the annual account preparation process. AIRS records are reconciled to Oracle records, with the gross book value and accumulated depreciation reconciled to the NBV. The reconciliation is reviewed by a senior member of staff

and also by Audit Scotland as part of the external audit, however, there is no evidence that this review has taken place.

Action Plan 7

Appendix 1 – Action Plan

	No	Finding	Risk	Agreed Action	Responsibility / Due Date
Medium	1	<p>System Users</p> <p>One member of staff has retained access to the AIRS for business continuity purposes following a move to a new role within financial services, however there is no periodic review of access rights to AIRS to ensure access remains appropriate.</p>	Users may not have been appropriately authorised to gain access to the system or may retain access to privileged information when no longer required.	Review user access annually during the roll forward process.	Finance Manager 31 March 2022
Medium	2	<p>Fixed Asset Register Reconciliation to Service Records</p> <p>The exercise to reconcile AIRS to Concerto commenced in 2017/18 was not completed, additionally, there has been no reconciliation to other council records to ensure that all assets held by Council services are included on AIRS or removed when no longer in use or held as an asset.</p>	The fixed asset register may be incomplete or contain assets no longer held.	Work with Property Services to complete reconciliation between AIRS and Concerto. Look at other systems within the Council to identify any other opportunities to verify those assets not categorised as Operational Land & Buildings.	Accountant - Capital 31 December 2022
Medium	3	<p>Asset Record Maintenance</p> <p>There are inconsistencies in descriptions when recording Council assets across the various systems and asset references are not always available to aid cross referencing. This results in difficulties reconciling assets held in service records to the fixed asset system AIRS.</p>	Assets held to be recorded on AIRS may be omitted or inaccurately recorded.	Work with Property Services and Fleet to ensure systems record the same assets and refer to references on other systems.	Accountant - Capital 31 December 2022

	No	Finding	Risk	Agreed Action	Responsibility / Due Date
Medium	4	<p>Negative Values</p> <p>There is no setting within AIRS to alert the user that negative values have been calculated and recorded.</p>	Assets may be incorrectly recorded on the fixed asset register.	Procedures will be updated to include annual review to identify and promptly rectify negative values.	Accountant - Capital 30 June 2022
Medium	5	<p>Depreciation Errors</p> <p>2.6% (one of 38) surplus assets has been incorrectly charged depreciation of £427.40 and 0.7% (6 of 862) assets incorrectly had no depreciation charge applied. (Three are ICT assets normally depreciated over five years with net book value (NBV) totalling £2.4m. One was not depreciated in error and two asset lives had expired prior to being fully depreciated resulting in no further depreciation taking place. Three are categorised as land, however, one is an airport runway and two are car parks, all of which require surface maintenance and therefore should be subject to a depreciation charge to reflect the future expenditure requirement.)</p>	Asset values may be incorrectly stated.	Review of depreciation charges annually.	Accountant - Capital 30 June 2022
Low	6	<p>Assets Under Construction</p> <p>The assets under construction category contained 103 assets with zero NBV or expenditure to date, descriptions stated on 37 assets referred to projects dating between 2011 and 2015. Four of five assets reviewed were confirmed as being completed by project managers, however are still recorded as under construction and were also duplicated in AIRS. However, as they carry a NBV of zero there is no impact on the financial statements.</p>	Assets duplicated or incorrectly categorised on the fixed asset register.	Review annually assets under construction to ensure correctly recorded.	Accountant - Capital 30 June 2022

	No	Finding	Risk	Agreed Action	Responsibility / Due Date
LOW	7	<p>Reconciliation of AIRS to General Ledger</p> <p>General Ledger reports are provided at year end to facilitate reconciliation of assets to AIRS. There is no evidence of the reconciliation exercise being reviewed for accuracy by a senior member of staff.</p>	Reconciliations not subject to review prior to inclusion in the financial statements may increase the risk of error.	Reconciliation to be signed off by Finance Manager annually.	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.
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
October 2021
Final

Oban Airport

Audit Opinion: High

	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
2. Objectives and Summary Assessment	4
3. Detailed Findings	6
Appendix 1 – Action Plan	9
Appendix 2 – Audit Opinion	11

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1. Executive Summary

Introduction

1. As part of the 2021/22 internal audit plan, approved by the Audit & Scrutiny Committee in March 2021, we have undertaken an audit of Argyll and Bute Council's (the Council) system of internal control and governance in relation to Oban Airport.
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. Oban Airport is one of three aerodromes operated by the Council, and licensed under Article 211 of the ANO 2009 by the Civil Aviation Authority (CAA). Deemed as a Public Service Obligation (PSO), scheduled services, and scholar flights for island school children, operate from Oban airport to Coll, Colonsay, Islay and Tiree. Additionally, the airport deals with chartered traffic and military flights as well as general aviation traffic such as medevacs, coastguard operations, training flights and scenic tours by private operators.
5. Prior to the grant of a licence and for continued licensing, the CAA requires the Aerodrome Operator to meet the minimum standards detailed in CAP168 Licensing of Aerodromes. CAP 168 sets out the standards required at UK national licensed aerodromes relating to management systems, operational procedures, physical characteristics, assessment and treatment of obstacles, visual aids, rescue and fire-fighting services and medical services.
6. The Oban Airport Aerodrome Manual (the Manual) provides information about the airport, its systems for managing safety and the required operational procedures. The Airport Rescue & Fire Fighting Service (RFFS) manual provides guidance on the agreed policy and procedures designed to achieve an effective and efficient RFFS. Both manuals are derived from CAP168.
7. Oban Airport operate the 'Redkite Equipment Management system' which is used in all UK airports to help ensure they meet the requirements of the CAA in regard to RFFS personnel and equipment.
8. The overall remit of internal audit is to provide assurance over compliance with the 22 airport operating instructions (AOIs) established by the Manual and the further procedures established by the RFFS manual. Our approach, agreed in 2018/19, is to provide this assurance over a five year cyclical basis.

Scope

9. The scope of the audit was to provide assurance over compliance with five of the airport operating instructions (AOIs) established by the Manual and the further procedures established by the RFFS manual as outlined in the Terms of Reference agreed with the Oban Airport Station Manager on 28 September 2021. The operating instructions audited in 2021/22 were:
 - AOI 18 – Recording Aircraft Movements
 - AOI 19 – Accident, Incident & Occurrence Reporting
 - AOI 20 – Aerodrome Ground Maintenance
 - AOI 21 – Unmanned Aircraft Systems
 - AOI 22 – Airport Indemnity

Risks

10. The risks considered throughout the audit were:
 - Audit Risk 1: Failure to comply with operating instructions could result in increased risk of accidents and/or the airport losing its CAA licence

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 high level of assurance. This means that 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.

Recommendations

13. We have highlighted one medium priority recommendation where we believe there is scope to strengthen the control and governance environment. This is summarised below:
 - training should be provided in the use of ground maintenance equipment
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
CO1	The Manual, setting out the operational procedures of the airport, is up to date, appropriate and accessible to all relevant staff.	Audit Risk 1	High	The Manual is updated annually and is available to appropriate officers.
CO2	AOI18 – The airport complies with the operating instructions to record Aircraft movements.	Audit Risk 1	High	Aircraft movements are compiled by the Aerodrome Flight Information Service Officer (AFISO), or during busy periods by another crew member and are recorded appropriately.
CO3	AOI19 – The airport complies with the operating instructions to report accidents, incidents and occurrences.	Audit Risk 1	High	Accidents, incidents and occurrences associated with the operation of an aircraft are reported appropriately internally and externally. All reports are recorded internally on the airport database.
CO4	AOI20 – The airport complies with the ground maintenance programme.	Audit Risk 1	Substantial	Ground maintenance procedures have been designed to ensure there is a system in place to maintain the airfield to a suitable standard. However, no formal training has been provided in the use of ground maintenance equipment.
CO5	AOI21– The airport complies with the Unmanned Aircraft System instructions.	Audit Risk 1	High	Unmanned Aircraft System instructions are in place to ensure there is no interference during normal operation of flights in and out of the airport.
CO6	AOI22 – Procedures and processes are in place to ensure the airport can operate out of hours.	Audit Risk 1	High	An Aircraft Indemnity process is in place to allow the use of the aerodrome out with published operating times.

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

3. Detailed Findings

The Manual, setting out the operational procedures of the airport, is up to date, appropriate and accessible to all relevant staff

17. The Manual is available to all relevant personnel on the Council HUB with a hard copy held onsite at the airport. Each section within the Manual sets out:
- the Council's policy and established procedures to ensure compliance with relevant rules and/or regulations
 - appropriate monitoring arrangements (where applicable)
 - roles and responsibilities of relevant personnel
18. The Manual is reviewed annually by the Station Manager, last updated November 2020. The updated version is submitted to the CAA who have 28 days to highlight any queries on the Manual's content. If no response is received in 28 days then the revised Manual is adopted. The annual review is currently being undertaken.
19. In June 2020, in response to COVID, a guidance manual entitled 'Oban & the Isles Airports – COVID secure procedures' was issued by the Station Manager. It is available on the Council HUB and paper copies are kept in the office.

The airport complies with the operating instructions to record Aircraft movements

20. CAP168 Licensing of Aerodromes requests that all aircraft movements are to be recorded. The following is recorded:
- aircraft type and registration
 - flight number
 - type of flight
 - destination or departure aerodrome
 - time of departure/arrival
 - aircraft operator
 - number of persons on board
21. Aircraft movements are compiled by the Aerodrome Flight Information Service Officer (AFISO), or during busy periods by another crew member. Aircraft movements are recorded appropriately on the airport database.

The airport complies with the operating instructions to report accidents, incidents and occurrences

22. The Aerodrome Safety Management System outlines the principle and purpose of accident and incident reporting. Additionally, there are mandatory requirements for reporting accidents and incidents.
23. The Manual states that the Station Manager is responsible for:
- all incidents are investigated
 - a no blame philosophy is pursued
 - all mandatory reporting procedures are followed in a timely manner
 - radio transmission frequencies (RTF) are retained
 - appropriate steps are taken to circulate the findings of accident/incident investigations

24. The Manual requires the duty AFISO to make verbal and written reports. All reports are recorded internally on the airports database. External reports are made directly to the UK Aircraft Accident Investigation Branch (AAIB). All matters reported to the AAIB/CAA culminate in formal reports which are available to the public and staff.

The Airport complies with the grounds maintenance programme

25. Ground Maintenance procedures are in place to ensure there is a system to maintain the airfield to a suitable standard, incorporating:

- grass cutting
- strimming
- weed and moss control
- perimeter fence maintenance
- egress gate access

26. The Manual states that prior to operating any item of equipment, sufficient training must be carried out on each item and the Station Manager must be satisfied with the competence of the operator before allowing them to operate the equipment. In addition only personnel suitably trained are permitted to use the tractor and attachments.

27. The Manual states that knapsack sprayers must only be used by personnel in possession of the relevant PA1 and PA6 certification, two members of staff currently hold this certification. However, no formal training has been provided in the use of ground maintenance equipment.

Action Plan 1

The airport complies with the Unmanned Aircraft System instructions

28. The use of unmanned aircraft systems/unmanned aerial vehicles (UAS/UAV - drones) is permitted as long as the activity does not interfere with the normal operation of manned flights in and out of the Airport. Strict compliance to the Airport Operating Instruction and the CAP 722 must be adhered to.

29. The Manual states the procedures in place to request to operate a UAV:

- notify the airport to request to operate at least 24 hours before
- airport to issue a NOTAM (Notice to Airmen) and ensure any aircraft in the vicinity is notified
- the operator collects a UHF radio on arrival to the airport. In the event of radio communications failing, light signals may be used and a guide to these are stated in CAP 637
- responsibility for the safe operation of the UAV rests with the operator and insurance must be in place prior to any UAV operation

30. All requests for the use of UAS/UAVs are recorded on the airports database accordingly.

Procedures and processes are in place to ensure the airport can operate out of hours

31. The Airport Indemnity process has been developed to allow use of the aerodromes out-with the published operating times for light non-commercial aircraft on the premise that no provisions

such as RFFS, aerodrome inspections, wildlife hazard or foreign object debris (FOD) checks are available. This places the risk of operating under these conditions on the aircraft user.

32. Indemnity is only currently available to aircraft operators whose maximum take-off weight is less than 2730kg. Commercial activity is not permitted unless specific approval has been granted by Senior Council Management. Safety of life services and military have been given indemnity to operate due to the nature of their roles.

33. Procedures are in place to ensure that:

- the appropriate form is completed
- a valid certificate of insurance is provided
- payment is received in accordance with agreed charges
- a signed permit is issued

Appendix 1 – Action Plan

	No	Finding	Risk	Agreed Action	Responsibility / Due Date
Medium	1	<p>Ground Maintenance</p> <p>The Manual states that prior to operating any item of equipment, sufficient training must be carried out on each item and the Station Manager must be satisfied with the competence of the operator. In addition only personnel suitably trained are permitted to use the tractor and attachments. No formal training has been provided in the use of ground maintenance equipment.</p>	Ground maintenance equipment may not be operated out in line with requirements.	Station Manager will arrange/formulate the records and training packages for the ground equipment and add this to the training manual.	<p>Station Manager/Crew Commanders</p> <p>31 March 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
November 2021
FINAL

Street Cleaning

Audit Opinion: Substantial

	High	Medium	Low	VFM
Number of Findings	1	2	1	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 2021/22 internal audit plan, approved by the Audit & Scrutiny Committee in March 2021, we have undertaken an audit of Argyll and Bute Council's (the Council) system of internal control and governance in relation to Street Cleaning.
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. Street cleaning enhances the physical appearance of the towns and communities in which we live and is carried out across the four administrative areas of Argyll and Bute throughout the year according to planned schedules. This includes manual and mechanical sweeping, litter picking and verge side litter collection.
5. The service operates with a budget of approximately £1.3m for 2021-22 with 23 fulltime and 7 part-time employees as at August 2021, 3 of these are seasonal (temporary). The Council has entered one partnership arrangement with a third sector organisation in Oban which provides funding for one of the seasonal employees.
6. Section 89 of the Environmental Protection Act requires that local authorities keep land and public highways for which they are responsible, so far as is practicable, clear of litter and refuse. The whole road network of the Council area covers 2,300km including both rural and urban areas. The Council's Local Environment Teams and designated street sweepers are responsible for cleaning 182.5 km of urban areas and laybys, additional verge clearing across the road network takes place when a need is identified.
7. Local Environmental Audit and Management System (LEAMS) has been the national performance indicator for street litter cleanliness since 2003/04. It is part of Keep Scotland Beautiful (KSB), a registered charity set up to monitor issues such as litter, dog fouling, fly-tipping, fly-posting and graffiti and in partnership with Scottish Councils was originally developed to help meet obligations under best value using a combination of self and independent monitoring.

8. The Council along with 30 of the 32 Scottish Councils pay an annual fee of approx. £12k to participate in LEAMS and gain access to forums and training. There is a minimum requirement to self-assess a 5% random sample of streets twice yearly with KSB independently assessing a 5% sample annually, the Council completes and submits results from monthly self-assessments. Officers performing the self-assessment are trained by KSB to ensure consistency in assessment criteria across Scotland.
9. The Council operates a system called Environmental Land Manager (ELM) which generates daily work schedules for street cleaning assigned to the Local Environments Teams (LETs) who will record when work is completed to allow progress, and time for completion to be monitored. Work schedules for manual street sweepers in town centres and the mechanical street sweepers are maintained on excel spreadsheets.

Scope

10. The scope of the audit was to review the Council's control environment and compliance with relevant policies and procedures as outlined in the Terms of Reference agreed with the Head of Roads and Infrastructure Services on 15 November 2021.

Risks

11. The risks considered throughout the audit were:
 - **Audit Risk 1:** Failure to comply with established policies and procedures
 - **Audit Risk 2:** Schedules are not reviewed, monitored and updated regularly
 - **Audit Risk 3:** Partnership arrangements are not appropriately managed

Audit Opinion

12. 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.
13. 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

14. We have highlighted one high priority recommendation, two medium priority recommendations, one low recommendation and one value for money recommendation where we believe there is scope to strengthen the control and governance environment. These are summarised below:
 - the arrangement with Oban Business Improvement District (BID) to recover cost of an additional seasonal street sweeper should be formally documented
 - consideration should be given to basing recharges on actual costs and consideration given to whether recharges should be applied to non-income generating car parks

- drivers should be reminded that licences require to be checked twice yearly
- the Manual for refuse collection and street cleansing should be reviewed
- ELM system should be updated consistently across all areas

15. 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

16. 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	The Council has, and complies with, appropriate policies/ procedures in relation to street cleaning.	Audit Risk 1	Substantial	SharePoint site contains an extensive suite of risk assessments, guidance and training resources that are communicated to employees. However, the planned review of the Refuse Collection/Street Cleansing Safety Instructions/Tool Box Talks Manual has not been undertaken.
2	Work is carried out in line with the prepared schedules, is monitored and revised accordingly.	Audit Risk 1 Audit Risk 2	Substantial	Both manual and electronic schedules are well established, however, electronic schedules are not being updated consistently across all areas. Internal recharges are processed for street sweeping of the Council's fee-paying car parks. Mechanical equipment and vehicles undergo a programme of inspection and maintenance regimes. Driver licences require to be checked twice yearly and recorded on Tranman. However, one driver was not recorded on the Tranman system and two driver's licences are overdue to be checked. Performance standards are clearly communicated and evidence through results published annually in Local Environmental Audit and Management System (LEAMS) report.
3	Partnership arrangements are in place and appropriately managed.	Audit Risk 3	Limited	The Council has an arrangement with Oban Business Improvement District (BID) to recover funding for an additional seasonal street sweeper. The street sweeper has been appointed through the Council's recruitment process, however no

				payments have been received and we were unable to obtain a copy of a formal partnership agreement.
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17. Further details of our conclusions against each control objective can be found in Section 3 of this report.

3. Detailed Findings

The Council has, and complies with, appropriate policies/ procedures in relation to street cleaning

18. The service utilises a SharePoint site containing an array of risk assessment documentation, toolbox talk resources and comprehensive safety instructions/tool box talks manual (The Manual) for refuse collection and street cleansing employees. The Manual is issued to new employees as part of the induction process and a hard copy is retained at each depot. A schedule of toolbox talks is prepared annually to ensure employees receive refresher training and any relevant updates.

19. The Manual was first issued in May 2015, revised in May 2018 with a planned review date of May 2021. This review has not been undertaken.

Action Plan 2

20. To ensure compliance with policies and procedures:

- all machinery and equipment used for street cleaning is subject to a programme of maintenance and replacement. The records for the four mechanical street sweepers were reviewed and found to be appropriately maintained, however one had yet to be updated on Tranman. Two of the seven 3.5 tonne tipper vehicles used by LETS were also selected for review and found to be compliant with requirements
- the Council's fleet management system, Tranman contains a record of all maintenance, inspections, services and MOTs (where relevant) for machinery and vehicles, training records and holds driver information records.
- Street sweepers are trained in health and safety and are provided with appropriate personal protective equipment
- street sweepers are trained in the correct operation of machinery and equipment
- street sweepers work very closely with LETs and use of their vehicles when required to travel to work locations not within walking distance. Area supervisors ensure that vehicles are inspected, serviced and MOT'd
- drivers licences are checked twice yearly to ensure they remain valid and cover the correct class of vehicles driven. A review was undertaken of driver licence checks for 11 drivers, 8 were found to be compliant with procedures, 2 licence checks were overdue and one record could not be located on Tranman.

Action Plan 3

21. Complaints are dealt with in accordance with the Council's corporate process and any remedial action is undertaken as required. Street cleaning received two complaints in the last year in respect of street cleaning, both of which were appropriately resolved.

Work is carried out in line with the prepared schedules and this is monitored and revised accordingly

22. Street sweepers are employed to clean town centres using both manual and mechanical equipment. The schedules for work are maintained on spreadsheets and street sweepers are familiar with the schedules. If an additional request for street sweeping is received, the area supervisor will contact the street sweeper by mobile phone to add to the day's tasks.
23. Local Environment Teams (LETs) in each area will assist with street sweeping duties. Schedules for this work are maintained on the Environmental Land Management (ELM) system and communicated to the teams via tablet device.
24. Schedules of work cover weekly and two-weekly cycles and contain the linear length of the street to be swept as well as the estimated duration. There is also a time allowance to account for travel between locations, vehicle and equipment maintenance and administration.
25. Tablet devices are used by LETs onsite to record the GPS location and take photographs to evidence when work is completed, however, use of the tablet device has been temporarily suspended due to Covid-19 and the identified risk of shared use. Area supervisors are updating the ELM system when local environmental teams return from their duties. A random sample of 6 records on the ELM system highlighted that 3 records had not been updated. It is anticipated that the use of tablet devices will be reinstated in the near future.

Action Plan 4

26. Work completed by the town centre street sweepers is not recorded on any system, however is verified by supervisors on a spot-check basis. Additional assurance can be derived from the lack of complaints received and positive findings in the annual Local Environmental Audit and Management System (LEAMS) report published by Keep Scotland Beautiful which is the national performance indicator.
27. Reports generated by ELM are useful and additional information can be extracted from the system to review specific detail. Reports have not been generated recently due to the absence of updates by LETs but are expected to resume upon reinstatement of use of tablet devices.
28. Internal recharges are processed annually to recover costs associated with sweeping of the Council's income generating car parks, however there is no recharge for car parks that do not charge users. In addition the Council charges external organisations for service in respect of street cleaning, however, in the year ending 31 March 2021, there was no income recorded on the Council's general ledger from external organisations.

Action Plan 5

29. The quality standard for street cleanliness is clearly communicated to street sweepers, it is internally assessed monthly by the Council's warden service and annually assessed by KSB. The Key Performance Indicator for litter at assessed sites in the years 2013/14 to 2019/20 results were between 92.2% and 96.1%, however this has fallen to 84.3% in 2020/21 due to Covid-19. The national average for the year is 90.1%. Local Environmental Audit and Management System (LEAMS) publish an annual report, this also forms part of the Council's submission to the Local

Government Benchmarking Framework. Results are also published internally on the Council's Pyramid performance management system.

Partnership arrangements are in place and appropriately managed

30. The Council works in partnership with Oban Business Improvement District (BID) who have agreed to fund an additional seasonal street sweeper employed by the Council. The street sweeper has been appointed through the Council's recruitment process, however no formal agreement is in place and no income from BID has been received.

Action Plan 1

Appendix 1 – Action Plan

	No.	Finding	Risk	Agreed Action	Responsibility / Due Date
High	1	<p>Partnership Agreement</p> <p>Oban Business Improvement District (BID) has agreed to fund an additional seasonal street sweeper employed by the Council. The street sweeper has been appointed through the Council’s recruitment process, however no formal agreement is in place and income from BID has not been received.</p>	The Council may encounter difficulties in recovering the funding for the additional street sweeper.	Formalise arrangements with Oban BID for the funding of the seasonal street sweeper	Tom Murphy April 2022
Medium	2	<p>Safety instructions/tool box talks manual</p> <p>The safety instructions/tool box talks manual for refuse collection and street cleansing was due to be reviewed May 2021, however there is no evidence of the review having been undertaken.</p>	Guidance may not be current.	Review of safety instructions/tool box talks and update if required	Tom Murphy April 2022
Medium	3	<p>Licence Checks</p> <p>Eleven drivers were reviewed on Tranman for licence checks, eight were appropriately recorded, two exceeded the six month review requirement and one driver could not be located on the system.</p>	Drivers may not be appropriately licenced to drive Council vehicles.	Review on Tranman of driver licenses	Tom Murphy End of December 2021
Low	4	<p>Updating of ELM</p> <p>Local Environment Teams (LETs) are not currently using tablet devices to indicate that work allocated has been completed. Supervisors are updating the system in some areas but this is not consistent across the Council.</p>	Inconsistency of practice.	Reintroduce use of handheld devices subject to ongoing Covid restrictions etc. to allow efficient updates to ELM	Tom Murphy July 2022

	No.	Finding	Risk	Agreed Action	Responsibility / Due Date
VFM	5	<p>Recharging for sweeping of Council car parks</p> <p>The Council's income generating car parks are recharged for street sweeping according to information retained in work schedules rather than actual work taking place, additionally the Council's non-income generating car parks are not recharged for sweeping.</p>	Recharges may not be an accurate reflection of work undertaken.	Ensure that timely and accurate recharges are carried out and a system in place to ensure that this is regularly taking place.	Tom Murphy End of 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.

Argyll & Bute Health & Social Care Partnership

Internal Audit Report

October 2021

FINAL

Care Programme Approach

Audit Opinion: Limited

	High	Medium	Low	VFM
Number of Findings	3	1	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	5
Appendix 1 – Action Plan	7
Appendix 2 – Audit Opinion	10

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1. Executive Summary

Introduction

1. As part of the 2021/22 internal audit plan, approved by the Audit & Risk Committee in April 2021, we have undertaken an audit of Argyll & Bute Health & Social Care Partnership's (HSCP) system of internal control and governance in relation to the Care Programme Approach (CPA).
2. The audit was conducted in accordance with the Public Sector Internal Audit Standards (PSIAS) with our conclusions based on discussions with HSCP 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 HSCP.
3. The contents of this report have been agreed with the appropriate HSCP 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. CPA is a system to plan and deliver community mental health services. It was originally developed in 1996 (via a Scottish Office Circular) for use at a local level in Scotland for people with severe and enduring mental health issues. Unlike in England, where adopting CPA is mandatory, the circular simply recommended CPA for use in Scotland.
5. The purpose and aims of CPA are to ensure:
 - clients with mental health issues associated with complex health and social care needs receive ongoing care support
 - structured support for those most in need, or most at risk to themselves and others
 - there is effective multi-disciplinary agency collaboration
 - clients, their families and carers are involved as far as possible with care planning decisions and arrangements
 - systematic arrangements are established for the assessment and management of health and social care needs
 - appointment of a lead care co-ordinator to monitor and co-ordinate care arrangements.
6. The approach requires that, for each client, health and social services assess need, provide a written care plan, allocate a care co-ordinator, and regularly review the plan with key stakeholders in keeping with the National Health and Community Care Act 1990. The care plan should be written down, set out the support the client will receive and who will provide it, and the plan, at a minimum, should be subject to annual review.

Scope

7. The scope of the audit was to ensure that the CPA has been implemented consistently across the HSCP and that processes are being adhered to as outlined in the Terms of Reference agreed with the Head of Adult Services on 18 May 2021.

Risks

8. The risks considered throughout the audit were:
- **HSCP SSR13: Service Delivery** - ineffective leadership and management of services and resources as a result of insufficient progress towards operational integration being made. Services are unable to deliver on the day to day service delivery together with the agreed performance levels and improvements required from the integration of services. This would leave the IJB unable to achieve continuous improvement and to improve the effectiveness and efficiency of service delivery.
 - **Audit Risk 1:** CPA procedures are not established or being complied with.
 - **Audit Risk 2:** Lack of CPA process may impact on care and as a result be a concern in a high risk care episode.

Audit Opinion

9. 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.
10. 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 are at risk. Weakness must be addressed with a reasonable timescale with management allocating appropriate resources to the issues raised.

Recommendations

11. We have highlighted three high priority recommendations and one medium priority recommendation where we believe there is scope to strengthen the control and governance environment. These are summarised below:
- CPA procedures should be agreed and implemented consistently across the HSCP
 - CPA training should be provided to all relevant staff
 - a consistent and secure process for maintaining client records should be implemented
 - Eclipse, the replacement system for Carefirst, should include a CPA identifier category.
12. 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

Exhibit 1 – Summary Assessment of Control Objectives

	Control Objective	Link to Risk	Assessment	Summary Conclusion
1	CPA procedures are in place including robust client assessment processes	SSR13 Audit Risk 1 Audit Risk 2	Limited	There are no agreed CPA procedures, including client assessment processes, to support a consistent approach to CPA across the HSCP. In addition no CPA training has been provided.

2	CPA processes have been consistently implemented and are being complied with	SSR13 Audit Risk 1 Audit Risk 2	None	As there are no CPA procedures we are not able to provide any assurance that CPA processes are being consistently implemented and complied with across the HSCP.
3	Client records are maintained and kept up to date	Audit Risk 1 Audit Risk 2	Limited	Client records are maintained on several systems across the HSCP however there is no consistent agreed approach for recording client records.

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

3. Detailed Findings

CPA procedures are in place including robust client assessment processes

14. CPA protocols and procedures are in place in an NHS facility in Lochgilphead. This includes a CPA information pack for key workers and a CPA guide for service users and clients. However these procedures, including client assessment processes, have not been implemented more widely across the HSCP.

Action Plan 1

15. We contacted Team Leads from Social Work and NHS Highland responsible for CPA across Helensburgh & Lomond (H&L)/Bute and Cowal (B&C)/Oban, Lorne and the Isles (OLI) and Mid Argyll, Campbeltown & Islay (MAKI). Excluding the CPA protocols and procedures provided by the NHS facility in Lochgilphead the other areas confirmed:

- there are no CPA procedures
- no CPA training has been provided
- standard templates for referrals and templates for meetings are available.

Action Plan 2

16. A paper has been submitted to senior management outlining a proposal for a new facilitator and administrator role to support CPA. This will include an element of teaching.

CPA processes have been consistently implemented and are being complied with

17. As there is no national guidance specifically for managing CPA clients in a community setting and there are no internally agreed CPA procedures we are not able to provide any assurance that CPA processes are being consistently implemented and complied with across the HSCP.

Client records are maintained and kept up to date

18. Client records are maintained on several systems across the HSCP. There is no consistent agreed process for maintaining client records, including the recording and sharing of information. Team Leads from Social Work and NHS Highland from across the HSCP confirmed that:

- in one area CPA meeting minutes and CPA records were held on Argyll & Bute Council's network drive

- two areas were unclear how records were stored
- Helensburgh and Lomond's CPA process is provided by West Dunbartonshire HSCP through an established service level agreement.

19. We were provided with a register/tracking spreadsheet of CPA clients for three of the four Council administrative areas, one of which had not been kept up to date. Helensburgh & Lomond work in partnership with West Dunbartonshire HSCP who also provide administrative support for CPA. No CPA register/tracking spreadsheet is maintained by West Dunbartonshire HSCP and West Dumbarton staff do not have access to Carefirst.

Action Plan 3

20. Carefirst, Argyll & Bute Council's client data management system, does not have a specific identifier category for clients on the CPA programme. Carefirst will be replaced by a system Eclipse to be implemented in June 2022. It was noted that not all NHS staff have access to Carefirst.

Action Plan 4

Appendix 1 – Action Plan

	No	Finding	Risk	Agreed Action	Responsibility / Due Date
High	1	<p>CPA Procedures</p> <p>There are no agreed CPA written procedures, including client assessment processes, to ensure a consistent approach to CPA service provision across the HSCP.</p>	Lack of consistency in service provision.	<p>Processes and procedures will be developed across Argyll & Bute to improve consistency and ensure service provision is appropriate across the region.</p> <p>This is subject to the recruitment of key posts within the service which are currently vacant.</p>	<p>Consultant Nurse</p> <p>30 June 2022</p>
High	2	<p>CPA Training</p> <p>There is no programme of CPA training available to relevant HSCP staff to ensure a consistent approach to CPA service provision across the HSCP.</p>	Lack of consistency in service provision.	A training programme will be developed once key service staff are recruited.	<p>Service Manager</p> <p>30 September 2022</p>

High	3	<p>Client Records</p> <p>There is no consistent agreed process for maintaining client records, including the recording and sharing of information.</p>	Potential breach of the UK General Data Protection Regulation (GDPR).	HSCP expect to transition to new Eclipse system. Implementation of the new system and associated processes and procedures will address this recommendation and the Data Officer will be involved in the development of processes and procedures.	Service Manager / Eclipse Project Manager 30 June 2022
Medium	4	<p>Carefirst</p> <p>Carefirst does not have a specific identifier category for clients on the CPA programme. Carefirst will be replaced by the system Eclipse system in June 2022.</p>	Unable to identify clients on the CPA programme.	Service is moving to Eclipse on June 2022, an identifier category will be included.	Service Manager / Eclipse Project 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:

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Appendix 2 – Audit Opinion

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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 & Bute Council

2020/21 Annual Audit Report



 AUDIT SCOTLAND

Prepared for the Members of Argyll & Bute Council and the Controller of Audit

December 2021

Contents

Key messages	3
1. Audit of 2020/21 annual accounts	5
2. Financial management	14
3. Financial sustainability	19
4. Governance and transparency	23
5. Best Value	25
Appendix 1	28
Appendix 2	31
Appendix 3	35
Appendix 4	36

Key messages

2020/21 annual accounts

- 1** We recognise that the entire 2020/21 financial year has been characterised by the significant impact of the Covid-19 pandemic which created additional challenges for both Council and audit staff alike. As a result of this, the statutory deadline to publish the audited 2020/21 annual accounts was revised to 30 November 2021.
- 2** The Council prepared its annual accounts for the year within agreed timescales and the accounts and associated working papers have been prepared to a high standard.
- 3** Our audit identified a number significant adjustments that impacted on the Council's Group Accounts both for the current year, 2020/21 and also the prior year comparative figures. Additionally, other less significant adjustments were identified relating to the accounting treatment of IJB monies, Personal Protective Equipment (PPE), Covid-19 Testing Kits and the classification of investments. All of these adjustments have been corrected in the financial statements.
- 4** Following the correction of these adjustments, our audit opinions on the annual accounts of the Council and its group are unmodified and confirm that the 2020/21 Financial Statements present a true and fair view of the financial activities of the Council and its Group. Similarly, our audit opinions on the eight section 106 charities administered by the Council are also unmodified.

Financial management

- 5** The Council reported a surplus of £0.2 million, but the Covid-19 pandemic had a significant impact on the 2020/21 financial year. This included £5.5 million of additional gross expenditure on Covid-19 activities and £6.2 million as a result of loss of income.
- 6** There has been a significant increase in the level of General Fund reserves as a result of Covid-19 funding received for future periods. Overall earmarked reserves increased by £28.5 million of which £13.5 million was set aside for Covid-19 related activity.
- 7** The Council has appropriate and effective financial management arrangements in place that allow members and officers to scrutinise financial performance effectively.

Financial sustainability

- 8 Medium-term financial plans have been developed for the period 2022/23 to 2026/27 and the Council has identified a cumulative budget deficit of £23.3 million over this period. As part of its financial planning, the Council continues to explore savings proposals and service redesign options.
- 9 A revised Medium to Long-Term Financial Strategy was presented to and endorsed by the Policy and Resources Committee in August 2021. The strategy covers the period 2021/22 to 2030/31. This supports the five-year rolling financial plan (Budget Outlook).

Governance and transparency

- 10 The Council has appropriate governance arrangements in place. We recognise that in responding to the Covid-19 pandemic the Council revised its governance arrangements. The new arrangements are appropriate and support good governance and accountability.
- 11 There is effective scrutiny, challenge and informed decision-making.

Best Value

- 12 Despite the challenging operating environment, the Council has made good progress in addressing the BVAR recommendations.
- 13 The Council's performance management arrangements remained effective during the Covid-19 pandemic.

1. Audit of 2020/21 annual accounts

The principal means of accounting for the stewardship of resources and performance.

Main judgements

We recognise that the entire 2020/21 financial year has been characterised by the significant impact of the Covid-19 pandemic which created additional challenges for both Council and audit staff alike. As a result of this, the statutory deadline to publish the audited 2020/21 annual accounts was revised to 30 November 2021.

The Council prepared its annual accounts for the year within agreed timescales and the accounts and associated working papers have been prepared to a high standard.

Our audit identified a number significant adjustments that impacted on the Council's Group Accounts both for the current year, 2020/21 and also the prior year comparative figures. Additionally, other less significant adjustments were identified relating to the accounting treatment of IJB monies, Personal Protective Equipment (PPE), Covid-19 Testing Kits and the classification of investments. All of these adjustments have been corrected in the financial statements.

Following the correction of these adjustments, our audit opinions on the annual accounts of the Council and its group are unmodified and confirm that the 2020/21 Financial Statements present a true and fair view of the financial activities of the Council and its Group. Similarly, our audit opinions on the eight section 106 charities administered by the Council are also unmodified.

Our audit opinions on the annual accounts are unmodified and signed before the statutory deadline

1. As a result of the continuing impact of Covid-19, the submission deadline for Local Government audited 2020/21 annual accounts has been set at 30 November 2021. The unaudited 2020/21 accounts for Argyll & Bute Council (the Council) and its group were approved by the Council in June 2021. Following completion of our work the audited accounts were considered by the Audit and Scrutiny Committee on 24 November 2021 and approved by the Council on 25 November 2021. We also issued our independent auditors report on 25 November 2021. As we reported in our independent auditor's report:

- the financial statements give a true and fair view in accordance with applicable law and the 2020/21 Code 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
- the audited part of the remuneration report, management commentary and the annual governance statement were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance.

The Covid-19 pandemic had a limited impact on audit evidence

2. Covid-19 continues to present challenges for the audit of the annual accounts, both for the Council's finance team and our audit team. The working papers provided by management to support the accounts were comprehensive and the finance staff continued to deliver their high standards of professionalism and support to the audit team which helped ensure a smooth audit process.

Our audit opinions on the eight Section 106 charities were unmodified

3. Due to the interaction of section 106 of the Local Government in Scotland Act 1973 with the charities' legislation, a separate independent auditor's report is required for the statement of accounts of each registered charity where members of Argyll & Bute Council are sole trustees, irrespective of the size of the charity.

4. We received the charities' accounts in line with the agreed timetable and after completing our audit we reported in the independent auditor's reports that the:

- financial statements give a true and fair view of the section 106 charity's financial position and are properly prepared in accordance with charities legislation; and
- trustees' annual report is consistent with the financial statements and prepared in accordance with proper accounting practices.

5. These were considered by the Audit and Scrutiny Committee on 24 November 2021, approved by the Council on 25 November 2021 and signed by the statutory deadline of 30 November.

6. Our audit opinions on the eight Section 106 charities are unmodified.

There were no objections raised to the annual accounts

7. The Local Authority Accounts (Scotland) Regulations 2014 required the Council to give public notice for inspection and objection of the 2020/21 unaudited annual accounts by 28 June 2021. The public notice was published on the Council website on 7 June 2021 meaning the Council complied with the regulations.

8. We have not received any objections to the Council's 2020/21 annual accounts.

Work on the assurance statement for the Whole of Government Accounts has been delayed

9. Work on the assurance statement for the Whole of Government Accounts has been delayed. HM Treasury has communicated that the forms required for bodies to complete their Whole of Government Accounts (WGA) submission will not be available until December 2021.

10. Management have therefore been unable to populate their submission. Our work on Argyll and Bute Council's WGA submission will commence when it is available for audit.

Overall materiality

11. We apply the concept of materiality in both planning and performing the audit and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report. We identify a benchmark on which to base overall materiality, such as gross expenditure, and apply what we judge to be the most appropriate percentage level for assessing materiality values.

12. The determination of materiality is based on professional judgement and is informed by our understanding of the entity and what users are likely to be most concerned about in the annual accounts. In assessing performance materiality, we have considered factors such as our findings from previous audits, any changes in business processes and the entity's control environment including fraud risks.

13. Our initial assessment of materiality for the annual accounts was carried out during the planning phase of the audit. This was reviewed and revised on receipt of the unaudited annual accounts and is summarised in [Exhibit 1](#).

Exhibit 1 Materiality values

Materiality level	Planning materiality (£)	Revised materiality (£)
Overall materiality	6.0 million	£5.9 million
Performance materiality	4.2 million	£4.1 million
Reporting threshold	£250 thousand	£250 thousand

Source: Audit Scotland

Our work has addressed the risks of material misstatement identified in our Annual Audit Plan

14. [Appendix 2](#) provides a summary of the risks of material misstatement in the annual accounts and any wider audit dimension risks identified in our Annual Audit Plan presented to the Audit and Scrutiny Committee in June 2021. These risks influence our overall audit strategy, the allocation of staff resources to the audit and indicate how the efforts of the team were directed. The appendix identifies the work we undertook to address these risks and our conclusions from this work.

Significant findings from the audit – all identified misstatements have been corrected in the accounts

15. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices covering accounting policies, accounting estimates and financial statements disclosures.

16. The significant findings are summarised in [Exhibit 2](#) and [Exhibit 3](#).

Exhibit 2

Significant findings from the audit of the financial statements

Issue	Resolution
<p>1. Group Accounts – Live Argyll Gross Income and Expenditure Classification</p> <p>Live Argyll is a wholly owned subsidiary of Argyll and Bute Council and is consolidated within the group accounts on a line-by-line basis.</p> <p>Gross income (£6.6 million) and gross expenditure (£5.8 million) for Live Argyll was incorrectly disclosed on the associates and joint ventures line of the Comprehensive Income and Expenditure Statement (CIES) in the 2020/21 unaudited annual accounts. This should have been disclosed on the commercial services line of the CIES.</p> <p>The impact of this is to increase the gross income and gross expenditure for commercial services by £6.6 million and £5.8 million respectively whilst decreasing gross income and gross expenditure for associates and joint ventures by the same amount. This has no impact on the outturn position.</p>	<p>This was corrected in the audited annual accounts.</p>

Issue	Resolution
<p>2. Group Accounts – Live Argyll Management Fee</p> <p>In the year to 31 March 2021, Argyll and Bute Council provided funding of £3.8 million to Live Argyll to enable the charity to carry out its charitable objectives. Accounting standards require intra-group transactions to be removed for consolidation purposes. The Council did not remove this transaction when preparing its Group Accounts.</p> <p>The impact of this is to decrease commercial services gross income and gross expenditure in the CIES by £3.8 million. This has no impact on the outturn position.</p>	<p>This was corrected in the audited annual accounts.</p>
<p>3. Group Accounts – Integration Joint Board Balances</p> <p>Argyll and Bute Council and NHS Highland are required to treat the Integration Joint Board (IJB) as a Joint Venture in their annual accounts and recognise a share of the overall surplus or deficit of the IJB for the year as well as a share of its net assets or liabilities at the year-end.</p> <p>The Council did not include their share of the IJB surplus for the year (£3.0 million) and net assets at the year-end (£3.3 million) in their Group Accounts.</p> <p>The impact of this is to increase associates and joint ventures gross income on the CIES by £3.0 million and increase investments in associates and joint ventures on the Balance Sheet by £3.3 million.</p>	<p>This was corrected in the audited annual accounts.</p>
<p>4. Group Accounts – Associates Gross Income and Gross Expenditure</p> <p>Dunbartonshire and Argyll & Bute Valuation Joint Board (DABVJB), Strathclyde Partnership for Transport (SPT) and Strathclyde Concessionary Travel Scheme Joint Committee (SCTSJC) are accounted for as associates in Argyll & Bute Council's Group Accounts. Under accounting standards, the Council is required to include the results of the above organisations as "associates" because it has "significant influence" over their financial and operating policies.</p> <p>The Council accounted for its share of its associates' surplus or deficit for the year on a net basis when they should have accounted for them on a gross basis in line with how they present the CIES in their Group Accounts.</p> <p>The impact of this is to increase associates and joint ventures gross income and gross expenditure in the CIES by £2.5 million. This has no impact on the outturn position.</p>	<p>This was corrected in the audited annual accounts.</p>

Issue	Resolution
<p>5. Group Accounts – Associates Assets and Liabilities</p> <p>The Council accounted for its share of its associates' assets and liabilities at the year-end on a net basis when they should have accounted for them on a gross basis in line with how they present the Balance Sheet in their Group Accounts.</p> <p>The impact of this is to increase current assets by £2.5 million, increase current liabilities by £0.4 million, increase long-term liabilities by £0.6 million and decrease long-term assets by £1.5 million. This has no impact on the outturn position.</p>	<p>This was corrected in the audited annual accounts.</p>
<p>6. IJB Monies</p> <p>The Council accounted for £2.4 million of IJB monies as an earmarked reserve in their 2020/21 unaudited annual accounts. This should have been accounted for as a creditor on the Balance Sheet.</p> <p>It is recognised that the treatment of these monies in the unaudited accounts was consistent with the general principle of prior year disclosures. This is the first year that the Council has held material earmarked reserves for the IJB at the year-end and is due predominantly to COVID funding made available by the Scottish Government which can be carried forward into 2021/22.</p> <p>The impact of this was to increase gross expenditure on the CIES by £2.4 million and increase creditors on the Balance Sheet by the same amount.</p>	<p>This was corrected in the audited annual accounts.</p>
<p>7. PPE and Testing Kits</p> <p>National Services Scotland (NSS) has been supplying PPE to Scottish Health Boards free of charge. LASAAC are aware that the Scottish Government has advised boards that, where it is health board staff that are consuming the PPE, the boards are the 'customer' in terms of IFRS 15. This will mean that they are required to account for the PPE as principal which entails recognising a non-cash amount at fair value and an equivalent amount of notional expenditure. NSS has provided bodies with the necessary financial information to complete the accounting entries required. LASAAC has become aware from practitioners and Audit Scotland that this should also be a consideration for councils and Integration Joint Boards (IJBs) where NSS has supplied PPE free of charge.</p> <p>LASAAC takes the view that the IJB is acting as an agent regarding PPE transactions and therefore does not recognise any income, expenditure, or stocks of PPE.</p>	<p>This was adjusted in the audited annual accounts.</p>

Issue	Resolution
<p>Councils issue stocks of PPE to internal staff and external providers of services. Where councils are issuing PPE to internal staff, LASAAC considers that they are likely to be acting as a principal as defined in paragraph 2.6.2 of the Code and should recognise income and expenditure in accordance with this guidance. Where issuing to external providers, they are likely to be acting as an agent.</p> <p>For Argyll and Bute Council, the total PPE and Testing Kits issued by NSS equate to £2.6 million and the Council have taken the view that they are acting as principal for the full amount. The LASAAC guidance and confirmation of balances from NSS were not finalised at the time the unaudited accounts were authorised for issue.</p> <p>The impact of this is to increase both other non-departmental costs gross income and gross expenditure on the CIES by £2.6 million. This has no impact on the outturn position.</p>	
<p>8. Investments Classification</p> <p>Investments are split on the Balance Sheet between long-term investments and short-term investments. Our audit identified that there were three investments equating to £17.5 million which had been incorrectly accounted for as short-term investments and should have been accounted for as long-term investments.</p> <p>The impact of this was to increase long-term investments on the Balance Sheet by £17.5 million and decrease short-term investments by the same amount. This has no impact on the outturn position.</p>	<p>This was corrected in the audited annual accounts.</p>
<p>9. Charitable Trusts - Oban Common Good Fund Depreciation</p> <p>The depreciation charge for the swimming pool included in the Oban Common Good Fund accounts had incorrectly charged depreciation of £19,250 on the land element.</p> <p>The impact of this is to decrease expenditure on the Statement of Financial Activities by £19,250, increase tangible fixed assets and restricted funds on the Balance Sheet by £19,250 and decrease depreciation charged in the Statement of Cash Flows by £19,250.</p>	<p>This was corrected in the audited annual accounts.</p>

17. As outlined in our significant findings per [Exhibit 3](#) below, there were a number of adjustments to the prior period figures for Group Accounts. The net impact of these changes was to increase the surplus on the CIES by £0.1 million and increase the net assets on the Balance Sheet by £0.3 million.

Exhibit 3

Significant findings from the audit of the financial statements relating to prior period adjustments

Issue	Resolution
<p>1. Group Accounts – Live Argyll Gross Income and Expenditure Classification</p> <p>Gross income (£6.5 million) and gross expenditure (£7.1 million) for Live Argyll was incorrectly disclosed on the associates and joint ventures line of the Comprehensive Income and Expenditure Statement (CIES) in the 2019/20 audited annual accounts. This should have been disclosed on the commercial services line of the CIES.</p> <p>The impact of this is to increase the gross income and gross expenditure for commercial services by £6.5 million and £7.1 million respectively whilst decreasing gross income and gross expenditure for associates and joint ventures by the same amount. This has no impact on the outturn position.</p>	<p>This was corrected in the audited annual accounts.</p>
<p>2. Group Accounts – Live Argyll Management Fee</p> <p>In the year to 31 March 2020, Argyll and Bute Council provided funding of £3.6 million to Live Argyll to enable the charity to carry out its charitable objectives. Accounting standards require intra-group transactions to be removed for consolidation purposes. The Council did not remove this transaction when preparing its Group Accounts.</p> <p>The impact of this is to decrease commercial services gross income and gross expenditure in the CIES by £3.6 million. This has no impact on the outturn position.</p>	<p>This was corrected in the audited annual accounts.</p>
<p>3. Group Accounts – Integration Joint Board Balances</p> <p>The Council did not include their share of the 2019/20 IJB surplus for the year (£0.1 million) and net assets at the year-end (£0.3 million) in their Group Accounts.</p> <p>The impact of this is to increase associates and joint ventures gross income on the CIES by £0.1 million and increase investments in associates and joint ventures on the Balance Sheet by £0.3 million.</p>	<p>This was corrected in the audited annual accounts.</p>

Issue	Resolution
<p>4. Group Accounts – Associates Gross Income and Gross Expenditure</p> <p>The Council accounted for its share of its associates' surplus or deficit for the year ended 31 March 2020 on a net basis when they should have accounted for them on a gross basis in line with how they present the CIES in their Group Accounts.</p> <p>The impact of this is to increase associates and joint ventures gross income and gross expenditure in the CIES by £2.6 million. This has no impact on the outturn position.</p>	<p>This was corrected in the audited annual accounts.</p>
<p>5. Group Accounts – Associates Assets and Liabilities</p> <p>The Council accounted for its share of its associates' assets and liabilities as at 31 March 2020 on a net basis when they should have accounted for them on a gross basis in line with how they present the Balance Sheet in their Group Accounts.</p> <p>The impact of this is to increase current assets by £2.4 million, increase current liabilities by £0.4 million, increase long-term liabilities by £0.6 million and decrease long-term assets by £1.4 million. This has no impact on the outturn position.</p>	<p>This was corrected in the audited annual accounts.</p>

Source: Audit Scotland

Other findings

Our audit identified several presentational and disclosure issues which were discussed with management. These were adjusted and reflected in the audited annual accounts. This is normal audit practice and none of the presentational changes have any impact on the Council's outturn for the year.

Good progress was made on prior year recommendations

18. The Council has made good progress in implementing our prior year audit recommendations. For actions not yet implemented, revised responses and timescales have been agreed with management, and are set out in [Appendix 1](#).

2. Financial management

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

Main judgements

The Council reported a surplus of £0.2 million, but the Covid-19 pandemic had a significant impact on the 2020/21 financial year. This included £5.5 million of additional gross expenditure on Covid-19 activities and £6.2 million as a result of loss of income.

There has been a significant increase in the level of General Fund reserves as a result of Covid-19 funding received for future periods. Overall earmarked reserves increased by £28.5 million of which £13.5 million was set aside for Covid-19 related activity.

The Council has appropriate and effective financial management arrangements in place that allow members and officers to scrutinise financial performance effectively.

Budget processes were appropriate and effective

19. Senior management and members receive regular and accurate financial information on the Council's performance against budgets. These reports allow officers and members to scrutinise financial performance effectively throughout the year.

The Council reported a surplus of £0.2 million, but the Covid-19 pandemic had a significant impact on the 2020/21 financial year

20. The impact on public finances of the Covid-19 pandemic 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.

21. The Covid-19 pandemic had a significant impact on the Council's 2020/21 budget. The Council approved a balanced budget in February 2020. The budget was revised throughout 2020/21 to adjust for additional spend and additional funding arising due to the Covid-19 pandemic.

22. Pressures arising in 2020/21 as a result of the Covid-19 pandemic included £5.5 million of additional gross expenditure on Covid-19 activities and £6.2 million as a result of loss of income.

23. The performance against budget for financial year 2020/21, after adjusting for transfers to earmarked reserves was an overall underspend of £0.2 million. The Council received specific funding for Covid-19 purposes. A total of £13.5 million was not utilised and carried forward as earmarked reserves.

There has been a significant increase in the level of General Fund balance as a result of Covid-19 funding received for future periods

24. One of the key measures of the financial health of a body is the level of reserves held. The level of General Fund balance held by the Council increased from £49.7 million in 2019/20 to £78.2 million in 2020/21.

25. The Council reviews the level of its uncommitted general fund balance when setting the budget each year. The Council has agreed to hold a contingency balance equivalent to 2% of the Council Budget and this amounts to £5.0 million. The remaining unallocated General Fund balance amounts to £1.3 million.

26. The remaining £71.9 million of general fund balance was earmarked for specific purposes approved by the Council. The main increases in 2020/21 related to:

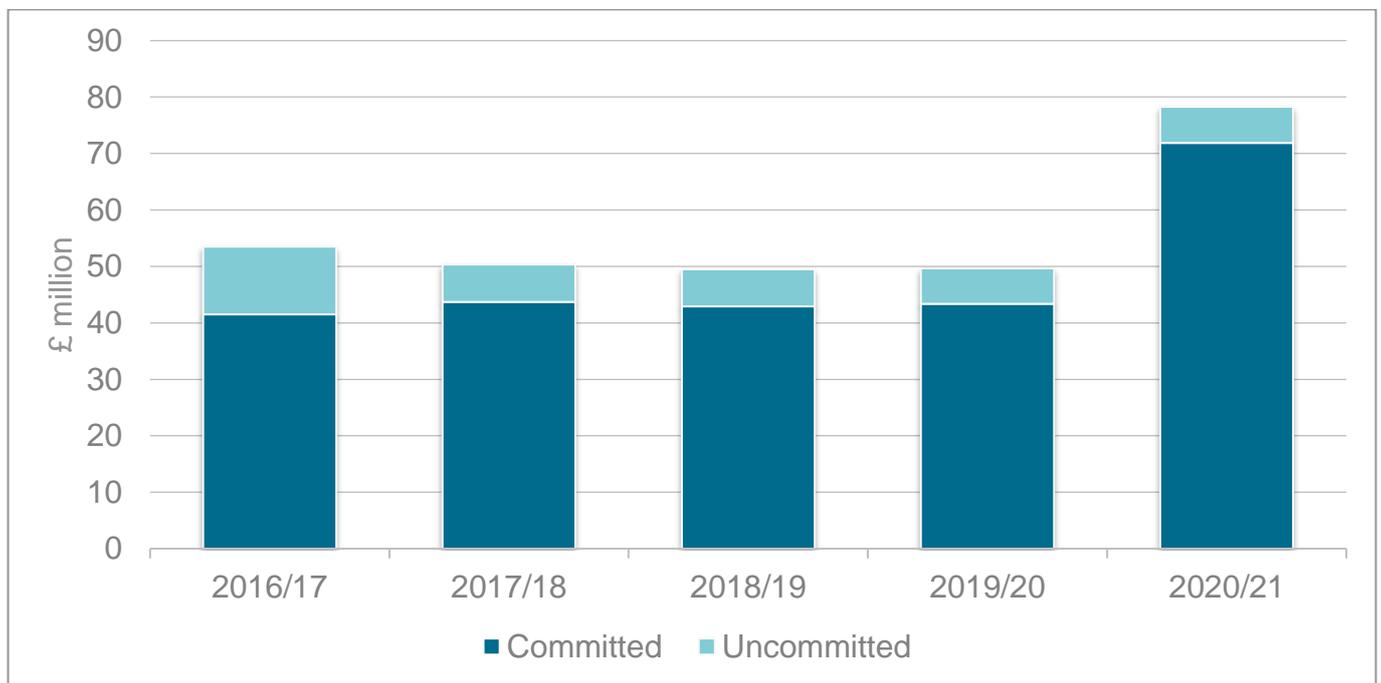
- £13.5 million specifically for Covid-19 recovery
- £5.1 million for unspent third-party contributions
- £7.5 million for unspent budget carried forward.

27. The increased reserves position in 2020/21 is likely to be temporary due expected future expenditure on pandemic recovery and other planned expenditure. It is essential that the Council recognises the non-recurring nature of such reserves and take steps to ensure they are used effectively and in line with Council strategy and strategic objectives.

28. [Exhibit 4](#) provides an analysis of the general fund balance over the last five years split between committed and uncommitted reserves showing the significant increase in 2020/21.

Exhibit 4

Analysis of general fund balance



Source: Argyll and Bute Council Annual Accounts

Planned budget savings were largely achieved

29. The 2020/21 budget included savings split across a large number of policies and services. The Council has a history of meeting its savings targets and continued this in 2020/21. Budget savings of £2.8 million were agreed for 2020/21. There were further savings agreed in prior years which had to be delivered in 2020/21 totalling £1.5 million. In total £3.3 million (77 per cent) of the overall target of £4.3 million was delivered in 2020/21.

30. The remaining £1.0 million of budgeted savings which were not realised in year were met from other service level underspends to contribute to an overall outturn surplus of £0.2 million.

The Council delivered the majority of its capital programme in 2020/21

31. Total capital expenditure in 2020/21 was £16.2 million compared to the annual adjusted budget of £16.6 million. There was slippage of £0.4 million including a number of under and overspends within the outturn position. The largest overspend was £0.6 million relating to the CHORD Programme. The largest underspend of £0.4 million related to the Primary Schools asset sustainability programme.

32. In total there are 155 projects within the Capital Plan. As at 31 March 2021, 127 of these projects were complete or on track. Slippage has occurred across

many different projects often as a result of issues arising from the pandemic. For example, supply chain delays, changes to project scope and labour shortages at contractors.

Financial systems of internal control have been designed and implemented appropriately

33. We obtained an understanding of the Council's key financial systems to identify the key financial controls and assess their design and implementation.

34. The majority of Council finance staff switched to remote working during 2020/21 in response to the pandemic. We noted that, despite the change to the working environment, the underlying processes could be delivered in largely the same way as previously. This is a testament to the dedication of Council staff and the robustness of the processes in place.

35. One minor issue was highlighted from our process work relating to the Accounts Receivable system. This related to segregation of duties regarding the processing of invoices and credit notes. Management actions were agreed, and no related issues were identified from our annual accounts audit work.

36. Overall, we concluded that financial systems of internal control have been designed and implemented appropriately.

The Council administered Covid-19 support grants on behalf of the Scottish Government

37. The Council administered the distribution of Covid-19 support grants on behalf of the Scottish Government, for example business grants. The total value of grants issued in 2020/21 where the Council was acting as an agent was £66.9 million.

38. As described in the management commentary of the Council's Annual Accounts, these grants were judged to be on an agency basis meaning that they are not included within the Comprehensive Income and Expenditure Statement.

39. The Council agreed to provide an enhanced disclosure for Agency services. A note for detailing income and expenditure on an agency basis was included at Note 8 to the accounts.

Internal audit

40. As a result of the Covid-19 pandemic a significant revision to the 2020/21 Internal Audit Plan was approved by the Audit and Scrutiny Committee in September 2020 to redeploy audit staff to priority tasks required to support the Council's response to the pandemic. This resulted in six audits being removed from the plan. The revision of the plan did not affect the Chief Internal Auditor's ability to provide an opinion on the Council's systems of governance and internal control.

41. During 2020/21, four of the sixteen audit reports presented to the Audit and Scrutiny Committee had an overall audit opinion of 'limited' assurance. These audits are listed below:

- Disaster recovery planning
- Warden services
- Special investigation into school funds
- Legionella improvement plan.

42. For each of these reports, an action plan has been agreed with Management and progress against their delivery is monitored by Internal Audit. More generally a formal system is in place within the Council to follow-up audit recommendations and report progress to Senior Management and the Audit and Scrutiny Committee on a regular basis.

Standards of conduct and arrangements for the prevention and detection of fraud and error were appropriate

43. The Council is responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption. Furthermore, it is responsible for ensuring that its affairs are managed in accordance with proper standards of conduct by putting effective arrangements in place. We assessed these to ensure that they were appropriate, readily available to staff and are regularly reviewed to ensure they remain relevant and current.

44. In addition, we have reviewed the arrangements in place to maintain standards of conduct including the Counter Fraud Strategy and Whistleblowing policy. There are established procedures for preventing and detecting breaches of these standards including instances of corruption.

45. During 2020/21, the Council invested in additional capacity to establish a new counter fraud team as part of a two-year pilot. The new team works alongside internal audit to ensure there is cross team learning and sharing of knowledge and insights.

3. Financial sustainability

Financial sustainability looks forward to the medium and long term to consider whether the Council is planning effectively to continue to deliver its services or the way in which they should be delivered.

Main judgements

Medium-term financial plans have been developed for the period 2022/23 to 2026/27 and the Council has identified a cumulative budget deficit of £23.3 million over this period. As part of its financial planning, the Council continues to explore savings proposals and service redesign options.

A revised Medium to Long-Term Financial Strategy was presented to and endorsed by the Policy and Resources Committee in August 2021. The strategy covers the period 2021/22 to 2030/31. This supports the five-year rolling financial plan (Budget Outlook).

The Council agreed a balanced budget for 2021/22

46. The financial impact of the pandemic on the Council is likely to extend across several years and could include a reduction in income from business rates and council tax as well as a reduction in fees and charges from, for example, piers and harbours income and car parking income.

47. The Council agreed its 2021/22 budget in February 2021. An initial budget deficit of £0.2 million was identified prior to measures outlined below to balance the budget.

48. The measures approved by the Council to balance the budget resulted in a budgeted surplus of £3.1 million (prior to considering the impact of Covid-19) and included:

- General inflationary increase to fees and charges resulting in £0.3 million of additional income
- New management/operational savings amounting to £2.1 million
- New policy savings options amounting to £0.7 million
- The Council also agreed to transfer £3.0 million of revenue to support the Capital Plan.

49. The Council have monitored the financial impact of Covid-19 on its business including the impact on expenditure and loss of income. Estimations of future

cost pressures were regularly reviewed and considered to reflect changes in national restrictions and the impact they had on service delivery. The Council agreed to fund £5.1 million of revenue costs pressures within 2021/22.

50. The Council have recognised that uncertainty remains over the level and duration of Covid-19 related spending pressures and a further sum of £2.5 million was set aside for Covid-19 revenue challenges beyond 2021/22.

51. At the budget setting meeting in February 2021, the Council agreed to establish a Recovery and Renewal Fund, allocating an initial sum of £0.9 million. The purpose of this fund is to support future recovery, regeneration and renewal activity to address the impact of the Covid-19 pandemic. Further funds of £1.2 million have been allocated to this fund to reflect the Council's share of additional non-recurring General Revenue Grant Funding.

The Council are forecasting an overspend of £0.6 million on their revenue budget for 2021/22

52. The most recent financial monitoring reports were presented to the Policy Resources Committee in October 2021. As at the end of August 2021 there was a year to date overspend of £1.5 million and a forecast year-end overspend of £0.6 million.

53. The year-to-date variances mainly relate to the timing of income and expenditure, recharging of costs to capital and the impact of Covid-19. The forecast overspend as at the end of August 2021 results from projecting Social Work activity which has arisen from a higher than anticipated level of demand for services combined with forecast slippage on the delivery of agreed savings.

The Council has continued to monitor the impact of Covid-19 on its financial position

54. The Council monitored the impact of Covid-19 on the Council's financial position throughout 2020/21. This included forecasting the impact the pandemic would have in 2021/22 based on a range of assumptions and the information available at the time. Assumptions were regularly reviewed as national restrictions changed and the impact on costs and lost income became clearer.

55. The report taken to the October 2021 meeting of Policy and Resources Committee provided an update on the projected impact of the Covid-19 pandemic on the Council's revenue and capital budgets and the current position of Covid-19 funding.

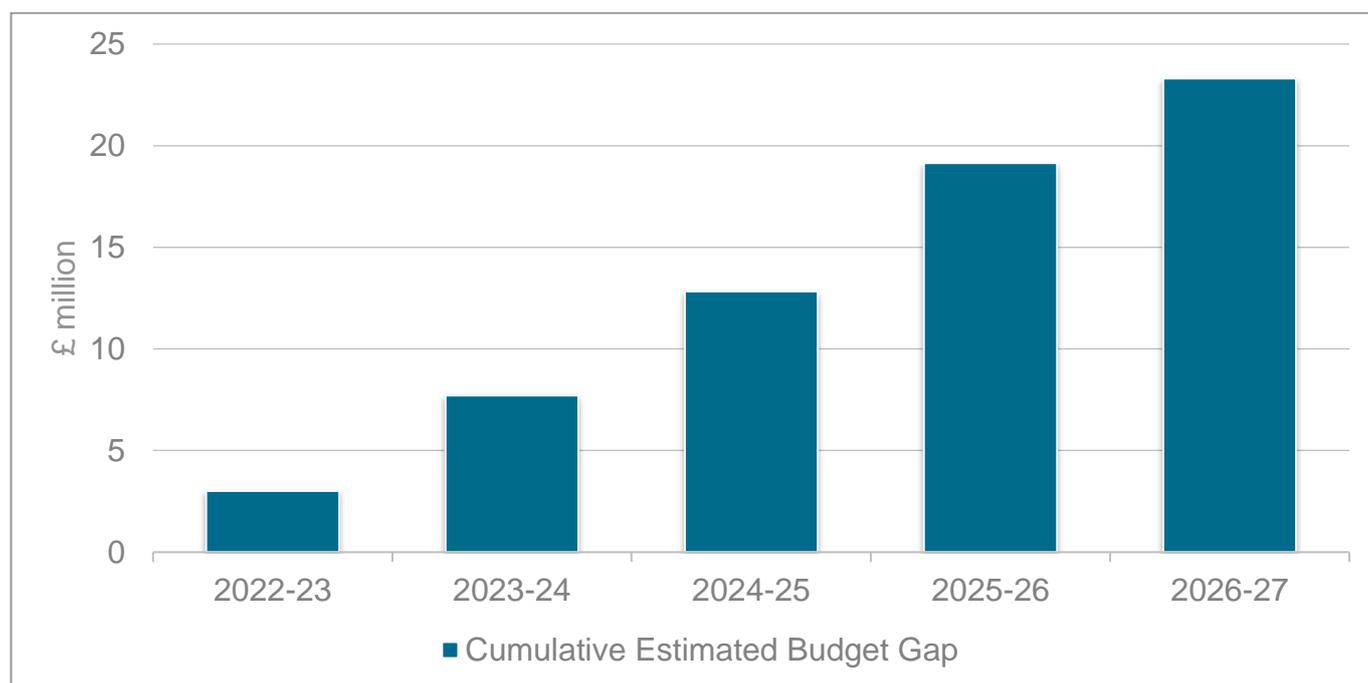
56. The impact of Covid-19 is continuously monitored by officers and updates are reported to the Policy and Resources Committee.

The longer-term financial challenges that existed prior to the pandemic remain and Covid-19 adds additional pressure and uncertainty

57. The Council produces a five-year rolling financial plan (Budget Outlook 2022/23 to 2026/27). This plan is a 'live' document and is revised each year following the agreement of the budget and is then further updated throughout the year as new information becomes available. The most up to date version of this plan was presented to the Policy and Resources Committee in October 2021.

58. The budget outlook is prepared using three different scenarios, best case, worst case and mid-range. The budget gap in the mid-range scenario after measures to balance the budget is an estimated gap of £3.0 million in 2022/23 rising to £23.3 million over the five-year period (2022/23 to 2026/27). This has been summarised in [Exhibit 5](#) below.

Exhibit 5 Cumulative Estimated Budget Gap 2022/23 – 2026/27 Mid-range scenario



Source: Argyll and Bute Council

59. As we commented earlier in this report, there remains considerable uncertainty around the longer-term financial impact of Covid-19. The Council is effectively monitoring Covid-19 related expenditure and budgeting for expected funding. £5.1 million was built into the 2021/22 revenue budget to reflect anticipated revenue cost pressures as a direct consequence of Covid-19.

60. These pressures were subject to ongoing review throughout 2021 and the 2021/22 budget was amended to reflect revised estimates which were reported to the Policy and Resources Committee in October 2021.

Recommendation 1

The Council should continue to update its financial plans as soon as more clarity on the financial impacts of Covid-19 is obtained.

A Medium to Long-Term Financial Strategy was endorsed by the Policy and Resources Committee

61. The Medium to Long-Term Financial Strategy 2018/19 to 2027/28 was scheduled for review in 2019/20. However, this work was delayed due to financial uncertainty and staff resource pressures resulting from the Covid-19 pandemic. The Business Continuity Committee agreed the delay and the introduction of a five-year annual Budget Outlook report to be put in place (previously three years).

62. A revised Medium to Long-Term Financial Strategy was presented to and endorsed by the Policy and Resources Committee in August 2021. The strategy covers the period 2021/22 to 2030/31.

63. The strategy uses the detailed information from the five-year budget outlook projections which have been provided up to 2026/27. Detailed estimates have not been provided beyond this period.

64. The strategy acknowledges that, beyond five-years the estimates and predictions become even more difficult. It makes reference to a number of uncertainties that may impact the quantum of funds available to Scottish Government and the distribution of these funds to Local Authorities. These include the longer-term impact of the Covid-19 pandemic and the UK's withdrawal from the EU.

65. The Council have made progress in formalising a longer-term financial strategy which is supported by a five-year rolling financial plan (Budget Outlook) which is regularly updated.

4. Governance and transparency

The effectiveness of scrutiny and oversight and transparent reporting of information.

Main Judgements

The Council has appropriate governance arrangements in place. We recognise that in responding to the Covid-19 pandemic the Council revised its governance arrangements. The new arrangements are appropriate and support good governance and accountability.

There is effective scrutiny, challenge and informed decision-making.

Governance arrangements operating throughout the Covid-19 pandemic have been appropriate and operated effectively

66. The Covid-19 pandemic began in the weeks prior to the start of the 2020/21 financial year. The Council took a decision on 31 March 2020 to suspend Council and Committee meetings and form a temporary Business Continuity Committee to exercise the powers of the Council. All decisions taken by the Leadership Group and key actions taken by services in responding to the pandemic were reported to the Business Continuity Committee.

67. The Changes made by Argyll and Bute Council to its governance arrangements in responding to the pandemic have been set out in the Annual Governance Statement contained in annual accounts and include:

- New arrangements put in place in May 2020 which saw the Planning, Protective Services and Licencing Committee (PPSL) and the Licencing Board operate on a virtual basis.
- The Council agreement at the meeting in June 2020 that all Area Committees and Strategic Committees would resume on a virtual basis. (The only exception was the Policy and Resources Committee (P&R) which resumed in October 2020).
- Reviewing the arrangements in September 2020 and again in April 2021. It was agreed on both occasions that all committees would continue to operate on a virtual basis.

68. Argyll and Bute Council has appropriate governance arrangements in place which support effective scrutiny, challenge and decision-making.

Performance reporting in the Management Commentary of the Annual Accounts was of a good standard

69. Management Commentaries included in the annual accounts should provide information on a body, its main objectives and the principal risks faced. It should provide a fair, balanced, and understandable analysis of a body's performance as well as helping stakeholders understand the financial statements.

70. The management commentary is of a good standard and clearly explains the Council's strategy, finances and links to the financial statements. The statutory requirements relating to non-financial performance have been met. The management commentary also details the impact of Covid-19 on the Council's business and financial position.

The Council is open and transparent in the way it conducts its business

71. There continues to be an increasing focus on demonstrating the best use of public money. Openness and transparency in how a body operates and makes decisions and is key to supporting understanding and scrutiny. Transparency means that the public has access to understandable, relevant and timely information about how the body is taking decisions and using resources.

72. Prior to March 2020, members of the public were able to attend Council and other committee meetings as well as accessing agendas, papers and minutes on the Council's website. The move to remote committee meetings has restricted direct attendance, however the relevant papers are still available on the website to support transparency.

73. The Council's website also allows the public to access a wider range of information including current service updates and restrictions due to Covid-19, advice for individuals and businesses and how to contact the Council. The Council also makes the register of members' interests and the annual accounts available on the website.

5. Best Value

Using resources effectively and continually improving services.

Main judgements

Despite the challenging operating environment, the Council has made good progress in addressing the BVAR recommendations.

The Council's performance management arrangements remained effective during the Covid-19 pandemic.

The Council is making good progress in securing Best Value

74. Best value is assessed over the audit appointment, as part of the annual audit work. In addition, a Best Value Assurance Report (BVAR) for each council will be considered by the Accounts Commission at least once in this period. The [BVAR report](#) for the Council was published in May 2020.

75. In the BVAR, we highlighted key areas where the Council should focus its improvement activities on going forward. The report made seven recommendations relating to areas for further development. These are detailed at [Appendix 3](#).

76. We followed up the BVAR recommendations as part our 2020/21 audit work. The timing of the Council's BVAR review and the publishing of the report came at a time where the Council were focussed on their response to the Covid-19 pandemic. Subsequently, we recognise that progress made in implementing of agreed actions have been delayed as the Council focussed on responding to the pandemic.

77. The updated Best Value action plan was presented to the Audit and Scrutiny Committee in March 2021. This contained the main objectives and actions and the progress made to date in implementing the BVAR recommendations.

78. Despite the challenging operating environment, overall the Council has made good progress addressing the BVAR recommendations most notably:

- working with elected members to increase the focus on members' development and monitor uptake of training from members
- improving engagement and communication with staff through the MyCouncilWorks portal.

79. Areas where progress has been delayed or limited as a result of Covid-19 include:

- implementing robust options appraisal processes and a benefits monitoring framework
- implementing a programme to improve engagement skills across the organisation.

80. The Council is currently working in a hybrid environment which includes aspects of response, recovery and business as normal activities. The Council should further review key dates and revise the BVAR action plan to ensure that some pace and momentum is injected in taking forward those recommendations that have been delayed due to the Covid-19 pandemic.

Recommendation 2

The Council should review the BVAR action plan, revising actions and key dates as appropriate to inject pace and momentum into the work to address the recommendations that have been delayed due to the Covid-19 pandemic.

The Council were able to maintain service performance levels despite the pandemic

81. The pandemic has had an impact on performance measures, particularly for services which have been temporarily suspended, operating at reduced levels or have had to adapt to new ways of working. The Council have continued to monitor key performance targets throughout the year with performance being regularly reported to the Audit and Scrutiny Committee. These reports monitor progress against the Council's key priorities.

82. Of the Council's 178 success measures, 77 per cent were classified as on track. The remaining 23 per cent are off-track – either in terms of performance itself or the availability and collection of timely data to evidence performance. All off-track measures have been impacted by Covid-19.

Statutory performance indicators (SPIs) are being monitored

83. The Accounts Commission has a statutory responsibility to define the performance information that councils must publish. In turn, councils have their own responsibility, under their Best Value duty, to report performance to the public. The commission does not prescribe how councils should report this information but expects them to provide the public with fair, balanced and engaging performance information.

84. The Accounts Commission issued a revised 2018 Statutory Performance Information Direction in December 2018 which requires a council to report:

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

85. We have evaluated Argyll and Bute Council's arrangements for fulfilling the above requirements and concluded that these were effective, despite there being some impact on performance delivery and data collation as a result of the pandemic.

National performance audit reports

86. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2020/21, Audit Scotland published a number of reports were issued which may be of interest to the body. These are outlined in [Appendix 4](#).

87. The Council has a process in place to ensure that findings from national reports are reviewed, and where relevant, presented to the Audit and Scrutiny Committee. This reporting includes an assessment of current arrangements and the identification of actions to be taken to apply good practice examples highlighted in the reports.

Appendix 1

Action plan 2020/21

2020/21 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>1. Financial Sustainability</p> <p>The Covid-19 pandemic has introduced further financial challenges with a projected funding gap of up to £23.3 million over the period 2022/23 to 2026/27.</p> <p>Risk – The Council is unable to implement a sustainable model for service delivery.</p>	<p>The Council should continue to update its financial plans as soon as more clarity on the financial impacts of Covid-19 is obtained.</p> <p>Paragraph 60</p>	<p>Agreed action</p> <p>The Council will continue to actively monitor the anticipated financial impact of Covid-19 and adjust our budgets accordingly.</p> <p>Responsible officer</p> <p>Head of Financial Services</p> <p>Agreed date</p> <p>March 2022</p>
<p>2. BVAR recommendations</p> <p>Despite making good progress in addressing the recommendations outlined in the BVAR (Published in May 2020), overall progress has been impacted by the Covid-19 pandemic and the challenging operating environment.</p> <p>Risk – There is a risk that the Council may not implement BVAR recommendations in the required timescale.</p>	<p>The Council should review the BVAR action plan, revising actions and key dates as appropriate to inject pace and momentum into the work to address the recommendations that have been delayed due to the Covid-19 pandemic.</p> <p>Paragraph 80</p>	<p>Agreed action</p> <p>Prepare and present an amended BV Action Plan to Audit and Scrutiny Committee and Council.</p> <p>Responsible officer</p> <p>Head of Customer Support Services</p> <p>Agreed date</p> <p>February 2022</p>

Follow-up of prior year recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>3. Financial Sustainability (19/20)</p> <p>The Covid-19 pandemic has introduced further financial challenges with a projected funding gap of up to £60 million.</p> <p>Risk – The Council may not be able to deal with future financial challenges and deliver required savings without adversely impacting service delivery.</p>	<ol style="list-style-type: none"> 1. Update the MTFP to reflect the impacts of Covid-19 at the earliest appropriate opportunity. 2. Work with key partners to identify opportunities to deliver service transformation. 	<p>Superseded – See Appendix 1 Action Plan Point 1.</p>
<p>4. Financial Strategy (18/19)</p> <p>The current medium to long term financial strategy does not contain detailed financial plans beyond 3 years.</p> <p>Risk: that the impact of changes in funding or expenditure scenarios beyond three years are not fully taken into account across all aspects of the Council's activities.</p>	<p>The Council should enhance its long-term strategy when it is reviewed. In particular it should consider providing detailed financial plans for up to five years, providing details of changes in assets, liabilities and reserves over time and including an analysis of levels of service demand.</p>	<p>Completed.</p>
<p>5. Performance Reporting (18/19)</p> <p>It is difficult to connect service plan performance reports to corporate outcomes and the Corporate Plan, as service reporting only references related business outcomes.</p> <p>There is a risk that the link between service performance and the Corporate Plan is not sufficiently transparent.</p>	<p>The Council should consider developing clearer links between service area performance reporting and the corporate outcomes contained in the Corporate Plan.</p>	<p>Completed.</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>6. Performance Reporting (18/19)</p> <p>The provision within the six-monthly performance reporting process for feedback and comment from the Audit and Scrutiny Committee is not being utilised.</p> <p>There is a risk that the six-monthly performance reports are not subject to adequate scrutiny on behalf of the full Council.</p>	<p>Formal feedback from the Audit and Scrutiny Committee on the Council's six-monthly performance report should be built into the ASC's workplan.</p>	<p>Completed.</p>

Appendix 2

Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion. The risks are categorised between those where there is a risk of material misstatement in the annual accounts and those relating our wider responsibility under the [Code of Audit Practice 2016](#).

Audit risk	Assurance procedure	Results and conclusions
<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>Detailed testing of journal entries focussing on authorisation and approval.</p> <p>Review of accounting estimates and evaluation of the impact of any variability in key assumptions.</p> <p>Focussed testing of accruals and prepayments.</p> <p>Evaluation of significant transactions that are outside the normal course of business.</p> <p>Year-end cut-off testing.</p>	<p>Results: No unusual or inappropriate transactions were identified as part of our detailed journal testing.</p> <p>A review of accounting estimates did not show any evidence of bias.</p> <p>Focussed testing on accruals and prepayments did not identify any instances of management override of controls.</p> <p>Within substantive testing we considered whether transactions were within the normal course of business. When selecting samples, we reviewed ledger or transaction listings that were outside the normal course of business.</p> <p>Substantive testing of transactions around the year end identified controls were operating effectively.</p> <p>Conclusion: we did not identify any incidents of management override of controls.</p>

Audit risk	Assurance procedure	Results and conclusions
<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>Detailed testing of expenditure transactions focusing on the areas of greatest risk and whether expenditure is recorded in the correct accounting year.</p> <p>Walkthroughs of key financial systems.</p> <p>Review of provisions included in the 2020/21 financial statements for completeness and accuracy.</p>	<p>Results: Detailed testing of expenditure transactions confirmed these were normal business transactions and had been accounted for in the correct year.</p> <p>Substantive testing of transactions around the year end did not identify any issues with classification of expenditure relating to the financial year 2020/21.</p> <p>Financial systems of internal control have been designed and implemented appropriately.</p> <p>No issues were identified from our review of provisions.</p> <p>Conclusion: we did not identify any incidents of fraud over expenditure.</p>
<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. Valuations are based on specialist and management assumptions and estimates, and changes in these can result in material changes to valuations. The impact of</p>	<p>Non-current asset valuations</p> <p>Completion of 'review of the work of management's expert' for the internal professional valuer.</p> <p>Review of land and buildings revaluations carried out, assessing whether they have been performed using an appropriate and relevant valuation basis/methodology by suitably qualified individuals.</p> <p>Confirm land and buildings asset revaluations in valuer's report are correctly reflected within the 2020/21 financial statements.</p> <p>Work to assess the reasonableness of the valuations in the valuer's report.</p>	<p>Non-current asset valuations</p> <p>Results: We noted no issues with:</p> <ul style="list-style-type: none"> - the reliability of the professional valuer or the reasonableness of estimates they provided. - the controls management put in place or the accuracy of the information provided for the valuation. - compliance with the most up to date RICS guidance in relation to land and buildings property valuations during pandemic. <p>Pension liabilities</p> <p>Results: We noted no issues with:</p>

Audit risk	Assurance procedure	Results and conclusions
<p>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>Pension liabilities</p> <p>Completion of 'review of the work of management's expert' for actuary.</p> <p>Confirm pension valuations in actuarial report are correctly reflected within the 2020/21 financial statements.</p> <p>Assess the completeness and accuracy of information provided to actuary to support the triennial revaluation process.</p> <p>Review and assess the reasonableness of actuary's valuations and assumptions.</p>	<p>- the reliability of the actuary or the reasonableness of estimates they provided.</p> <p>- the controls management put in place or the accuracy of the information provided for the valuation.</p> <p>Conclusion: we did not identify any issues with Non-Current Asset valuations or Pension Liabilities.</p>

Risks identified from the auditor's wider responsibility under the Code of Audit Practice

Audit risk	Assurance procedure	Results and conclusions
<p>4. Financial Sustainability</p> <p>Councils continue to face significant financial challenges with pressures on</p>	<p>Review of the Council's annual budget setting arrangements.</p>	<p>Results: The audit team reviewed the council's annual budget setting arrangements.</p> <p>The audit team reviewed financial updates to council and other committees</p>

Audit risk	Assurance procedure	Results and conclusions
<p>funding and increasing demand for services.</p> <p>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.</p> <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>Assessment of the council's medium to long term financial strategy.</p> <p>Review and assessment of budget monitoring arrangements with a focus on reports to senior officers and members on financial position.</p> <p>On-going review of the Council's financial position and delivery of planned savings.</p>	<p>throughout the year, this included reviewing the financial position and delivery of planned savings.</p> <p>Conclusion: The Council achieved a year end surplus of £0.2 million in 2020/21. Significant financial challenges will continue in the short to medium term and this has been highlighted at Appendix 1 Action Plan Point 1.</p>

Appendix 3

BVAR Recommendations (May 2020)

- Develop the transformation agenda supported by a medium-term savings plan which is affordable and achievable.
- Improve performance management reporting to provide a balanced picture of long-term trends in performance against its targets. Use benchmarking information to drive continuous improvement.
- Increase the pace of change through transformation to deliver the business outcomes and this should be monitored and reported on a regular basis.
- Assess the extent to which regeneration and economic development initiatives are delivering the vision and corporate outcomes. Put in place robust options appraisal processes and a benefits monitoring framework, proportional to the size of initiatives, to evaluate the benefits and costs of future projects.
- Work with communities and community groups to understand and address their concerns and establish priorities in how it can better support them. This should include engaging with communities to understand and improve levels of satisfaction with council services.
- Work with elected members to improve the uptake of training provided. In particular, elected members' knowledge of and involvement in the performance management process needs to be improved to develop wider scrutiny to support improvement.
- Improve engagement to ensure staff are bought into the Council's vision. Review the support and resources it provides to staff in rural areas to ensure that all employees have appropriate access to training to support them in their role.

Appendix 4

Summary of national performance reports 2020/21

April

[Affordable housing](#)

June

[Highlands and Islands Enterprise: Management of Cairngorm mountain and funicular railway](#)

[Local government in Scotland Overview 2020](#)

July

[The National Fraud Initiative in Scotland 2018/19](#)

January

[Digital progress in local government](#)

[Local government in Scotland: Financial overview 2019/20](#)

February

[NHS in Scotland 2020](#)

March

[Improving outcomes for young people through school education](#)

Argyll & Bute Council

2020/21 Annual Audit Report

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ARGYLL AND BUTE COUNCIL**AUDIT AND SCRUTINY
COMMITTEE****CHIEF EXECUTIVE****14 DECEMBER 2021**

COUNCIL 6-MONTH PERFORMANCE REPORT – APRIL TO SEPTEMBER 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 Executive Leadership Team (ELT). This paper presents the Council's 6-month Performance Report and Scorecard for April to September 2021 as agreed by the ELT

- 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

14 DECEMBER 2021

COUNCIL 6-MONTH PERFORMANCE REPORT – APRIL TO SEPTEMBER 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 Executive Leadership Team (ELT). This paper presents the Council's 6-month Performance Report and Scorecard for April to September 2021 as agreed by the ELT.

- 2.2 The paper identifies the strategic activities that have occurred during the reporting period along with the planned activity for Performance Management and Reporting commencing 2021/22

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.

To support scrutiny of performance by Elected Members and Senior Officers during the Covid recovery period the Executive Leadership Team (ELT) identified a Council-wide suite of 85 Success Measures for the reporting period 2021/22 (Appendix 1).

From within the Service Plans 28 measures have been identified as Council-wide Key Performance Indicators (KPIs) for 2021/22. The Council 6-Month Performance Report for the ASC contains all 28 KPIs.

The KPIs are also reported to the appropriate Strategic Committees during 2021/22.

The full list of the 28 Council-wide KPIs for 2021/22 is attached (Appendix 2) and presented in 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

Of the 28 KPIs 21 are on-track with 7 off-track. Four KPIs are both off-track and performance has decreased since the last reporting period (FQ1 2021/22).

Appendix 3 lists these four KPIs and detailed commentary along with other KPIs that although performance is currently off track it is improving.

4.3 Appendix 4 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, 11 are Amber, 2 are Red.

Our Business Outcomes deliver our Corporate Outcomes as illustrated in Appendix 5.

4.4 The Management Information shows areas of high-level cross cutting information such as absence, risks and complaints. Supporting commentary is provided below.

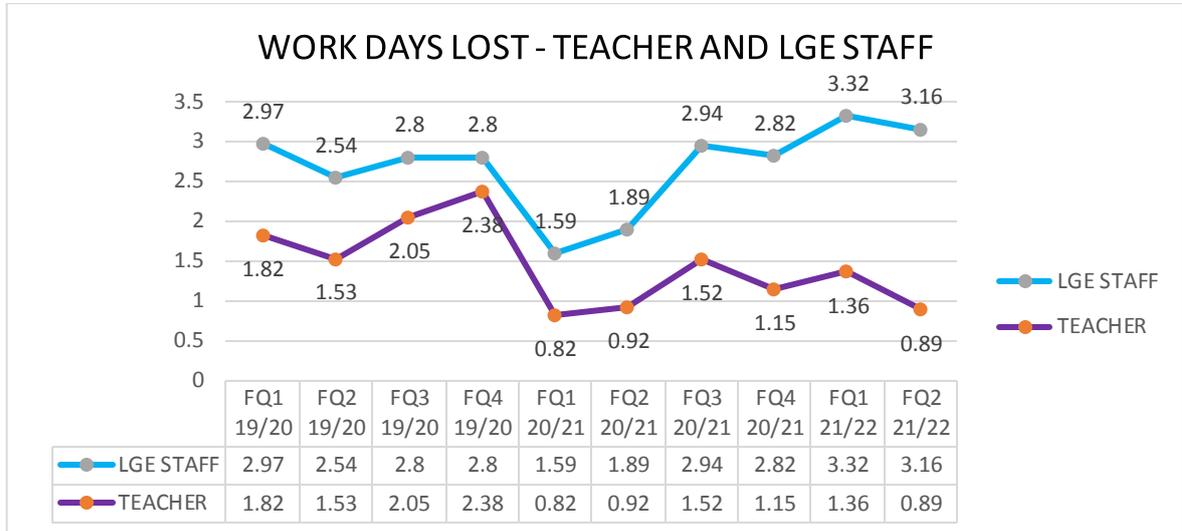
4.5 **Absence**

At the start of the pandemic (FQ1 2020/21) we saw a dramatic reduction in the number of work days lost. This was due to employees shielding, working from home, service shutdowns, decreased socialisation and increased sanitation measures. However, absence levels were expected to rise again once safeguards and lockdowns eased. As the preventative measures eased we saw a sharp rise for LGE staff which exceeded pre pandemic levels, for Teachers it was less so and still remains below pre pandemic levels.

This reduction in sickness levels has continued for Teachers. It should also be

noted that sickness levels are always lowest in FQ2 due to the summer holiday period.

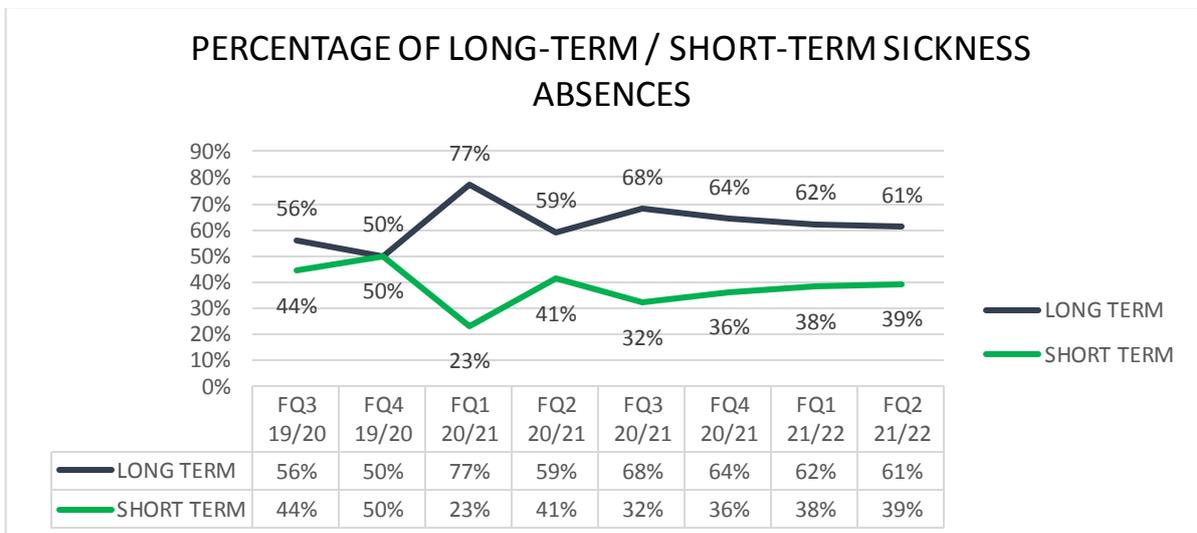
FIGURE 1: WORK DAYS LOST OVER TIME – TEACHER AND LGE STAFF



For both FQ1 and 2 the sickness absence levels for LGE staff have exceeded pre pandemic levels. However, for Teachers the levels have slightly reduced and are lower than any other quarter in the preceding 3 years apart from FQ1 2020/21 which was during lockdown. This is pretty remarkable given the pace and scale of changes to working practices that have been experienced by the Education Service due to Covid.

With regards to the split between long and short term absence it remains that more days are lost to long term than short term, with a gradual decrease in long term mirrored by a gradual increase in short term but frequent absences.

FIGURE 2: LONG AND SHORT TERM OVER TIME



The two main reasons for absence in this period are both consistent with last year. These are Stress, Depression and Mental Health, followed by Stomach, Liver, Kidney and Digestion. This year Medical Treatment is the third reason for absence which was not the case last year. It can be assumed that the increase is due to the NHS restarting operations.

During this period we launched two new procedures, the Manager's Guide to the Menopause and Domestic Abuse and the new Supporting Attendance procedures. HROD delivered a blended approach of training and awareness sessions to managers for these new procedures along with ongoing training on Resilience and Managing a Virtual Team. Targeted and intensive support has also been provided to managers that are managing long term absence.

Our Wellbeing Team remains in place until the end of Dec 2021, several revisions are planned for a number of Wellbeing procedures as well as the continued regular, weekly, wellbeing communications. The overall increased exposure of Wellbeing has helped see an increase in use of the Employee Assistance Programme and Occupational Health service by employees.

4.6 **Performance Review and Development (PRDs)**

We expected an increase on the previously reported figures, however this has not been the case with completion rates across the organisation lower than expected. Whilst we have not specifically canvassed managers for an explanation for this we are aware that Covid-related activities continue to be required in addition to existing demands.

We have received feedback on the difficulties that managers experience in conducting PRDs. We are using the feedback as an opportunity to review our current approach to the PRD process. The intention is for worthwhile and valuable conversations, supported by flexible online learning resources available to every employee. Not only will this reduce the burden on all staff but is in line with the aim of simplifying our processes whilst improving value, engagement, skills, performance and agility.

A further update will be brought to this committee in the next Council 6-month performance report.

4.7 **Complaints**

The first 2 quarters of 2021/22 saw the number of complaints rising compared with the last 2 quarters of 2020/21. During FQ1 and FQ2 there were 228 stage 1 complaints and 78 stage 2 complaints received. Development and Infrastructure continues to receive the majority of complaints. Performance within timescale has decreased over the recent 2 quarters and the Compliance and Regulatory team will continue to support services to improve this.

The table below provides a breakdown by Department. A detailed Annual Complaints Report was submitted to this Committee in September 2021.

	Stage 1			Stage 2		
	Total number	Number in time	% in time	Total number	Number in time	% in time
Chief Executive's Unit	14	14	100%	4	3	75%
Executive Director Kirsty Flanagan	194	152	78%	56	39	70%
Executive Director Douglas Hendry	19	17	89%	18	11	61%
Live Argyll	1	1	100%	0	0	-
Totals	228	184	79%	78	53	71%

4.8 **Audit Recommendations**

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

4.9 **Finance**

There is a forecast overspend for 2021-22 of £0.399m as at the end of September 2021. This breaks down as an overspend of £0.426m in Social Work due to a combination of a high demand for services and some forecast slippage on the delivery of agreed savings and a forecast underspend of £0.027m relating to a projected over-recovery of income for appraisal of water supplies.

4.10 **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 Executive Leadership Team.

The reported SRR has thirteen risks in total. Four are red, six are amber and the remaining three are green. The four red risks relate to population and economic decline, the Health and Social Care Partnership, Waste Management, and the potential impact of a cyber security breach.

4.11 **Operational Risks**

The Chief Executive has one red risk which relate to a failure to achieve budgeted income from local taxes and/or other income 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 seven red risks which relate to 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, cyber security breach including maintenance of ICT assets and the cessation of housing service adaptation work due to Covid.

Executive Director Douglas Hendry has three red risks which relate to the availability of capital funding to deliver key projects, compliance with the conditions of externally funded projects and ensuring that Council offices, depots and other properties are improved.

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

Other Strategic Activities

4.12 Covid

Whilst the country remains in response mode to the pandemic, dealing with Covid 19 has increasingly become 'business as usual'. Council employees continue to work from home where possible and meetings are held remotely and Our Modern Workspace is progressing to understand what each employee's requirements are and how we provide this.

The biggest impact has been on education who continue to require to be agile to respond to national guidance, ensure employees and children and safe and manage any absence issues from teachers isolating.

Operating a business and food security continues to remain a challenge for some and the Council has been proactive wherever possible to mitigate the adverse impact of this.

4.13 Education

National restrictions allowed for all pupils to return to schools on 19th April 2021 providing a challenge for Education Services who were teaching remotely from January. With pupils having been out of school to different extents for a year, the council put in place support for any pupils in adjusting to this change. This includes;

- The Educational Psychology Service providing advice and guidance on mental health and wellbeing, training for school staff, and support for parents/carers and individual children and young people of all ages.
- Assessing mental health needs in schools
- Providing guidance and training as required in dealing with anxiety, loss, or other issues, through for example the council's Nurture and Relationships Strategy
- A school counselling service is also now in place, taking referrals for children and young people from the age of 10 upwards.

As CEO I would like to commend our teaching staff and education support who worked very hard to provide support and continuity of learning to pupils within an ever changing landscape.

4.14 **Argyll and Bute Flexible Food Fund**

Support was made available for people across Argyll and Bute who struggle to access food and heat their homes. The Flexible Food Fund has helped 550 households access £760,000 of benefit income fuel debt relief since January 2021, with an average financial gain of £1,385 per household.

Funded by the Scottish Government, the project allows the Council's benefit team to work with third sector partners including Bute Advice Centre, Allenergy and foodbanks, to support people who are struggling for money to cover food and fuel costs. A series of pop-up events commenced September to promote the fund.

The project received national recognition when selected as winner of the Social Impact and Diversity Award the 2021 Footprint Awards. At the same awards the Council's Catering Team were runners up in the Sustainability in Education category for the way school meals were provided when pupils returned from lockdown.

4.15 **Hardship Fund for Businesses**

During September a new Hardship Fund was made available for businesses who continue to face challenges from the impact of Covid. Open to business who could demonstrate hardship and that the circumstances are exceptional and Covid related, the grants on offer ranged from £2,000 to £10,000. The funding comes from £2.4 million of Scottish Government funding allocated to the council.

4.16 **Our Modern Workspace**

A survey was undertaken to understand teams long term working arrangements are including how often they need to be in the office, what location, working with others and rooms and equipment is required.

The results were used to inform design consultants and the Project Board with regards to decisions about property and what people require at home. This is a 3 year project that will develop and deliver holistic solutions for each of our main centres of Council employment to ensure we use our assets in the most sustainable way, provide employees with the optimum working environment (included blended working in the office and from home) and keep everyone safe.

Place

4.17 **Regeneration and Investment**

There is significant regeneration and investment activity ongoing within our towns and below are examples of specific projects and initiatives. A key issue at present is the shortage of some construction materials and the associated increased costs of materials beyond inflation. These are being monitored closely as part of standard project and programme management.

4.18 **Housing**

The Council approved a revised Strategic Housing Investment Plan (SHIP) that sets out plans to build more than 1,000 affordable homes over the next five years. This has the potential to deliver around 343 new affordable homes in 2021/22 and over 700 additional homes in subsequent years. A strong focus for the five year plan has been engagement with the Health and Social Care Partnership (HSCP) to ensure that people in Argyll and Bute communities with health and social care needs have access to housing which maximises their health, wellbeing and independence. The revised SHIP proposals was submitted to the Scottish Government for review in October.

4.19 **Levelling Up Fund**

The Council agreed to develop a series of ambitious infrastructure projects which could form part of bids for funding from the UK Government's 'Levelling Up Fund' which will support investment projects worth up to £20 million of funding relating to economic recovery and growth, improved transport connectivity and regeneration.

For the regeneration element the theme is 'Western Seaboard-Marine Gateways' which includes Rothesay, Dunoon, Ardrishaig/Lochgilphead and the Crinan Corridor.

For the transport element the theme is 'Connected Helensburgh' centres on improved transport connectivity for HMNB Clyde.

A further transport submission is for the 'Lorn Economic Growth Zone' encompassing a variety of schemes in and around the town.

4.20 **Campbeltown's £60 million transformation**

The impact and benefits of the £60m invested in Campbeltown over a long period was recognised when Campbeltown won Scotland's most improved place at the 2021 SURF awards. An evaluation report was commissioned to look at the impact and benefits to the town following completion of projects and the key findings are as follows:

- 83% of respondents said that several or most of the places they visit in the town are noticeably improved
- 98% said they would recommend local businesses to family, friends and visitors
- 90.21% said regeneration projects have improved Campbeltown
- 90% of businesses noted that CARS and Shopfront investment have transformed their business
- 70% of businesses said they would not have been able to complete projects without funding
- 14 of the 16 building contractors who responded felt regeneration works has led to follow-on work

This has been a collaborative approach, working with partners, residents and businesses throughout the project. The success of Campbeltown provides a working model for our other towns as we continue to invest in Argyll and Bute's future.

4.21 **Helensburgh Waterfront Development**

The Helensburgh Waterfront Development is on budget and on track to open in 2022. The multi-million pound investment includes a new leisure centre and swimming pool, improved flood defences for the town, new outdoor public meeting spaces, new landscaping and car and coach parking. The funding includes £5million awarded from the UK Government Libor Fund.

4.22 **£1.5 million investment for Lochgilphead Front Green**

Argyll and Bute Council appointed Hawthorn Heights Ltd for the regeneration of Lochgilphead Front Green. The work started on 31 May and includes:

- A new play park
- A new public square where community events can take place
- Drainage and landscaping to help ease the impact of flooding
- Additional seating areas
- New walking and cycling facilities

Due to the scale and nature of the works, it was necessary to close the Front Green until works complete in January 2022.

4.23 **Council agrees £747,000 to boost Oban economy**

In May the Council's Policy and Resources Committee agreed a £747,000 investment in growing the economy of Oban and the surrounding area via the Lorn Arc programme, which brings money into the area through a Scottish Government Tax Incremental Scheme (TIF).

This funding will be used to ensure necessary studies, detailed design and business cases are delivered to unlock further investment for further housing development at Dunbeg, the expansion of the European Science Park plus business accommodation at Oban Airport.

4.24 **New investment programme to support local regeneration projects**

The Council agreed in June to deliver additional regeneration projects as part of the Scottish Government's Place Based Investment Programme and an initial first phase of £260,000 will support a range of major improvement projects in the area; the overall allocation for 2021/2022 is £821,000. The programme is focused on revitalising town centres and regenerating communities and neighbourhoods. The initial phase includes three key projects:

- The Argyll-wide shopfront improvement scheme; to support local business owners invest in their shopfronts through the provision of grants.

- Tower Street, Rothesay; repair work to the Tower Street building is being delivered as part of the Rothesay Townscape Heritage/CARS project. The council has acquired the building's ground floor to use as office accommodation. Funding is approved to significantly enhance its appearance.
- Lochgilphead Front Green; upgrade of the pavement surface finish to stone in this important public space, complementing the town's recently completed Colchester Square public realm project.

4.25 Scottish Government Town Centre Fund

This Fund aims to help local authorities stimulate and support place-based economic investment that encourages town centres to flourish. The council is delivering £1.6m of the fund to 28 projects across Argyll and Bute, with an overall value of £9 million to the local economy. Projects range from improved town centre infrastructure, grants for charitable organisations and help for business owners to improve their shopfronts.

4.26 Council awards contract for new Lismore Ferry

In April the Council awarded the contract to build a new 12 metre replacement ferry for the current Lismore ferry which is currently 33 years old. Funded through Transport Scotland, it will cost around £500,000.

Climate

4.27 Council agrees £1.2 million of energy saving actions

The Policy and Resources Committee agreed in May to invest more than £1.2 million in 11 properties across Argyll and Bute to save energy and deliver progress in becoming a net zero carbon emissions organisation by 2045. The steps planned are expected to deliver financial savings that will cover the cost of the investment in ten years. The council's estate and buildings account for over 20% of its overall carbon footprint, through use of electricity, gas, heating oil and water in premises.

4.28 Council progresses towards carbon neutral goal

A report in May 2021 shows that Argyll and Bute Council has reduced its carbon emissions by 27% over the past five years and that emissions have dropped for the third year in a row, thanks to a wide range of actions. These include buildings being made more energy and heat efficient, traditional lightbulbs being replaced with LED, and a move to electric or hybrid vehicles.

Processing household and other municipal waste is highlighted in the report as responsible for around half of all the council's carbon emissions and actions to address this form part of the council's de-carbonisation plan, which sets out a range of climate-friendly activities across all council services.

Other Activities

4.29 National Care Consultation

In August the Scottish Government launched the consultation 'A National Care Service for Scotland' which follows on from the Independent Review of Adult Social Care (IRASC). It concluded that whilst there were strengths in Scotland's social care system, it needed revision and redesign to enable a step change in the outcomes for people in receipt of care.

The consultation has extended the scope of the review to other service areas including children and families, community justice, alcohol and drug services, mental health services, and social work.

The proposals have the potential to be the largest and most significant public sector reform in Scotland for decades.

A special meeting of the Council is being arranged for 28 October to consider its formal response to the consultation.

4.30 Performance Management Project

The project team held an extensive series of engagement activities with officers and members to inform the review of Performance Management.

Key recommendations to improve how we manage performance were agreed by the Council on 30 September as follows:

- Agree a proposed suite of Corporate Outcome Indicators to be reported to Strategic Committees and remove Business Outcomes.
- Agree to pilot a more immersive method of assessment of performance.
- Agree Members' review priorities within the Local Government Benchmarking Framework.
- Members' note that changes will take effect for financial year 2022 – 2023 with a review to come back to a future meeting of the Council.

These recommendations seeks to:

- Make performance management simpler to use and understand
- Use a smaller and more meaningful set of indicators
- Reduce current levels of duplication
- More customer focussed

The key changes are:

- Currently we report quarterly on 85 indicators grouped by Service to strategic committee. Instead we will report on around 44 of these grouped by Corporate Outcome (hence termed Corporate Outcome Indicators).

- Area Scorecards and the indicators within will continue and the next stage of the project will arrange for this information to be published more quickly using an improved format.
- The pilot of immersive methods of assessment of performance is akin to Inquiries by Strategic Committees and allows Members to scrutinise in detail its policies and take a longer term view on outcomes and allocation of resources to achieve these.

The next stage involves developing the dashboards, training and transitioning to the new format by the beginning of the next financial year.

4.31 PIF Activity

The planned data cleanse of Pyramid has recommenced. This will involve continuing to simplify where possible, remove old 'archived' data and improve the user experience.

To help ensure the appropriate monitoring and scrutiny of performance management the focus will remain on the reduced suite of KPIs. These are monitored and reported on at appropriate Strategic Committees until a decision is made otherwise. Pyramid will continue to remain 'live' with all Success Measures aligned to Service Plans and updated as agreed.

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

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 Climate Change: None

6.7 Risk: this report sets out key challenges to the organisation and actions in response.

6.8 Customer Service: None

For further information contact:

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APPENDICES

- Appendix 1 - Full Suite of 85 Success Measures With in Service Plans
- Appendix 2 - 28 Key Performance Indicators FQ2 2021/22: All Services
- Appendix 3 - Off-Track KPIs with Decreasing Performance
- Appendix 4 - Council Scorecard: April to September 2021
- Appendix 5 - Seventeen Business Outcomes aligned to the Corporate Plan

Pippa Milne, Chief Executive – Argyll and Bute Council

09 November 2021

Number Of Success Measures: 85

BORef	Business Outcome	SM Code	Outcome success measures
BO101	We ensure information and support is available for everyone	CSS101_01	Improve the current accuracy rate for registration of births, deaths and marriages by the Council's Registration Service.
		CSS101_02	Increase public use of corporate social media sites on three categories of information: council news, community success and general use.
		CSS101_03	Increase the percentage of telephone service enquiries received by Customer Service Centres that are dealt with at the first point of contact by the Customer Service Centre.
BO102	We provide support, prevention and opportunities to help people make better lifestyle choices	DEG102_01	Protecting health of our people through the delivery of the formally approved Joint Health Protection Plan. (2020-2022 plan)
		FIS102_01	Maximise distribution of Scottish Welfare Fund.
		FIS102_03	Maximise distribution of Discretionary Housing Payment (DHP) fund.
		LRS102_01	Advice and assistance from Welfare Rights is provided to Clients to ensure they maximise their income.
		FIS102_02a	Scottish Welfare Fund claims processed promptly.
		FIS102_02b	Scottish Welfare Fund claims processed promptly.
		FIS102_04a	Process all new benefits claims or changes in circumstances promptly and accurately.
		FIS102_04b	Process all new benefits claims or changes in circumstances promptly and accurately.
BO103	We enable a choice of suitable housing options	FIS102_04c	Process all new benefits claims or changes in circumstances promptly and accurately.
		DEG103_01	Number of new affordable homes completed per annum.
		DEG103_02	The percentage of positive homeless prevention interventions (prevent 1).
BO104	Our communities are protected and supported	DEG103_03	The number of empty properties brought back in to use per annum.
		CPD104_01	Number of capacity building support sessions held with community groups.
		CPD104_02	The percentage of groups who say their effectiveness has increased as a result of capacity building by the team.
		CPD104_03	The percentage of groups whose users say they have an increase in confidence or wellbeing.
BO105	Our natural and built environment is protected and respected	DEG104_01	Undertake an enforcement intervention programme to high risk premises in respect of environmental health, animal health and welfare and licensing standards.
		LRS104_01	Undertake visits to all premises identified as high risk on the Trading Standards database.
		DEG105_01	Respond to Building Warrant applications within 20 days.
BO106	Our looked after young people are supported by effective corporate parenting	DEG105_02	The percentage of building warrants and amendments issued within 6 days from receipt of all satisfactory information.
		DEG105_03	Increase the use of the Building Standards service towards it being self-funding.
		EDU106_01	Increase positive destinations for our looked after children in Argyll and Bute.
		EDU106_02	Increase the percentage of successful examination presentations in levels 4 and 5 for Literacy and Numeracy by our senior phase pupils.

BORef	Business Outcome	SM Code	Outcome success measures
BO106	Our looked after young people are supported by effective	EDU106_03	Maintain the low level of exclusion incidents experienced by our looked after children. Ensure there is a completed transition plan in place when a care experienced young person changes school / establishment
		EDU106_04	
		EDU106_05	
BO107	The support and lifestyle needs of our children, young people, and their families are met	COM107_01	Increase the percentage of our care experienced young people that have the recommended additional tracking and monitoring plans in place. Provide quality meals within cost margins to all pupils. Support the increase in the uptake of available Grants, Allowance and Entitlements. Increase from 2018/19 baseline Clothing Grants Free School Meals Education Maintenance Allowance A counselling service is available in all secondary schools. All children and young people identified as requiring an adapted timetable will have a flexible learning plan put in place. Maintain the percentage of 16-19 year olds in Argyll and Bute participating in education, training or employment. Maintain the percentage of all young people leaving school achieving a positive destination into further education, training or employment.
		EDU107_01	
		EDU107_02	
		EDU107_03	
		EDU107_04	
BO108	All our children and young people are supported to realise their potential	CSS108_01	The percentage of Modern Apprentices that go on to a positive destination after completing the Argyll and Bute Council Modern Apprentice Programme. Increase the uptake of wider achievement opportunities which complement traditional SQA awards and offer alternative ways to develop learning, life and work skills. The percentage of children that achieve their appropriate developmental milestones by Primary 1. Maintain the percentage of primary pupils that become digital leaders. Digital technology is used to deliver the curriculum wherever necessary as a cover for teacher vacancies or low rolls. All secondary establishments have a minimum of two (local community) business partners. Maintain the number of adults engaged in community learning and development (CLD) employability programmes. Increase the number of adults with Individual Learning Plans that identify and address employability barriers such as training needs and skills gaps.
		EDU108_01	
		EDU108_02	
		EDU108_03	
		EDU108_04	
BO109	All our adults are supported to realise their potential	EDU108_05	All secondary establishments have a minimum of two (local community) business partners. Maintain the number of adults engaged in community learning and development (CLD) employability programmes.
		EDU109_01	
BO110	We support businesses, employment and development opportunities	EDU109_02	REMOVED FROM SERVICE PLAN-The 12 month survival rate of new small and medium sized businesses. The number of new business start-ups supported. The time it takes to determine 'local' planning applications is no longer than 10% above the National Average. Increase the total value of rates (NDR) relief awarded. Maintain the percentage of suppliers that are paid within 30 days. Maintain the percentage of all Council spend that is either under a contract or a Service Level Agreement (SLA). Maintain the percentage of local suppliers that benefit from the awards of contracts via the procurement portal.
		DEG110_01	
		DEG110_02	
		DEG110_03	
		FIS110_01	
		FIS110_02	
LRS110_01			
LRS110_02			

BORef	Business Outcome	SM Code	Outcome success measures
BO110	We support businesses, employment and development	LRS110_03 LRS110_04	Maintain the percentage of all Small Medium Enterprises (SMEs) that win Council contracts. Increase the number of community benefits that are delivered through the contracts we award locally.
BO111	We influence and engage with businesses and policy makers	DEG111_01	An enforcement intervention is performed in a consistent and fair manner with businesses fully supported throughout.
BO112	Argyll and Bute is promoted to everyone	CSS112_01 DEG112_01	Increase the use of #abplace2b and www.abplace2b.scot. Deliver the Dunoon CARS (Conservation Area Regeneration Scheme) project.
		DEG112_02	Percentage of project delivery to date Total spend to date Deliver the Rothesay TH (Townscape Heritage) project.
		DEG112_03	Percentage of project delivery to date Total spend to date Deliver the Tarbert and Lochgilphead Regeneration Fund project.
		DEG112_04	Percentage of project delivery to date Total spend to date Deliver the Lochgilphead CARS (Conservation Area Regeneration Scheme) project.
			Percentage of project delivery to date Spend to date
BO113	Our infrastructure is safe and fit for the future	COM113_01 COM113_02 CSS113_01 CSS113_02 RIS113_01 RIS113_02 RIS113_03 RIS113_04 RIS113_05	The percentage of operational buildings that are suitable for their current use. The percentage of internal floor area of operational buildings in satisfactory condition. Deliver the ICT and Digital Strategy Action Plan. Maintain the average time to resolve ICT incidents. There are no 'avoidable' weight restrictions in place on our roads and bridges. The percentage of roads in need of maintenance as defined by the annual survey. The percentage of the top priority routes that receive winter weather treatment that are completed on time (Winter Maintenance operations). The percentage of Class 1 potholes that are repaired within 36 hours. The percentage of street lighting fault repairs are completed within 10 working days.

BORef	Business Outcome	SM Code	Outcome success measures
BO114	Our communities are cleaner and greener	RIS114_01	The percentage of waste that is recycled, composted or recovered.
		RIS114_02	The number of tonnes of waste sent to landfill.
		RIS114_03	Percentage of street cleanliness.
BO115	We are efficient and cost effective	CSS115_01	Increase the percentage of all Self-Service and automated contacts.
		EDU115_01	Our Grant spend is maximised: Gaelic Grant Glaif Looked After Children Attainment funding Scottish Attainment Challenge
		FIS115_01	The agreed audit plan is delivered.
		FIS115_02	Maintain the high rate of collecting Non-Domestic Rates (NDR).
		FIS115_03	Maintain the high rate of collecting Council Tax.
		LRS115_01	The percentage of complaints that are resolved at Stage 1 (within 5 working days).
		LRS115_02	The percentage of Freedom of Information requests that are responded to within timescales.
		LRS115_03	The percentage of subject access requests that are responded to within the Data Protection Act timescales.
		RIS115_01	Percentage of bins collected on time.
		BO116	We engage and work with our customers, staff and partners
CPD116_02	All issues raised at Area Community Planning Groups are considered and responded to by the Management Committee.		
BO117	We encourage creativity and innovation to ensure our workforce is fit for the future	CSS117_01	The percentage of delegates who have reported an increase in their knowledge and/or confidence following completion of the Argyll and Bute Manager Programme.
		CSS117_02	The percentage of responders who agree that our corporate training courses have met their learning needs.
		EDU117_01	Increase the percentage of our early years workers who have gained or are working towards professional qualifications.
		EDU117_02	Provide 6 probationer virtual learning days to our probationer teachers.
		EDU117_03	The percentage of new head teachers who have or are working towards the statutory headship qualification.

STATUS	TREND	KPIs FQ2 2021/22	DESCRIPTION
G	↓	FIS102_01	Maximise distribution of Scottish Welfare Fund.
R	↓	FIS102_04a	All new benefit claims are processed promptly.
G	↓	FIS110_02	Maintain the percentage of suppliers that are paid within 30 days.
G	→	FIS115_01	The agreed audit plan is delivered.
G	↑	FIS115_02	Maintain the high rate of collecting Non-Domestic Rates [NDR].
R	↑	FIS115_03	Maintain the high rate of collecting Council Tax.
G	↑	EDU106_02	Increase the percentage of successful examination presentations in levels 4 and 5 for Literacy and Numeracy by our senior phase pupils.
G	→	EDU106_05	Increase the percentage of our care experienced young people that have the recommended additional tracking and monitoring plans in place.
R	↓	EDU107_05	Maintain the percentage of all young people leaving school achieving a positive destination into further education, training or employment.
G	→	EDU108_04	Digital technology is used to deliver the curriculum wherever necessary as a cover for teacher vacancies or low rolls.
R	↑	LRS102_01	Advice and assistance from Welfare Rights is provided to Clients to ensure they maximise their income.
R	↓	LRS110_02	Maintain the percentage of local suppliers that benefit from the awards of contracts via the procurement portal.
G	↓	LRS110_03	Maintain the percentage of all Small Medium Enterprises (SMEs) that win Council contracts.
G	↓	COM107_01	Provide quality meals within cost margins to all pupils.
G	↑	CSS101_02	Increase public use of corporate social media sites on three categories of information: council news, community success and general use.
G	↓	CSS101_03	Increase the percentage of telephone service enquiries received by Customer Service Centres that are dealt with at the first point of contact by the Customer Service Centre.
G	↑	CSS113_02	Maintain the average time to resolve ICT incidents.
G	↑	CSS115_01	Increase the percentage of all Self-Service and automated contacts.
G	→	RIS113_03	The percentage of the top priority routes that receive winter weather treatment that are completed on time (Winter Maintenance operations).
G	→	RIS113_04	The percentage of Class 1 potholes that are repaired within 36 hours.
R	↓	RIS113_05	The percentage of street lighting fault repairs are completed within 10 working days.
G	↑	RIS114_01	The percentage of waste that is recycled, composted or recovered.
G	→	RIS114_03	Percentage of street cleanliness.
G	→	RIS115_01	Percentage of bins collected on time.
G	↓	DEG103_02	The percentage of positive homeless prevention interventions (prevent 1).
G	↓	DEG105_01	Respond to Building Warrant applications within 20 days.
G	↑	DEG 105_02	The percentage of building warrants and amendments issued within 6 days from receipt of all satisfactory information.
R	↑	DEG110_03	The time it takes to determine 'local' planning applications is no longer than 10% above the National Average.
		28	TOTAL KPIs

Delivering Our Outcomes – This highlights past performance as illustrated through our Key Performance Indicators (KPIs)

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

DELIVERING OUR OUTCOMES – OUR KEY PERFORMANCE INDICATORS

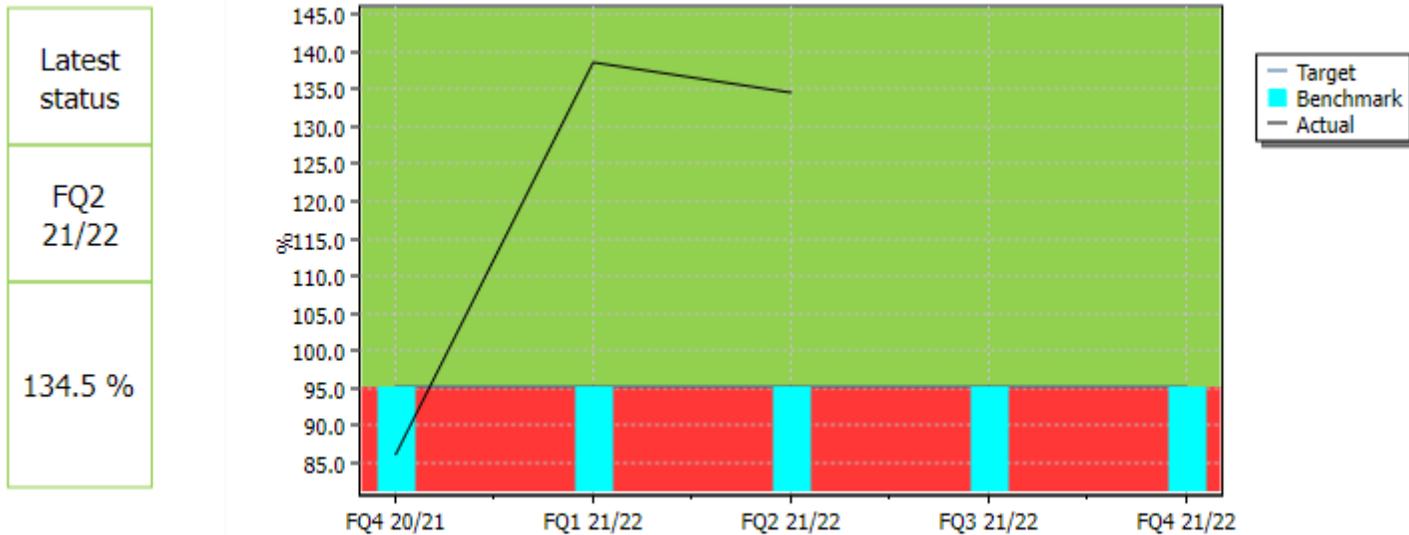
Indicator: FIS102_01-Maximise distribution of Scottish Welfare Fund.

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: We have currently spent £308,288 of our current 2021/22 allocation of £458,827 which exceeds our monthly profile amount. However we will receive additional funding from the underspent 2020/21 monies once Scottish Government has determined the distribution. Consequently we are continuing to support as many vulnerable people as we possibly can and will continue to monitor this closely and adjust the payment priorities if required.

This indicator is above target. The Target and Actual are cumulative totals for the financial year.

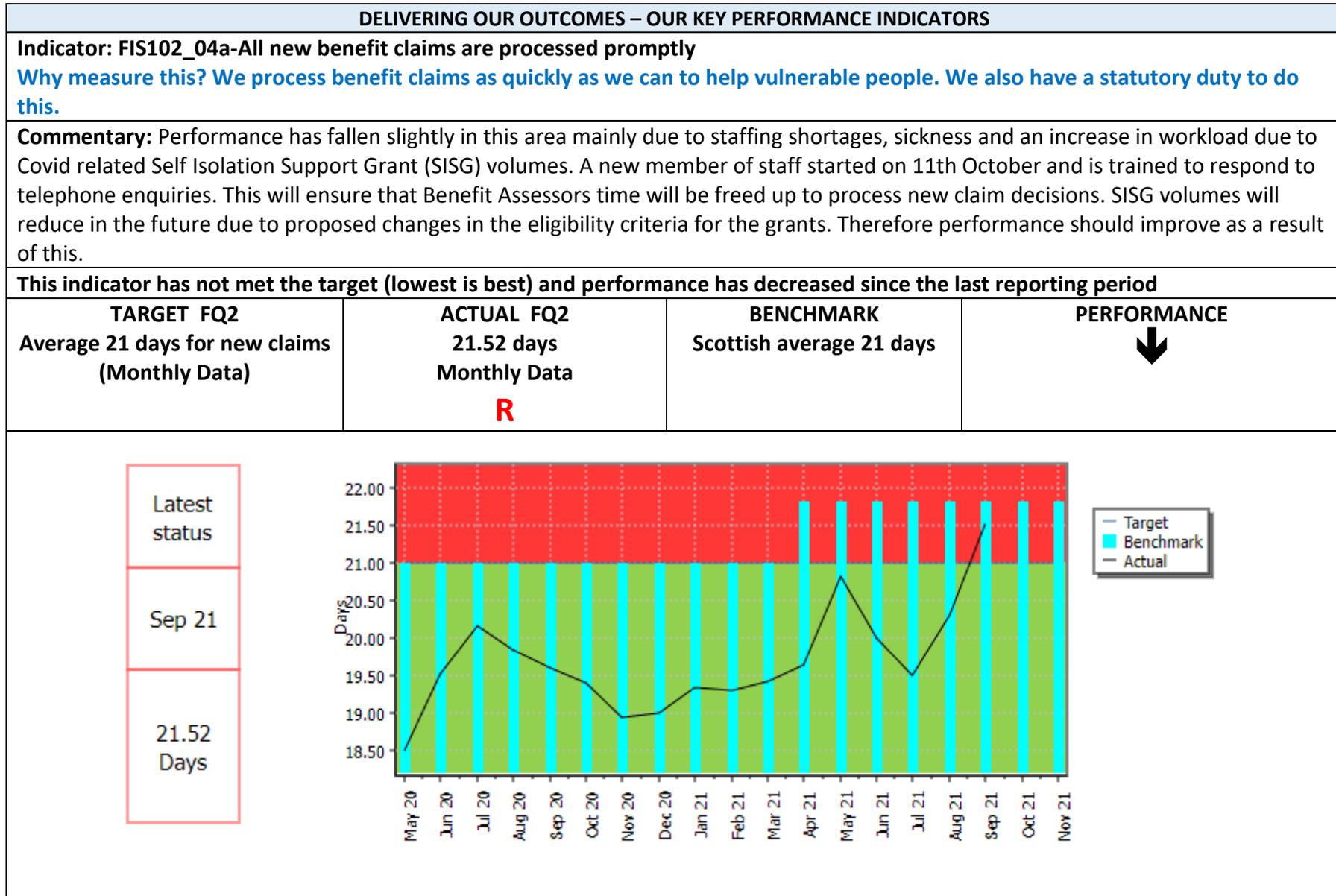
TARGET FQ2	ACTUAL FQ2	BENCHMARK	PERFORMANCE
95.3%	134.5%	95.3%	↓
	G		



Latest status

FQ2 21/22

134.5 %



DELIVERING OUR OUTCOMES – OUR KEY PERFORMANCE INDICATORS

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

Why measure this? Based on good practice and to best support small and medium size businesses who rely on cash flow.

Commentary: This indicator is on target again, another period of excellent performance.

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

TARGET FQ2
95.5%

ACTUAL FQ2
96.6%

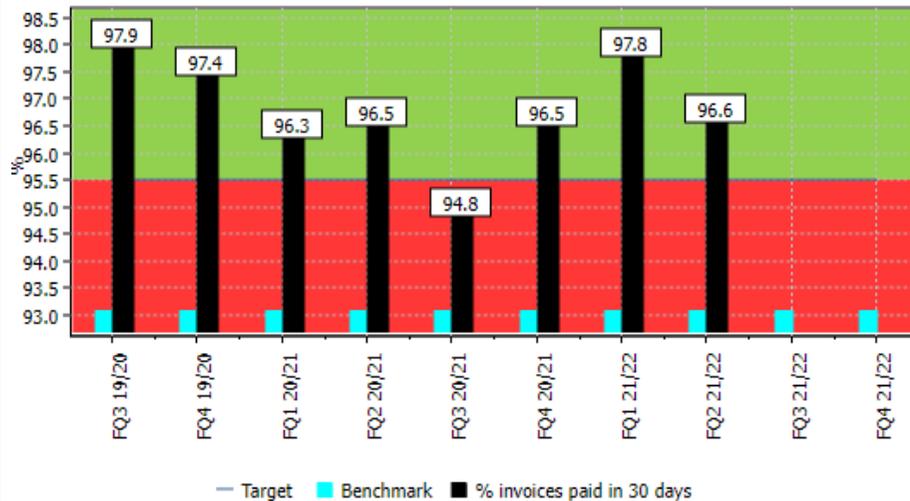
BENCHMARK
Scottish average 93.08%

PERFORMANCE

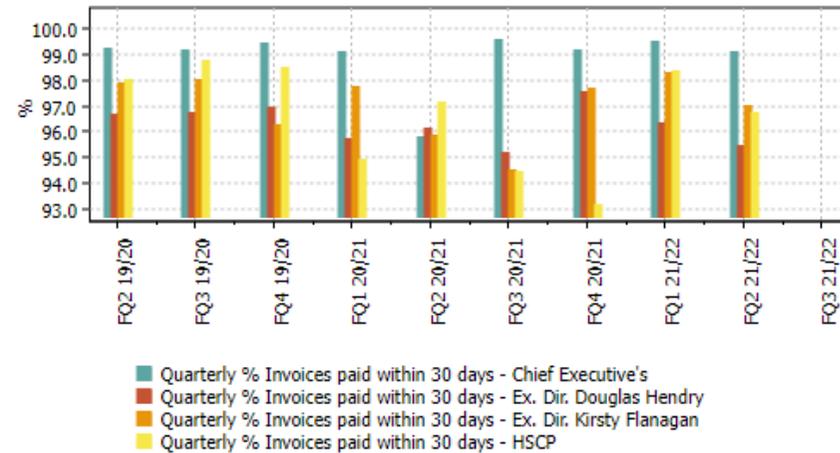


G

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



Comparison



DELIVERING OUR OUTCOMES – OUR KEY PERFORMANCE INDICATORS																											
Indicator: FIS115_01-The agreed audit plan is delivered Why measure this? The agreed audit plan provides assurance that our processes and procedures are thorough.																											
Commentary: Three audits have been completed as at 30 September 2021. The plan is on track with all reports to be finalised and reported to the Audit & Scrutiny Committee on or before the June 2022 Committee.																											
This indicator is above target with no change in performance since the last reporting period																											
TARGET FQ2 100%	ACTUAL FQ2 100% G	BENCHMARK Previous year's performance 100%	PERFORMANCE ➔																								
<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;">FQ2 21/22</div> <div style="border: 1px solid black; padding: 5px;">100 %</div>	<table border="1" style="display: none;"> <caption>Performance Data from Chart</caption> <thead> <tr> <th>Period</th> <th>Actual (%)</th> <th>Benchmark (%)</th> <th>Target Range (%)</th> </tr> </thead> <tbody> <tr> <td>FQ4 20/21</td> <td>100</td> <td>100</td> <td>100 - 110</td> </tr> <tr> <td>FQ1 21/22</td> <td>100</td> <td>100</td> <td>100 - 110</td> </tr> <tr> <td>FQ2 21/22</td> <td>100</td> <td>100</td> <td>100 - 110</td> </tr> <tr> <td>FQ3 21/22</td> <td>100</td> <td>100</td> <td>100 - 110</td> </tr> <tr> <td>FQ4 21/22</td> <td>100</td> <td>100</td> <td>100 - 110</td> </tr> </tbody> </table>			Period	Actual (%)	Benchmark (%)	Target Range (%)	FQ4 20/21	100	100	100 - 110	FQ1 21/22	100	100	100 - 110	FQ2 21/22	100	100	100 - 110	FQ3 21/22	100	100	100 - 110	FQ4 21/22	100	100	100 - 110
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DELIVERING OUR OUTCOMES – OUR KEY PERFORMANCE INDICATORS																											
<p>Indicator: FIS115_02-Maintain the high rate of collecting Non-Domestic Rates [NDR] Why measure this? It is important that all local taxes due are collected. We also submit our performance to the Scottish Government.</p>																											
<p>Commentary: NDR collections have continued to increase and are higher than they were at the end of September 2019. The percentage collected by the end of September 2021 was 71.78% compared to 68.00% by the end of September 2019. This provides the best comparison of performance as the 2020/21 year was materially affected by temporary changes to NDR reliefs as a consequence of Covid.</p>																											
<p>This indicator is above target, however this is a cumulative total for the financial year.</p>																											
<p>TARGET FQ2 62.5% 97.3% cumulatively at March 2022</p>	<p>ACTUAL FQ2 71.78% G</p>	<p>BENCHMARK Scottish Average 97.3% / ABC 97.3%</p>	<p>PERFORMANCE ↑</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;">FQ2 21/22</div> <div style="border: 1px solid black; padding: 5px;">71.78 %</div>	<table border="1"> <caption>NDR Collection Performance Data</caption> <thead> <tr> <th>Quarter</th> <th>Actual (%)</th> <th>Target (%)</th> <th>Benchmark (%)</th> </tr> </thead> <tbody> <tr> <td>FQ4 20/21</td> <td>~98</td> <td>62.5</td> <td>97.3</td> </tr> <tr> <td>FQ1 21/22</td> <td>~35</td> <td>62.5</td> <td>97.3</td> </tr> <tr> <td>FQ2 21/22</td> <td>71.78</td> <td>62.5</td> <td>97.3</td> </tr> <tr> <td>FQ3 21/22</td> <td>~85</td> <td>62.5</td> <td>97.3</td> </tr> <tr> <td>FQ4 21/22</td> <td>~98</td> <td>62.5</td> <td>97.3</td> </tr> </tbody> </table>			Quarter	Actual (%)	Target (%)	Benchmark (%)	FQ4 20/21	~98	62.5	97.3	FQ1 21/22	~35	62.5	97.3	FQ2 21/22	71.78	62.5	97.3	FQ3 21/22	~85	62.5	97.3	FQ4 21/22	~98	62.5	97.3
Quarter	Actual (%)	Target (%)	Benchmark (%)																								
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FQ4 21/22	~98	62.5	97.3																								

DELIVERING OUR OUTCOMES – OUR KEY PERFORMANCE INDICATORS																											
Indicator: FIS115_03-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: Despite a difficult year Council Tax collections have remained steady and our collection figures are now comparable with 2019/20. In FQ2 2021/22 we collected 47.73% which compares to 47.95 % in FQ2 2019/20. The figure was lower for FQ2 in 2020/21 but this is attributed to the impact of Covid. The team have continued to keep processing up to date and are performing well.																											
This indicator is below target, however this is a cumulative total for the financial year																											
TARGET FQ2 57.40% 96.1% cumulatively at March 2022	ACTUAL FQ2 47.73% R	BENCHMARK Scottish average 96.1% / ABC 97.3%	PERFORMANCE ↑																								
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DELIVERING OUR OUTCOMES – OUR KEY PERFORMANCE INDICATORS															
<p>Indicator: EDU106_02 Increase the percentage of successful examination presentations in levels 4 and 5 for Literacy and Numeracy by our senior phase pupils.</p> <p>Why measure this? Increasing successful presentations to exams helps to ensure our young people have the skills for life, learning and work and move to a positive destination.</p> <p>Commentary: At National 4 we are delighted to continue our 100% pass rate which was 13.9% above the national average. At National 5 our pass rate was 97.22%. 3.2% above the national average. This year’s results must not be compared with any previous results as the Alternative Assessment Model was completely different from previous years.</p> <p>This indicator is above target. Performance cannot be measured against the previous reporting period</p>															
<p>TARGET FQ2 Annually 60%</p>	<p>ACTUAL FQ2 Annually 97.0%</p> <p style="color: green; font-size: 1.5em; text-align: center;">G</p>	<p>BENCHMARK Virtual Comparator: 60%</p>	<p>PERFORMANCE ↑</p>												
<div style="display: flex; align-items: center;"> <div style="border: 1px solid green; padding: 5px; margin-right: 20px;"> <p>Latest status</p> <hr/> <p>FY 21/22</p> <hr/> <p>97.0 %</p> </div> <div style="flex-grow: 1;"> <table border="1" style="margin-top: 10px;"> <caption>Performance Data</caption> <thead> <tr> <th>Year</th> <th>Target (%)</th> <th>Benchmark (%)</th> <th>Actual (%)</th> </tr> </thead> <tbody> <tr> <td>FY 20/21</td> <td>60.0</td> <td>60.0</td> <td>-</td> </tr> <tr> <td>FY 21/22</td> <td>60.0</td> <td>60.0</td> <td>97.0</td> </tr> </tbody> </table> </div> </div>				Year	Target (%)	Benchmark (%)	Actual (%)	FY 20/21	60.0	60.0	-	FY 21/22	60.0	60.0	97.0
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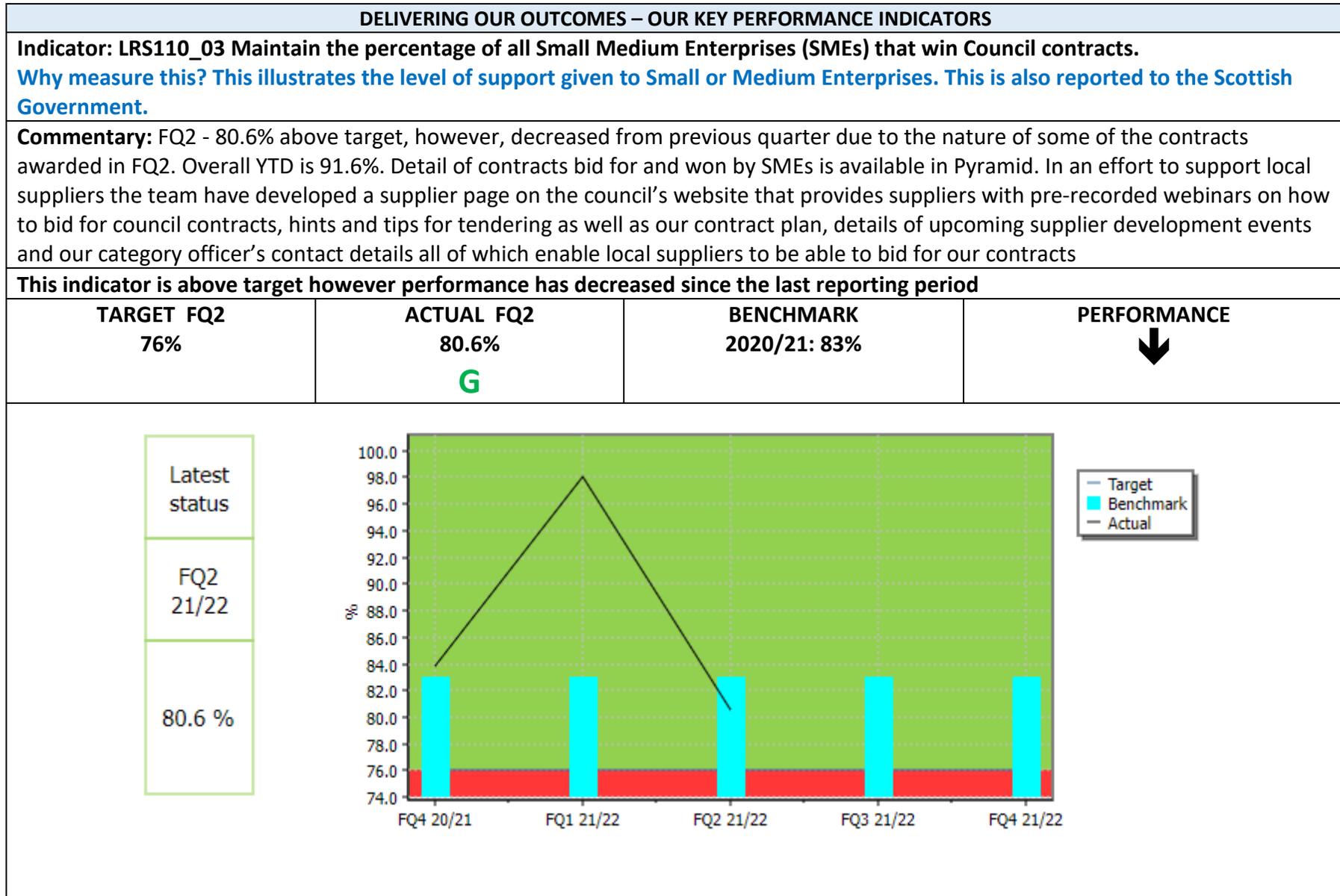
DELIVERING OUR OUTCOMES – OUR KEY PERFORMANCE INDICATORS			
<p>Indicator: EDU106_05 Increase the percentage of our care experienced young people that have the recommended additional tracking and monitoring plans in place.</p> <p>Why measure this? This is specific to each child and helps to support the child's educational journey.</p> <p>Commentary: Individual tracking in monitoring is in place on SEEMIS. The Principal Teacher for Care Experienced Children and Young People reviews this tracking at regular intervals, makes contact with schools and partners and advises on interventions needed for individual Children and Young People to raise attendance and attainment. Often the Care Experienced Health and Well-being officers are used to provide extra support.</p> <p>This indicator is above target with no change in performance since the last reporting period</p>			
<p>TARGET FQ2 100%</p>	<p>ACTUAL FQ2 100%</p> <p style="color: green; font-size: 24px; text-align: center;">G</p>	<p>BENCHMARK 2020/21: 100%</p>	<p>PERFORMANCE ➔</p>

DELIVERING OUR OUTCOMES – OUR KEY PERFORMANCE INDICATORS															
<p>Indicator: EDU107_05 Maintain the percentage of all young people leaving school achieving a positive destination into further education, training or employment.</p> <p>Why measure this? This demonstrates the high level of the number of our young people that achieve positive destinations. This gives an overall assessment of Young People in Argyll and Bute.</p> <p>Commentary: The Annual Participation Measure for 2020-21 was released on 31st August 2021. In Argyll and Bute 93.5% of young people aged 16-19 were participating (in work, training or education). This figure is 1.3% above the national average. 3.2% were not participating, which is equal with the national average. 3.3% were unconfirmed, which is 1.3% below the national average.</p>															
<p>This indicator is slightly below target. As a new measure there is no trend data against a previous reporting period</p>															
<p>TARGET FQ2 Annually 95%</p>	<p>ACTUAL FQ2 Annually 94% R</p>	<p>BENCHMARK 2020/21: 94%</p>	<p>PERFORMANCE</p>												
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<p>Indicator: EDU108_04 Digital technology is used to deliver the curriculum wherever necessary as a cover for teacher vacancies or low rolls.</p> <p>Why measure this? By making best use of digital technology also demonstrates the best use of staff across the area.</p> <p>Commentary: All schools are able to deliver curricular provision via digital platforms, as was consistently evidenced during the periods of Covid-related school closure. Capability and confidence are being further developed via a programme of targeted training and support from the digital learning team, and through the increasing availability of nationally available digital learning resources eg. e-Sgoil and Scotland Learns. Further expansion will form part of the education change programme.</p> <p>This indicator is above target with no change in performance since the last reporting period</p>																											
<p>TARGET FQ2 80%</p>	<p>ACTUAL FQ2 100%</p> <p style="color: green; font-size: 1.5em;">G</p>	<p>BENCHMARK 2020/21:100%</p>	<p>PERFORMANCE</p> <p style="font-size: 2em;">➔</p>																								
<div style="display: flex; align-items: center; justify-content: space-between;"> <div style="border: 1px solid black; padding: 5px; margin-right: 20px;"> <p>Latest status</p> <hr/> <p>FQ2 21/22</p> <hr/> <p>100.0 %</p> </div> <div style="flex-grow: 1;"> <table border="1" style="margin-top: 10px; width: 100%; border-collapse: collapse;"> <caption>Performance Data from Chart</caption> <thead> <tr> <th>Quarter</th> <th>Actual (%)</th> <th>Benchmark (%)</th> <th>Target (%)</th> </tr> </thead> <tbody> <tr> <td>FQ4 20/21</td> <td>100</td> <td>100</td> <td>80</td> </tr> <tr> <td>FQ1 21/22</td> <td>100</td> <td>100</td> <td>80</td> </tr> <tr> <td>FQ2 21/22</td> <td>100</td> <td>100</td> <td>80</td> </tr> <tr> <td>FQ3 21/22</td> <td>100</td> <td>100</td> <td>80</td> </tr> <tr> <td>FQ4 21/22</td> <td>100</td> <td>100</td> <td>80</td> </tr> </tbody> </table> </div> </div>				Quarter	Actual (%)	Benchmark (%)	Target (%)	FQ4 20/21	100	100	80	FQ1 21/22	100	100	80	FQ2 21/22	100	100	80	FQ3 21/22	100	100	80	FQ4 21/22	100	100	80
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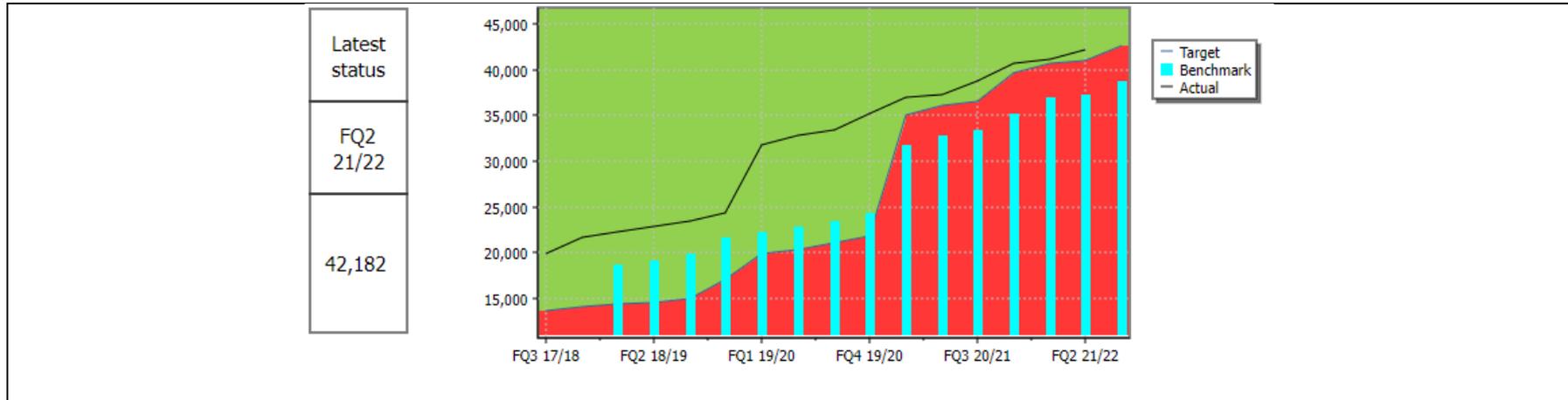
DELIVERING OUR OUTCOMES – OUR KEY PERFORMANCE INDICATORS																											
<p>Indicator: LRS102_01 Advice and assistance from Welfare Rights is provided to Clients to ensure they maximise their income. Why measure this? It is important that the correct amount of welfare rights are being claimed for every Client.</p>																											
<p>Commentary: The figure is below target for a number of reasons. The volume of referrals received in 2020/21 was reduced due to Covid-19 as there was an uplift in Universal Credit. In FQ2 ‘general advice’ was provided in around 55% of closed cases which can be complex cases but no additional income was generated.</p>																											
<p>This indicator is below target, however this is a cumulative total for the financial year and performance has improved on the last reporting period</p>																											
<p>TARGET FQ2 Total £2.750m per year is distributed to clients Target for FQ2 = £1,375,000</p>	<p>ACTUAL FQ2 £978,340 R</p>	<p>BENCHMARK Internal benchmark: £2.3m</p>	<p>PERFORMANCE ↑</p>																								
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<p>Indicator: LRS110_02 Maintain the percentage of local suppliers that benefit from the awards of contracts via 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: A slight decrease from the previous quarter due to the nature of the contracts. However, YTD local spend is 29.6%. Of the 10 bids made by local contractors, 8 were awarded the contract (80%) with a total value of over £900k. A summary of all contracts awarded in FQ2 is available on Pyramid. In an effort to support local suppliers the team have developed a supplier page on the council’s website that provides suppliers with pre-recorded webinars on how to bid for council contracts, hints and tips for tendering as well as our contract plan, details of upcoming supplier development events and our category officer’s contact details all of which enable local suppliers to be able to bid for our contracts.</p>																											
<p>This indicator is below target and performance has decreased since the last reporting period</p>																											
<p>TARGET FQ2 35%</p>	<p>ACTUAL FQ2 25.8%</p> <p style="color: red; font-weight: bold; font-size: 1.2em;">R</p>	<p>BENCHMARK 2020/21: TBC 2019/20: 27.9%</p>	<p>PERFORMANCE</p> <p style="font-size: 2em;">↓</p>																								
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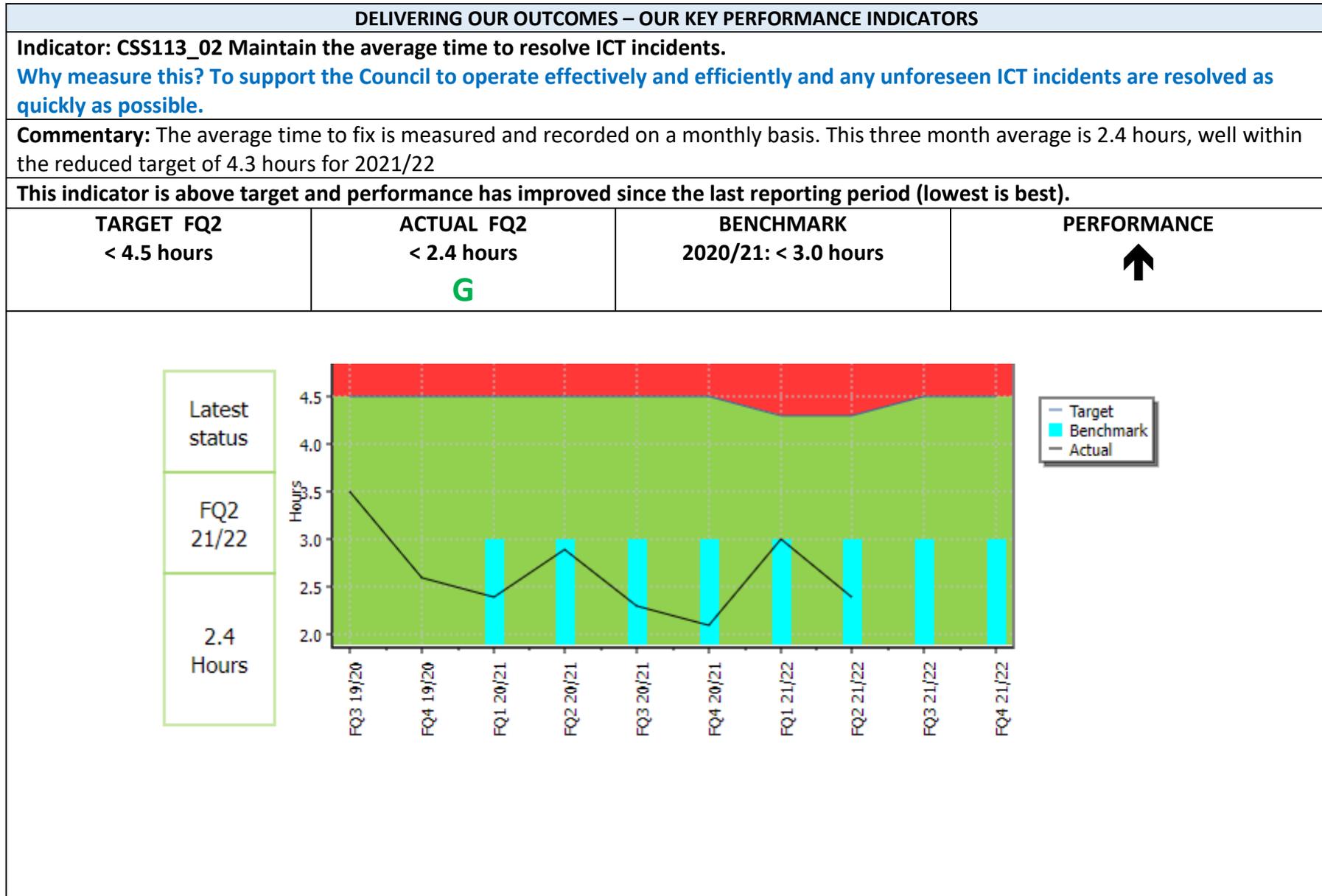


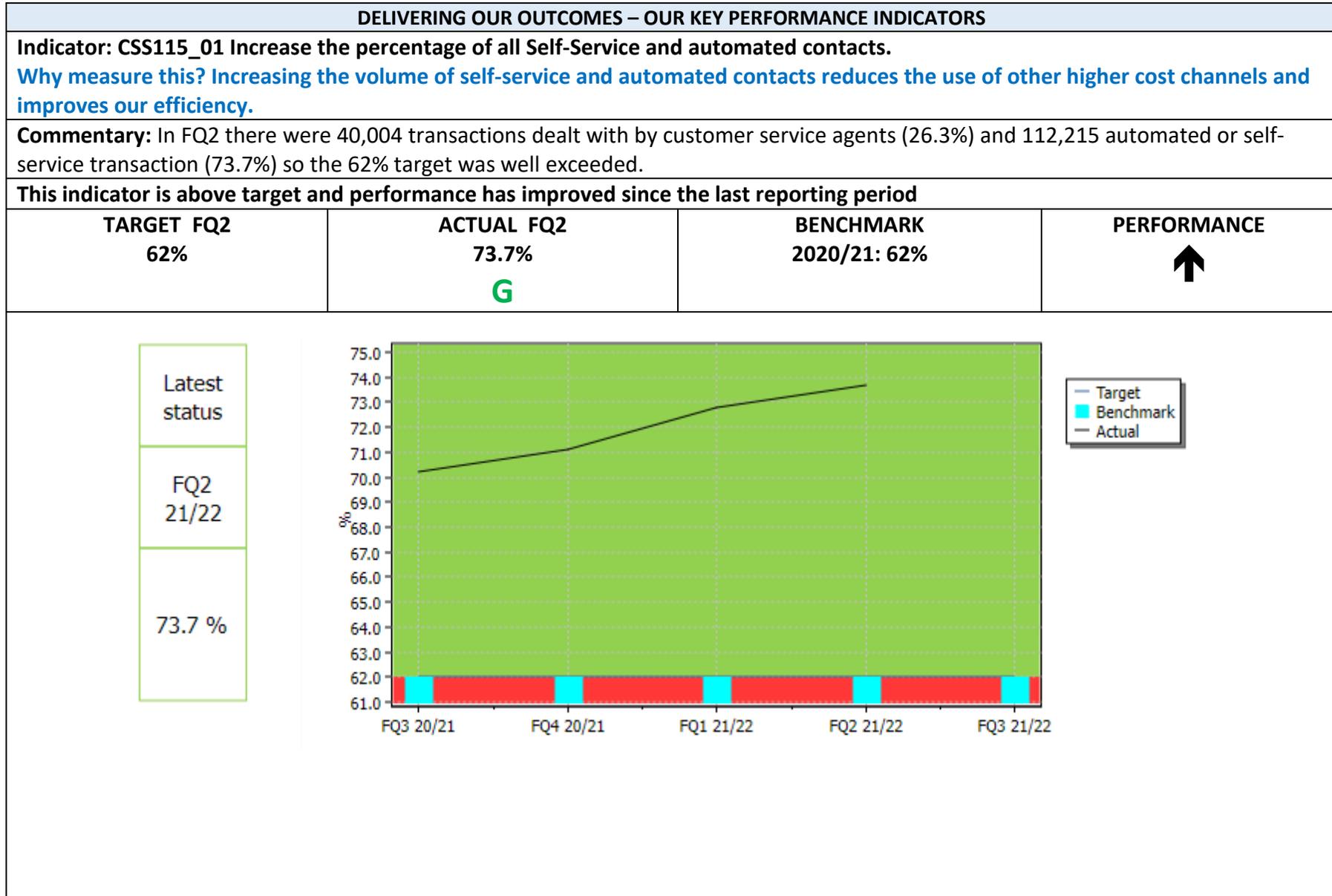
DELIVERING OUR OUTCOMES – OUR KEY PERFORMANCE INDICATORS															
Indicator: COM107_01 Provide quality meals within cost margins to all pupils. Why measure this? All pupils have the opportunity for a nutritious, quality school meal															
Commentary: For FQ2 the food cost percentage for the whole area showed a variance of -3.81% We will continue to review the food cost percentage for those schools above and below the 5% variance target.															
This indicator is above target and performance has improved since the last reporting period															
TARGET FQ2 Minimise quarterly food cost variance of +/-5%	ACTUAL FQ2 3.81% G	BENCHMARK 2019/20: average 3%	PERFORMANCE ↑												
<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border: 1px solid green; padding: 5px; width: 15%;"> <p style="text-align: center;">Latest status</p> <hr/> <p style="text-align: center;">FQ2 21/22</p> <hr/> <p style="text-align: center;">-3.81 %</p> </div> <div style="flex-grow: 1; text-align: center;"> <table border="1" style="margin: 10px auto; border-collapse: collapse;"> <caption>Food Cost Percentage Variance Data</caption> <thead> <tr> <th>Quarter</th> <th>Actual (%)</th> <th>Benchmark (%)</th> </tr> </thead> <tbody> <tr> <td>FQ4 20/21</td> <td>-6.5</td> <td>3.0</td> </tr> <tr> <td>FQ1 21/22</td> <td>-4.0</td> <td>3.0</td> </tr> <tr> <td>FQ2 21/22</td> <td>-3.81</td> <td>3.0</td> </tr> </tbody> </table> </div> <div style="border: 1px solid gray; padding: 5px; width: 15%; font-size: 0.8em;"> <p>— Target</p> <p>■ Benchmark</p> <p>— Actual</p> </div> </div>				Quarter	Actual (%)	Benchmark (%)	FQ4 20/21	-6.5	3.0	FQ1 21/22	-4.0	3.0	FQ2 21/22	-3.81	3.0
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DELIVERING OUR OUTCOMES – OUR KEY PERFORMANCE INDICATORS			
<p>Indicator: CSS101_02 Increase public use of corporate social media sites on three categories of information: council news, community success and general use.</p> <p>Why measure this? We issue informative articles on Council services and achievements as well as the area overall. This supports the overall objective of attracting people to the area.</p>			
<p>Commentary:</p> <p>Facebook - We continue with our content mix of council news, community successes and general-use information. Issuing health information related to Covid is an on-going demand.</p> <p>Instagram - We have continued to focus on posting information about the area as a great place to live. In addition we are posting 'have a great time, be a great visitor' messaging, using #aplace2b</p> <p>Linked In - This is a business focused site. We use it to action our recruitment communication strategy, to view the job application as a last step, promoting our unique selling point of the lifestyle, close to the central belt, as the first. In addition to support economic recovery we post regeneration news, highlighting the area as a place to do business.</p> <p>Twitter - The number of followers of our Twitter account has been significantly higher than the others for some time. Its growth continues but at a reduced pace. Our Insight and Research Officer - currently vacant - will have a role to play in developing new approaches for Twitter.</p>			
<p>This indicator is above target and performance has improved since the last reporting period</p>			
<p>TARGET FQ2 41,303 (10% increase each platform)</p>	<p>ACTUAL FQ2 42,182 G</p>	<p>BENCHMARK 2020/21: 153,782 2019/20: 133,171</p>	<p>PERFORMANCE </p>



DELIVERING OUR OUTCOMES – OUR KEY PERFORMANCE INDICATORS																											
<p>Indicator: CSS101_03 Increase the percentage of telephone service enquiries received by Customer Service Centres that are dealt with at the first point of contact by the Customer Service Centre.</p> <p>Why measure this? This illustrates how we aim to get every customer contact 'right first time' through our Customer Service Centre without having to transfer the query to officers within the specific service.</p> <p>Commentary: This figure is based on the number of calls made, answered and transferred. Total number of calls received = 31,168 with 26,898 answered at first point of contact. First point of contact means that the customer service agent has sufficient information at hand to answer the question for the caller there and then without having to refer the service for the answer.</p> <p>This indicator is above target however performance has decreased slightly since the last reporting period</p>																											
<p>TARGET FQ2 82.0%</p>	<p>ACTUAL FQ2 94.9%</p> <p style="color: green; font-size: 1.5em;">G</p>	<p>BENCHMARK 2020/21: 95.5%</p>	<p>PERFORMANCE</p> <p style="font-size: 2em;">↓</p>																								
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<p>Indicator: RIS113_03 The percentage of the top priority routes that receive winter weather treatment that are completed on time (Winter Maintenance operations).</p> <p>Why measure this? To keep our road network safe and connected we strive to ensure that all top priority routes receive appropriate and timely winter weather treatment.</p> <p>Commentary: There was no winter maintenance action needed during FQ2. Winter Maintenance is due to Commence the first week in November 2021.</p> <p>This indicator is above target with no change in performance since the last reporting period</p>																											
<p>TARGET FQ2 99.87%</p>	<p>ACTUAL FQ2 100%</p> <p>G</p>	<p>BENCHMARK APSE Family Group Average: 99%</p>	<p>PERFORMANCE</p> <p>➔</p>																								
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FQ4 21/22	100.00	100.00	99.00																								

DELIVERING OUR OUTCOMES – OUR KEY PERFORMANCE INDICATORS															
<p>Indicator: RIS113_04 The percentage of Class 1 potholes that are repaired within 36 hours. Why measure this? Robust pot hole repairs help keep our communities and roads safe. Insurance claims against the council are also kept to a minimum whereby reducing avoidable spend.</p>															
<p>Commentary: There were no "Cat 1" potholes recorded on the network in FQ2 which required mobilisation and treatment within 36hrs.</p>															
<p>This indicator is above target with no change in performance since the last reporting period</p>															
<p>TARGET FQ2 100%</p>	<p>ACTUAL FQ2 100% G</p>	<p>BENCHMARK No benchmark</p>	<p>PERFORMANCE ➔</p>												
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DELIVERING OUR OUTCOMES – OUR KEY PERFORMANCE INDICATORS																																										
<p>Indicator: RIS113_05 The percentage of street lighting fault repairs are completed within 10 working days.</p> <p>Why measure this? Robust street lighting repairs help keep our communities and roads safe.</p> <p>Commentary: Over the last 12 months, outstanding street lighting defects have been reduced from approx. 350 down to approx. 180 faults. To set the context there are approx. 14,000 lighting units across the whole Argyll and Bute lighting area which means that we have just over 1% with reported faults. This includes underground cabling faults of which we have 14 currently recorded. This number could increase following further attendance on site when fault diagnostic work is carried out to fully identify the underlying fault cause. We continue to run with absence within the team including currently one colleague who was hospitalised through Covid and is expected to be off for some while. In order to address the current 180 or so lighting faults, the Lighting Team have been asked to make a Monday and a Wednesday return to the RIS Leadership Team setting out the number of faults that have been repaired and the number of faults that are existing. In some areas subcontractors may well be utilised to enable the current lighting backlog to be resolved. Lighting performance and working towards meeting the current performance targets will continue on the RIS Leadership agenda. It should be noted that lighting faults usually rise in the winter months.</p>																																										
<p>This indicator is below target and performance has decreased since the last reporting period</p>																																										
<p>TARGET FQ2 75%</p>	<p>ACTUAL FQ2 31% R</p>	<p>BENCHMARK 2020/21: avg. 39% 2019/20: avg. 41%</p>	<p>PERFORMANCE ↓</p>																																							
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DELIVERING OUR OUTCOMES – OUR KEY PERFORMANCE INDICATORS

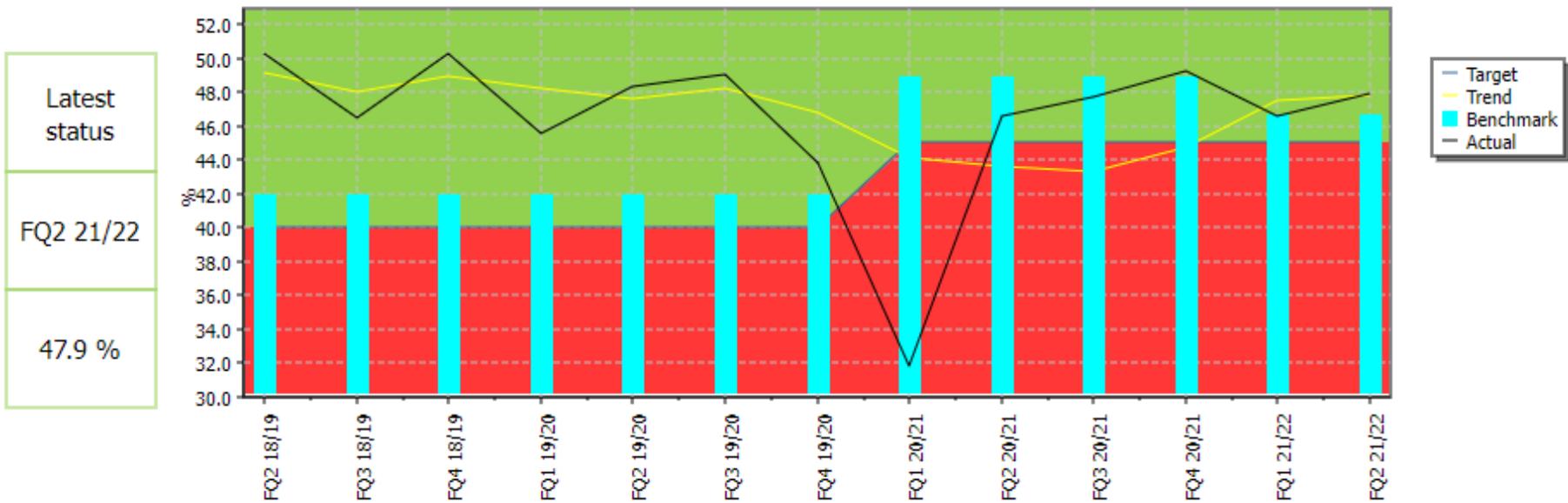
Indicator: RIS114_01 The percentage of waste that is recycled, composted or recovered.

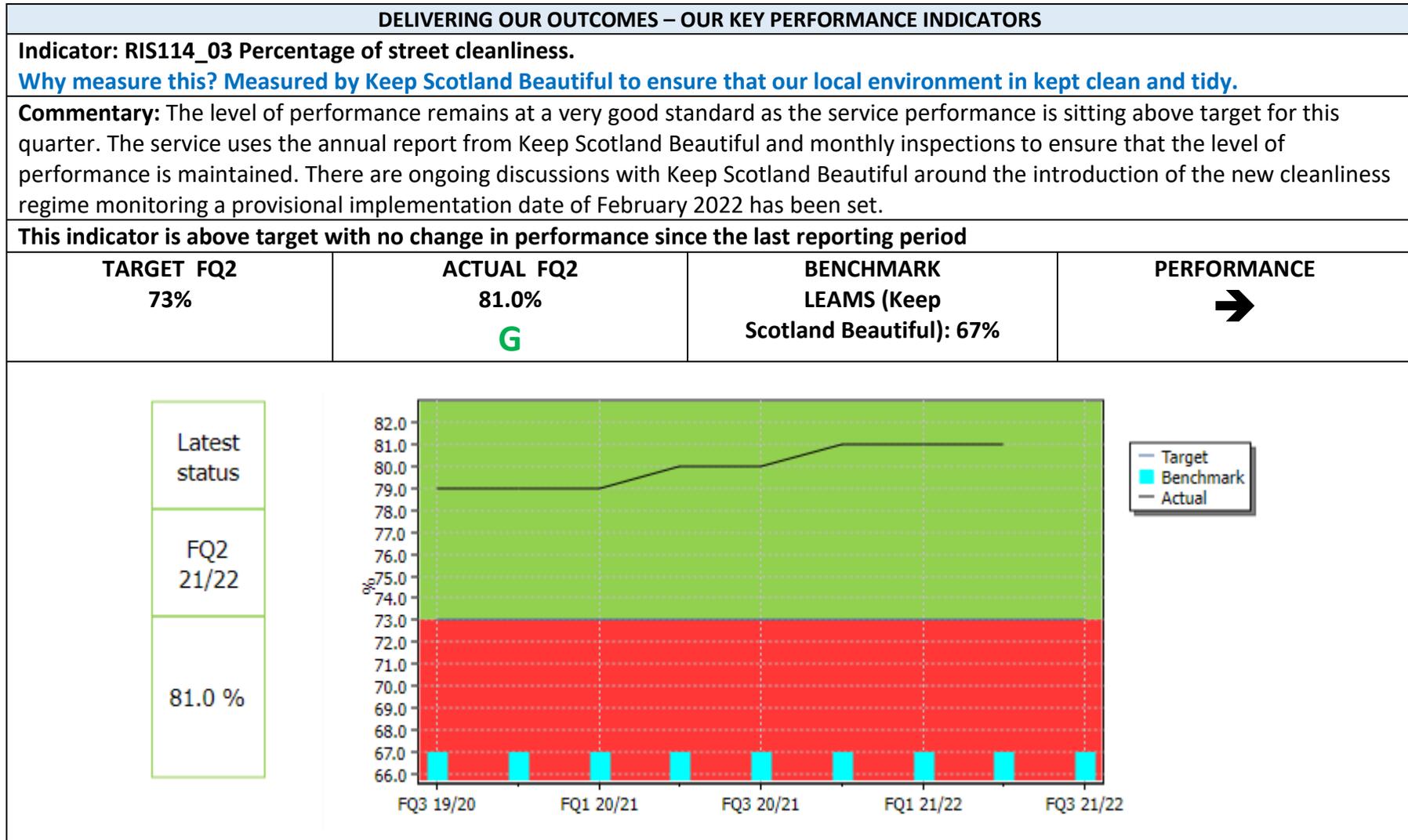
Why measure this? We aim to reduce the amount of material going to landfill. Managing the percentage of waste that is recycled, composted or recovered helps to better understand landfill trends and, where possible, apply interventions to increase diversions from landfill.

Commentary: 47.9% recycling, composting and recovery in Q2 (35.0% recycling/composting plus 12.9% recovery). Recycling levels back to normal with rates similar to pre-Covid levels.

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

TARGET FQ2	ACTUAL FQ2	BENCHMARK	PERFORMANCE
45%	47.9%	2019/20 actual: 46.7% 2018/19 actual: 48.9%	↑





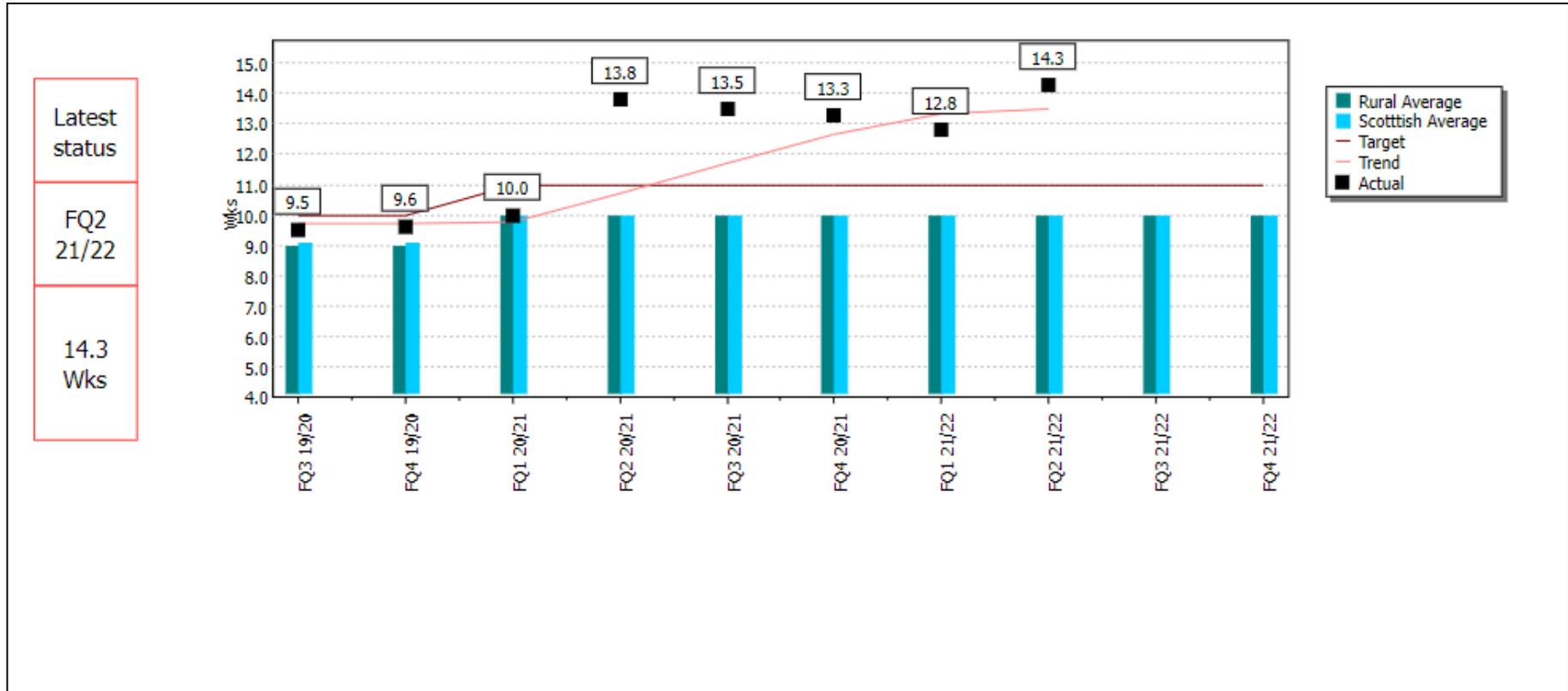
DELIVERING OUR OUTCOMES – OUR KEY PERFORMANCE INDICATORS																											
Indicator: RIS115_01 Percentage of bins collected on time. Why measure this? The percentage of bins collected on time is something which our communities tell us is important.																											
Commentary: In FQ2 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.																											
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TARGET FQ2 96%	ACTUAL FQ2 99% G	BENCHMARK 2020/21: 99%	PERFORMANCE ➔																								
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<p>Indicator: DEG103_02 The percentage of positive homeless prevention interventions (prevent 1). 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.</p>																											
<p>Commentary: This target is focused on the effective prevention work carried out by Housing staff. During the pandemic the Housing Service has continued to provide housing advice and assistance via a virtual service. During FQ2 this has resulted in positive interventions for 68% of households seeking advice. Of the remaining 32%: 24% made a homeless application, 3% lost contact, 3% Not Known and 2% Moved in with Family or Friends. Positive interventions by Housing staff enabled 114 (77%) of households to remain in their own accommodation, 22 households (15%) secured an RSL tenancy and 12 (8%) secured a private tenancy. The number of households requiring to make a homeless application per area: Bute and Cowal – 18 (35%), Helensburgh & Lomond – 9 (41%), Oban, Lorn and the Isles – 15 (15%), Mid Argyll, Kintyre and Islay – 11 (24%)</p>																											
<p>This indicator is above target however performance has decreased since the last reporting period</p>																											
<p>TARGET FQ2 50%</p>	<p>ACTUAL FQ2 68% G</p>	<p>BENCHMARK Local Housing Strategy: 50%</p>	<p>PERFORMANCE ↓</p>																								
<p>Latest status</p> <p>FQ2 21/22</p> <p>68 %</p>	<table border="1"> <caption>Performance Data from Chart</caption> <thead> <tr> <th>Reporting Period</th> <th>Actual (%)</th> <th>Target (%)</th> <th>Benchmark (%)</th> </tr> </thead> <tbody> <tr> <td>FQ3 20/21</td> <td>57</td> <td>50</td> <td>50</td> </tr> <tr> <td>FQ4 20/21</td> <td>57</td> <td>50</td> <td>50</td> </tr> <tr> <td>FQ1 21/22</td> <td>75</td> <td>50</td> <td>50</td> </tr> <tr> <td>FQ2 21/22</td> <td>68</td> <td>50</td> <td>50</td> </tr> <tr> <td>FQ3 21/22</td> <td>68</td> <td>50</td> <td>50</td> </tr> </tbody> </table>			Reporting Period	Actual (%)	Target (%)	Benchmark (%)	FQ3 20/21	57	50	50	FQ4 20/21	57	50	50	FQ1 21/22	75	50	50	FQ2 21/22	68	50	50	FQ3 21/22	68	50	50
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<p>Indicator: DEG105_01 Respond to Building Warrant applications within 20 days.</p> <p>Why measure this? Providing a prompt service helps support the local economy. This national target allows us to benchmark our performance.</p> <p>Commentary: The performance in responding to building warrants within 20 working days remains well above target (80%) with 93.4% of applications in the period 1st July to 30th September 2021. There is a reduction from FQ1 of 6.3% due primarily to staff absence due to sickness and also vacancies in the team. However, there was also an increase in the number of warrants received in FQ2 with 301 applications being dealt with as opposed to 237 in FQ1. Commercial work is unreliable and work from East Lothian Council is reducing. Scottish Borders have requested support and this is due to commence for next 3 months, and we have provided information to Moray Council, although did not receive any response. This performance was achieved despite unplanned work in response to dangerous buildings in Campbeltown (Longrow), Taynuilt Hotel fire, fire at 4 properties at Argyll Street, Dunoon, and ongoing work associated with 5-7 East Clyde Street, Helensburgh. The associated work has been significant and has required use of emergency powers to ensure that works are carried out to remove dangers to public safety. This work goes unnoticed by many, and demonstrates the professionalism and essential role of the team.</p>																									
<p>This indicator is above target however performance has decreased since the last reporting period</p>																									
<p>TARGET FQ2 80%</p>	<p>ACTUAL FQ2 93.4% G</p>	<p>BENCHMARK FQ1 2020/21: 99.5% Previous quarter performance</p>	<p>PERFORMANCE ↓</p>																						
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<p>Indicator: DEG105_02 The percentage of building warrants and amendments issued within 6 days from receipt of all satisfactory information.</p> <p>Why measure this? Providing a prompt service helps support the local economy. This national target allows us to benchmark our performance.</p> <p>Commentary: After a disappointing FQ1 where performance fell below target for the first time for some years, the corrective actions identified have been successful. In FQ2 performance has increased to 93.3%, from 89.8% and above target. This performance was achieved despite unplanned work in response to dangerous buildings in Campbeltown (Longrow), Taynuilt Hotel fire, fire to 4 properties at Argyll Street, Dunoon, and ongoing work associated with 5-7 East Clyde Street, Helensburgh. The associated work has been significant and has required use of emergency powers to ensure that works are carried out to remove dangers to public safety. This measure is resource intensive and there will be a challenge for FQ3 to maintain or improve performance as we will have 2.5FTE professional vacancies in the team as of November. There are well-established arrangements in place for operating as a virtual single team, with warrants being assessed out with their geographical location, submit to available resourcing. This, together with active management, will ensure that our performance is as high as it can be, subject to resourcing and reactive workload.</p>																											
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<p>TARGET FQ2 90%</p>	<p>ACTUAL FQ2 93.3% G</p>	<p>BENCHMARK No benchmark</p>	<p>PERFORMANCE ↑</p>																								
<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>93.3 % DEG105_02-The Percentage Of Building Warrants And Amendments Issued Within 6 Days From Receipt Of All (Actual, FQ2 21/22)</p> </div> <div> <table border="1"> <caption>Performance Trend Data (Estimated)</caption> <thead> <tr> <th>Quarter</th> <th>Actual (%)</th> <th>Target (%)</th> </tr> </thead> <tbody> <tr> <td>FQ1 19/20</td> <td>89.8</td> <td>90.0</td> </tr> <tr> <td>FQ2 19/20</td> <td>93.3</td> <td>90.0</td> </tr> <tr> <td>FQ4 19/20</td> <td>95.0</td> <td>90.0</td> </tr> <tr> <td>FQ2 20/21</td> <td>95.0</td> <td>90.0</td> </tr> <tr> <td>FQ4 20/21</td> <td>90.0</td> <td>90.0</td> </tr> <tr> <td>FQ2 21/22</td> <td>93.3</td> <td>90.0</td> </tr> <tr> <td>FQ4 21/22</td> <td>93.3</td> <td>90.0</td> </tr> </tbody> </table> </div> </div>				Quarter	Actual (%)	Target (%)	FQ1 19/20	89.8	90.0	FQ2 19/20	93.3	90.0	FQ4 19/20	95.0	90.0	FQ2 20/21	95.0	90.0	FQ4 20/21	90.0	90.0	FQ2 21/22	93.3	90.0	FQ4 21/22	93.3	90.0
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DELIVERING OUR OUTCOMES – OUR KEY PERFORMANCE INDICATORS			
<p>Indicator: DEG110_03 The time it takes to determine 'local' planning applications is no longer than 10% above the National Average. Why measure this? This indicates the efficiency of the Council's planning process. Prompt planning application decisions is a driver to support and help grow the local economy.</p>			
<p>Commentary: The Development Management Team is seeing an uplift in demand for the service, whilst operating at reduced capacity in terms of resource - this is reflected in the performance for FQ2, which traditionally sees a higher level of annual leave taken.</p> <p>Following the temporary addition of a colleague to our Central Validation Team, the number of applications validated increased by 22% over the same period last year. (Demonstrating our commitment to "Grow Your Own", this succession planning for the impending retirement of a key member of the CVT has shown dividends.)</p> <p>When reporting against applications determined, performance in terms of timescale of delivery saw a reduction in all areas. However, this must be set against a 25% increase in volume compared to the same period last year:</p> <ul style="list-style-type: none"> - Householder Applications +14% - Local (excl HH) Applications +13% - Other* Applications +85% <p>*The category of "Other" applications constitute those for which we receive very little income, as laid down in legislation. The 74 applications determined, attracted the sum of £2,982 (or £40.30 each) at times of budgetary challenges being experienced by Local Planning Authorities.</p> <p>During FQ2, a new Planning Officer joined the team in Mid-Argyll, but the Oban team continued to operate throughout the whole period with a vacant post. The position has been offered to the successful candidate with an anticipated start date in November. This will bring the team up to the minimum resource level required to operate the service for the first time in over a year.</p>			
<p>This indicator is above target (lowest is best) and performance has decreased since the last reporting period</p>			
TARGET FQ2 10 Weeks	ACTUAL FQ2 14.3 Weeks R	BENCHMARK Scottish National Average: 2019/20: TBC	PERFORMANCE 



SUMMARY OF OFF-TRACK PERFORMANCE

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

EDU107_05-Maintain the percentage of all young people leaving school achieving a positive destination into further education, training or employment.

The Annual Participation Measure for 2020-21 was released on 31st August 2021. In Argyll and Bute 93.5% of young people aged 16-19 were participating (in work, training or education). This figure is 1.3% above the national average. 3.2% were not participating, which is equal with the national average. 3.3% were unconfirmed, which is 1.3% below the national average.

LRS110_02-Maintain the percentage of local suppliers that benefit from the awards of contracts via the procurement portal.

FQ2 performance was 25.8%. This was a slight decrease from the previous quarter due to the nature of the contracts. However, YTD local spend is 29.6%. Of the 10 bids made by local contractors, 8 were awarded the contract (80%) with a total value of over £900k.

In an effort to support local suppliers the team have developed a supplier page on the council's website that provides suppliers with pre-recorded webinars on how to bid for council contracts, hints and tips for tendering as well as our contract plan, details of upcoming supplier development events and our category officer's contact details all of which enable local suppliers to be able to bid for our contracts.

FIS102_04a-All new benefit claims are processed promptly.

Performance has fallen slightly in this area mainly due to staffing shortages, sickness and an increase in workload due to Covid related Self Isolation Support Grant (SISG) volumes. A new member of staff started on 11th October and is trained to respond to telephone enquiries. This will ensure that Benefit Assessors time will be freed up to process new claim decisions. SISG volumes will reduce in the future due to proposed changes in the eligibility criteria for the grants. Therefore performance should improve as a result of this.

RIS113_05-The percentage of street lighting fault repairs are completed within 10 working days.

Over the last 12 months, outstanding street lighting defects have been reduced from approx. 350 down to approx. 180 faults. To set the context there are approx. 14,000 lighting units across the whole Argyll and Bute lighting area which means that we have just over 1% with reported faults. This includes underground cabling faults of which we have 14 currently recorded. This number could increase following further attendance on site when fault diagnostic work is carried out to fully identify the underlying fault cause. We continue to run with absence within the team including currently one colleague who was hospitalised through Covid and is expected to be off for some while. In order to address the current 180 or so lighting faults, the Lighting Team have been asked to make a Monday and a Wednesday return to the RIS Leadership Team setting out the number of faults that have been repaired and the number of faults that are existing. In some areas subcontractors may well be utilised to enable the current lighting backlog to be resolved. Lighting performance

Appendix 3

and working towards meeting the current performance targets will continue on the RIS Leadership agenda. It should be noted that lighting faults usually rise in the winter months.

The following 3 KPIs are currently off-track however performance has improved since the last reporting period.

FIS115_03-Maintain the high rate of collecting Council Tax.

Despite a difficult year Council Tax collections have remained steady and our collection figures are now comparable with 2019/20. In FQ2 2021/22 we collected 47.73% which compares to 47.95 % in FQ2 2019/20. The figure was lower for FQ2 in 2020/21 but this is attributed to the impact of Covid. The team have continued to keep processing up to date and are performing well.

DEG110_03-The time it takes to determine 'local' planning applications is no longer than 10% above the National Average.

The Development Management Team is seeing an uplift in demand for the service, whilst operating at reduced capacity in terms of resource - this is reflected in the performance for FQ2, which traditionally sees a higher level of annual leave taken.

Following the temporary addition of a colleague to our Central Validation Team, the number of applications validated increased by 22% over the same period last year. (Demonstrating our commitment to "Grow Your Own", this succession planning for the impending retirement of a key member of the CVT has shown dividends.)

When reporting against applications determined, performance in terms of timescale of delivery saw a reduction in all areas. However, this must be set against a 25% increase in volume compared to the same period last year:

- Householder Applications +14%
- Local (excl HH) Applications +13%
- Other* Applications +85%

*The category of "Other" applications constitute those for which we receive very little income, as laid down in legislation. The 74 applications determined, attracted the sum of £2,982 (or £40.30 each) at times of budgetary challenges being experienced by Local Planning Authorities.

During FQ2, a new Planning Officer joined the team in Mid-Argyll, but the Oban team continued to operate throughout the whole period with a vacant post. The position has been offered to the successful candidate with an anticipated start date in November. This will bring the team up to the minimum resource level required to operate the service for the first time in over a year.

LRS102_01-Advice and assistance from Welfare Rights is provided to Clients to ensure they maximise their income.

The figure is below target for a number of reasons. The volume of referrals received in 2020/21 was reduced due to Covid-19 as there was an uplift in Universal Credit. In FQ2

Appendix 3

'general advice' was provided in around 55% of closed cases which can be complex cases but no additional income was generated.

The previous performance report to the committee contained 2 KPIs that were off Track and Decreasing. The performance summary of these 2 indicators is as follows –

Off-track with improving performance (no longer a KPI)

EDU108_01(108_07)-Increase the uptake of wider achievement opportunities which offer alternative ways to develop learning, life and work skills.

Off Track with decreasing performance (detailed above)

LRS110_02(110_10)-Maintain the percentage of local suppliers that bid for business through the procurement portal.

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

	Council Scorecard 2019-22	Scorecard owned by: Pippa Milne	Apr-Sep21
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Corporate Outcome 1 - People Live Active, Healthier and Independent Lives		
Success Measures	15	BO101: We Ensure Information And Support Is Available For Everyone
On Track	13	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	8	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	11	BO106: Our Looked After Young People Are Supported By Effective Corporate Parenting
On Track	10	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	8	BO108: All Our Children And Young People Are Supported To Realise Their Potential
On Track	8	BO109: All Our Adults Are Supported To Realise Their Potential
Corporate Outcome 5 - Our Economy Is Diverse and Thriving		
Success Measures	15	BO110: We Support Businesses, Employment And Development Opportunities
On Track	13	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	12	BO113: Our Infrastructure Is Safe And Fit For The Future
On Track	11	BO114: Our Communities Are Cleaner And Greener
Getting It Right		
Success Measures	16	BO115: We Are Efficient And Cost Effective
On Track	15	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





Council Scorecard 2019-22

Scorecard owned by: **Pippa Milne**

Apr-Sep21

[Back to Full Council Scorecard](#)

Management Information

RESOURCES

<i>People</i>		<i>Actual</i>	<i>Trend</i>		
Sickness Absence ABC		5.40 Days	↓		
<i>Benchmark</i>	<i>Target</i>	<i>Actual</i>	<i>Status</i>	<i>Trend</i>	
PRDs % complete ABC	90 %	44 %	R	↓	
<i>Financial</i>		<i>Budget</i>	<i>Forecast</i>	<i>Status</i>	<i>Trend</i>
Finance Revenue totals ABC	£k184,053	£k 184,026	A	↑	
<i>Customer Relations</i>					
Customer Service ABC					
Customer satisfaction	83 %	↓	Stage 1 Complaints	79 %	R ↓
Number of consultations	0		Stage 2 Complaints	71 %	R ↓

IMPROVEMENT

Strategic Risks

Strategic Risk Register **H 4** **M 6** **L 3**

	R	Overdue	Due in future	Future - off target
A&B Council Audit Recommendations	R	19 ↓	39 ↑	3 ↑

Asset Management Risks

	<i>No. of Risks</i>	<i>No. of Green Risks</i>	<i>No. of Red 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	G ↑

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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Audit & Scrutiny Committee Work Plan 2021 – 2022

This is an outline plan to facilitate forward planning of reports to the Audit & Scrutiny Committee

Report	Lead Service	Regularity
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"> • Child Protective Services • Contract Management (Roads and Amenities) • Fixed Asset Register • Oban Airport • Street Cleaning • Care Programme Approach (HSCP) 	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 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"> • Adult Protective Services • Civil Contingencies 	Chief Internal Auditor	Quarterly

Audit & Scrutiny Committee Work Plan 2021 – 2022

<ul style="list-style-type: none"> • ELC Parental Satisfaction • Environmental Health • ICT Remote Working • Live Argyll Budget Monitoring • Planning Applications • Purchasing Cards • School Funds • Workforce Planning (HSCP Audit Plan) 		
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
Progress against Best Value Action Plan Update	Head of Financial Services	Annual
Community Asset Transfer Scrutiny Review	Chief Internal Auditor/Chair of Scrutiny Panel - Martin Caldwell	One-off
Fly Tipping Scrutiny Review	Chief Internal Auditor/Head of Scrutiny Review Panel – Jim Lynch	One-off
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	Chief Internal Auditor	Quarterly
<ul style="list-style-type: none"> • Climate Change Act 		

Audit & Scrutiny Committee Work Plan 2021 – 2022

<ul style="list-style-type: none"> • Education Processes • Complaints Handling (HSCP Audit Plan) 		
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
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
XX September 2022	Reports to Committee Services by XX August 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	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
Corporate Complaints Annual Report 2021/22	Governance, Risk and Safety Manager	Annual
Freedom of Information Annual Report 2021/22	Governance, Risk and Safety Manager	Annual
Audit & Scrutiny Committee 2021/22 Annual Report	Audit & Scrutiny Committee Chair	Annual
Strategic Risk Register – Assurance Mapping	Chief Internal Auditor	Annual
Strategic Risk Register Update	Chief Executive	Annual
Trust Fund Annual Accounts	External Audit	Annual

Audit & Scrutiny Committee Work Plan 2021 – 2022

Local Government in Scotland Overview 2022	Audit Scotland	Annual
Counter Fraud Annual Update (End of 2 year pilot)	Chief Internal Auditor	Annual