

Public Document Pack

Argyll and Bute Council

Comhairle Earra-Ghàidheal Agus Bhòid

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16 June 2022

NOTICE OF MEETING

A meeting of the **AUDIT AND SCRUTINY COMMITTEE** will be held in the **COUNCIL CHAMBERS, KILMORY, LOCHGILPHEAD** on **THURSDAY, 23 JUNE 2022 at 12:30 PM**, which you are requested to attend.

Douglas Hendry
Executive Director

BUSINESS

1. **APOLOGIES**
 2. **DECLARATIONS OF INTEREST**
 3. **MINUTE OF PREVIOUS MEETING HELD ON 15 MARCH 2022** (Pages 5 - 10)
- AUDIT ITEMS**
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 - Climate Change Act
 - ELC Parental Satisfaction
 - ICT Remote Working
 - Planning Applications
 - School Fund Governance
 - Complaints Handling (HSCP Audit Plan)

7. EXTERNAL AUDIT UPDATE REPORT

Verbal Update by Audit Scotland

8. REVISED 2022/23 INTERNAL AUDIT ANNUAL PLAN (Pages 127 - 148)

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SCRUTINY ITEMS

9. VERBAL UPDATE BY CHAIR(S) OF THE SCRUTINY PANEL

Verbal Update by Martin Caldwell and Councillor Jim Lynch

10. COMMUNITY ASSET TRANSFER SCRUTINY REVIEW (Pages 149 - 166)

Report by Chair of Scrutiny Panel, Martin Caldwell

11. FLY-TIPPING SCRUTINY REVIEW (Pages 167 - 178)

Report by Chair of Scrutiny Panel, Councillor Jim Lynch

12. LOCAL GOVERNMENT IN SCOTLAND - FINANCIAL OVERVIEW 2020-21 (Pages 179 - 218)

Report by Audit Scotland

13. EXTERNAL AUDIT 2021/22 MANAGEMENT REPORT

Verbal Update by Audit Scotland

14. LOCAL GOVERNMENT IN SCOTLAND - OVERVIEW 2022 (Pages 219 - 266)

Report by Audit Scotland

15. STRATEGIC RISK REGISTER (Pages 267 - 272)

Report by Chief Executive

16. COUNCIL 6-MONTH PERFORMANCE REPORT - OCTOBER TO MARCH 2022 (Pages 273 - 306)

Report by Executive Director with responsibility for Customer Support Services

17. LOCAL GOVERNMENT BENCHMARKING FRAMEWORK 2020/21 - ANALYSIS AND COMMENTARY (Pages 307 - 374)

Report by Executive Director with responsibility for Customer Support Services

18. INTERNAL AUDIT - ANNUAL REPORT 2021/22 (Pages 375 - 386)

Report by Interim Chief Internal Auditor

19. REVIEW OF CODE OF CORPORATE GOVERNANCE (Pages 387 - 442)

Report by Executive Director with responsibility for Legal and Regulatory Support

20. UNAUDITED FINANCIAL ACCOUNTS - TO FOLLOW

Report by Interim Head of Financial Services

21. WORKPLAN (Pages 443 - 446)

For noting and updating

Audit and Scrutiny Committee

Martin Caldwell (Chair)

Councillor Graham Hardie

Councillor Reeni Kennedy-Boyle

Councillor Andrew Vennard

Councillor Daniel Hampsey

Councillor Mark Irvine

Councillor Jim Lynch (Vice-Chair)

Shona Barton, Committee Manager

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

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**MINUTES of MEETING of AUDIT AND SCRUTINY COMMITTEE held BY MICROSOFT TEAMS
on TUESDAY, 15 MARCH 2022**

Present: Martin Caldwell (Chair)

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

Attending: Jane Fowler, Head of Customer Support Services
Anne Blue, Interim Head of Financial Services
Jim Smith, Head of Roads and Infrastructure Services
Shona Barton, Committee Manager
Moira Weatherstone, Interim Chief Internal Auditor
Stuart Green, Corporate Support Manager
John Cornett, Director, Audit Scotland
Kyle McAulay, Senior Audit Manager, Audit Scotland

1. APOLOGIES

The Chair welcomed everyone to the meeting and advised that this was the last meeting of the Committee in this term of the Council. He took the opportunity to thank all the Members of the Committee for their hard work and efforts in the execution of their duties as Members of the Audit and Scrutiny Committee.

Apologies were intimated on behalf of Councillor George Freeman.

2. DECLARATIONS OF INTEREST

There were no declarations of interest intimated.

3. MINUTE OF PREVIOUS MEETING HELD ON 14 DECEMBER 2021

The Minute of the previous meeting of the Audit and Scrutiny Committee, held on 14 December 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 three of 2021/22 against the following areas:

Audits Completed

- Environmental Health
- Live Argyll Budget Monitoring
- Purchasing Cards

Audits in Progress

- Civil Contingencies

- Complaints Handling – HSCP
- ELC – Parental Satisfaction
- Workforce Planning – HSCP

2021/22 Audit Plan

- Climate Change Act
- ICT – Remote Working
- Planning Applications

The report also included information on the work carried out by the Counter Fraud Team (CFT) since 14 December 2021 and provided an update on total billing to date as a direct consequence of their work.

Decision

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

(Reference: Report by Interim Chief Internal Auditor, dated 15 March 2022, submitted)

Councillor Jim Findlay joined the meeting at 10:12am, during discussion of agenda item 4 (Internal Audit and Counter Fraud Summary of Activities).

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

Having noted the concerns around the limited level of assurance that had been placed on the Contract Management audit, presented to them at their meeting on 14 December 2021, the Committee heard from the Head of Roads and Infrastructure Services who provided assurance that performance monitoring and reporting arrangements had been put in place for the contracts that are currently in progress. Mr Smith advised of the review into contract management procedures and confirmed that arrangements were in place to ensure weekly management meetings between the Network and Operation teams and that a session was planned for the extended team to ensure clarity on the formal structure around roles and responsibilities with regard to contracts.

The Chair thanked Mr Smith and his team for the work that had been carried out to rectify the situation.

The Committee then gave consideration to a report providing an update on all open actions as at 31 December 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 15 March 2022, submitted)

6. INTERNAL AUDIT REPORTS TO AUDIT AND SCRUTINY COMMITTEE 2021/2022

The Audit and Scrutiny Committee gave consideration to a report containing the action plans in relation to the following 3 audits:-

- Environmental Health
- Live Argyll Budget Monitoring
- Purchasing Cards

Decision

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

(Reference: Report by Interim Chief Internal Auditor, dated 15 March 2022, submitted)

Councillor Jim Lynch joined the meeting at 10:28am, during discussions of agenda item 6 (Internal Audit Reports to Audit and Scrutiny Committee 2021/22).

7. REVISED 2021/22 INTERNAL AUDIT ANNUAL PLAN

Consideration was given to a report presenting the revised 2021/22 Internal Audit Annual Plan.

Decision

The Audit and Scrutiny Committee agreed and approved the revised Internal Audit Annual Plan 2021/22 (Appendix 1).

(Reference: Report by Interim Chief Internal Auditor, dated 15 March 2022, submitted)

8. 2022/23 INTERNAL AUDIT PLAN

The Committee gave consideration to a report which introduced the 2022/23 Internal Annual Audit Plan.

Decision

The Audit and Scrutiny Committee agreed and endorsed the Internal Audit Annual Plan 2022/23 (Appendix 1).

(Reference: Report by Interim Chief Internal Auditor, dated 15 March 2022, submitted)

9. EXTERNAL AUDIT - 2021/22 ANNUAL PLAN

Consideration was given to a report presenting the annual audit plan, which contained an overview of the planned scope and timing of the audit and set out the work required to allow for an independent auditor's report on the annual accounts and the audit of Best Value.

Having noted that this would be the last time the Annual Plan would be presented by the current Audit Scotland team, the Chair took the opportunity to thank Audit Scotland for their work and assistance over the years.

Decision

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

(Reference: Report by Audit Scotland, submitted)

10. INTERNAL AUDIT CHARTER AND INTERNAL AUDIT MANUAL

The Committee gave consideration to a report which outlined the proposed changes to the Internal Audit Charter and Internal Audit Manual.

Decision

The Audit and Scrutiny Committee agreed to:-

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

(Reference: Report by Interim Chief Internal Auditor, dated 15 March 2022, submitted)

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

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 the report was all but complete with only the final statement outstanding. He advised that the intention was to present the report at the first meeting of the Audit and Scrutiny Committee following the induction of the new Council. Mr Caldwell took the opportunity to thank Councillors McGrigor and Trail for their help and assistance with the review.

Councillor Lynch, the Chair of the Fly Tipping Review Panel provided a short update in relation to the progress of the review. He advised of issues in establishing the correct number of incidents of fly tipping and outlined a number of areas that require to be addressed, including the definition of fly tipping, prior to progressing the review and advised that work was ongoing in this regard.

Decision

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

12. SCRUTINY FRAMEWORK AND MANUAL UPDATE

Consideration was given to a report outlining the proposed changes to the Council's Scrutiny Framework and Manual.

Decision

The Audit and Scrutiny Committee agreed to:-

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

(Reference: Report by Interim Chief Internal Auditor, dated 15 March 2022, submitted)

13. UNAUDITED ANNUAL ACCOUNTS 2021-22

Consideration was given to a report which outlined the plans in place for financial year end 31 March 2022 and the preparation of the Council's Unaudited Annual Accounts for 2021-22.

Decision

The Audit and Scrutiny Committee agreed to note that plans are in place to prepare the Council's Annual Accounts, consistent with the Accounting Code of Practice and submit them to Council prior to 30 June 2022.

(Reference: Report by Section 95 Officer, dated 16 February 2022, submitted)

14. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY

The Committee gave consideration to a report seeking endorsement of the proposed Treasury Management Strategy Statement and Annual Investment Strategy, and which set out the policy for the repayment of loans fund advances for 2022-23.

Decision

The Audit and Scrutiny Committee agreed to:-

1. endorse the proposed Treasury Management Strategy Statement and Annual Investment Strategy and the indicators contained within;
2. note the continued use of the asset life method for the repayment of loan fund advances using a 5.1% annuity interest rate, with the exception of spend to save schemes where the funding/income profile method could be used;
3. note the proposed asset repayment periods as detailed within section 2.6 of the Treasury Management Strategy Statement; and
4. note the ability to continue to use countries with a sovereign rating of AA- and above, as recommended by the Council's external treasury management advisors.

(Reference: Report by Section 95 Officer, dated 10 February 2022, submitted)

15. BEST VALUE IMPROVEMENT ACTION PLAN UPDATE

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

Decision

The Audit and Scrutiny Committee agreed to:-

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

(Reference: Report by Chief Executive, dated 22 February 2022, submitted)

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

In line with the Scottish Government Code of Practice on Covert Surveillance and Property Interference, the annual report on the use of the Regulation of Investigatory Powers (Scotland) Act 2000 (RIPSA) was before the Committee for noting.

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 15 March 2022, submitted)

17. WORKPLAN

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

The Audit and Scrutiny workplan was before the Committee for noting.

Decision

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

(Reference: Audit and Scrutiny Workplan, dated 15 March 2022, submitted)

Having established that Councillors Findlay and Trail were retiring at the end of the current term of the Council, the Chair took the opportunity to say a few words of thanks and wished them both well in the next stage of their lives. Mr Caldwell also took the opportunity to wish the other Members good luck with their election campaigns.

ARGYLL AND BUTE COUNCIL**AUDIT & SCRUTINY COMMITTEE****FINANCIAL SERVICES****23 JUNE 2022**

INTERNAL AUDIT AND COUNTER FRAUD SUMMARY OF ACTIVITIES

1. SUMMARY

1.1 The objective of the report is to provide the Audit and Scrutiny Committee (the Committee) with a summary of Internal Audit activity and progress during quarter one of 2022/23.

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

- **2021/22 Audit Plan progress:** Complete
- **Individual Audits undertaken:** 7 audits have been completed during the period. Two audits have been assessed as providing high assurance, three substantial assurance, one reasonable assurance and one limited assurance (HSCP Audit provided for information only).
- **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. The continuous monitoring programme has been completed for 2021/22.
- **Performance indicators:** Current status is green / on track.

2. RECOMMENDATIONS

2.1 To review and endorse the Summary of Activities report.

3. DETAIL

3.1 Seven audits have been completed since the previous Committee in March 2022. Three audits are currently in progress and will be reported to a future meeting of the Committee.

Audits Completed

- Civil Contingencies
- Climate Change Act
- Complaints Handling – HSCP
- ELC Parental Satisfaction
- ICT - Remote Working

- Planning Applications
- School Fund Governance

Audit in Progress

- Heritage Assets
- EMA
- Workforce Planning (HSCP)

3.2 In addition to those already in progress indicative audits planned for Quarter 2 2022/23 are:

3.3 2022/23 Audit Plan

- Cyber Security
- Early Years
- LEADER

Scrutiny

3.4 Work has been completed on the 2021/22 scrutiny plan. The Community Asset Transfer Process and Fly Tipping reviews have been completed and reports have been issued and are presented to this Committee.

Counter Fraud

3.5 The paragraphs below summarise the work carried out by the Counter Fraud Team (CFT) and provide an update on total billing for the pilot to the end of April 2022. The pilot end date is September 2022. The previous update provided to the Audit and Scrutiny was only a small snippet of work carried out from the start of 2022. During this time a small value was rebilled as a pending large review was still to be finalised, along with other proactive work. This full update is the basis for the proposal to make the CFT a permanent fixture to continue to protect the public purse.

3.6 In March there were two referrals alleging fraud by a council officer. The investigation concluded there was evidence of fraud. This remains under investigation and is currently with the Councils Monitoring officer.

3.7 The CFT continue to perform visits to referral addresses when and where possible. CFT staff have made visits to Campbeltown, Garelohead, Rosneath, Tarbert and Bute to date and been accompanied by other department staff due to collaborative work. The CFT plan for 2022 to revisit Bute due to high volume of work identified. Furthermore visits will be made to Oban and Helensburgh.

3.8 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 all fraud activity work to date (April 2022) and provides a summary of rebilling.

Investigation Area	No. of Referrals	Summary
Council tax	64	<ul style="list-style-type: none"> 10 fraudulent referrals resulting in investigative work and rebilling
Benefits	17	<ul style="list-style-type: none"> Numerous referrals and details passed to DWP and other agency partners
Blue Badge	4	<ul style="list-style-type: none"> No offences found to date by blue badge team
Employee	10	<ul style="list-style-type: none"> 3 Upheld 2 Partially Upheld 2 Not Upheld <p>There has been additional referrals where the same officers have been reported twice or three times.</p>
Others	9	<ul style="list-style-type: none"> A variety of referrals from Police Intelligence, Licensing, Non Domestic Rate requests
Proactive Work		<p>Reviews of Single Person, Student, Second home and Agriculture. Individual review and visits from referrals have resulted in rebilling or disproving erroneous referrals.</p> <p>Review of Covid grants resulting in £230,000 worth of central government money being investigated with a large portion rebilled to companies due to error and/or fraudulent claims. Argyll and Bute will rebill a % to Scottish Government to put back into our communities. Grant reviews will remain ongoing individually and in co-operation with other Local Authorities and Police Scotland.</p>
Total		<p>Rebilled to Date £693,416 (ending April 2022) Recovered to Date £590,364 (same period)</p>

Additional Updates from Quarter Four

3.9 Internal Audit are in the process of completing the 2021/22 Audit Plan for the Health and Social Care Partnership (HSCP). Our planned and approved work for the HSCP for 2021/22 was not completed in full, specifically, work relating to 'Workforce Planning'. A short review was undertaken to assess progress towards the completion of a workforce plan. This will be reported to the Audit

and Risk Committee of the HSCP in June. The Complaints Handling audit is presented to this Committee for information.

- 3.10 The post of Chief Internal Audit has been filled with the new Chief Internal Auditor taking up position at the beginning of July.

Continuous Monitoring

- 3.11 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. The continuous monitoring programme has been completed for 2021/22.

- 3.12 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

- 3.13 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 four 2021/22.

Table 2: National Reports

National Report	Issued To	Detail	Management response/ Action taken
The 2020/21 audit of the Scottish Environment Protection Agency	Executive Director – Kirsty Flanagan	The full financial impact of a cyber-attack on Scotland's environmental agency is still not clear, and the incident remains a warning to other public sector bodies.	SMT attended a Cyber Security Session provided by the Digital Office summarising the six key findings that apply to the wider public sector. ICT have addressed the issues identified and continue to do so.
Addressing Climate Change in Scotland	Executive Director – Douglas Hendry	A summary of key recommendations for public bodies.	Much of the report content is being addressed by component departments already as part of our De-carbonisation Plan and business as usual. The main action to be addressed relates to Carbon Budgeting and this will require input from Financial Services and component Climate Board Departments.
Local Government in Scotland Financial Overview 2020/21	Chief Executive / Interim Head of Financial Services	Scotland's Councils have increased reserves over the last year but must address the impacts of an overall reduction in funding and ongoing challenges caused by Covid-19.	Actions identified in the report have already been addressed, the full report is submitted to this committee under separate cover.
Local Government in Scotland Overview 2022	Chief Executive	Scotland's councils have had a pivotal role in supporting and working with communities as they responded to the impacts of Covid-19. Now councils must lead recovery work with and alongside their local communities, focusing on getting the services people need in place as pressures and stresses escalate and impact the day to day lives of individuals and communities.	No specific actions identified. The link to the report has been passed to all elected members with a recommendation to read as it provides a useful national context for the issues faced in Argyll and Bute.

- 3.14 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.
- 3.15 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 21/02/2022:

Operational Area	Total Matches	Recommended / High Risk Matches	Matches Complete	WIP	Match Description
CT to Elect Register	1000	n/a			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			
Housing Benefits	29	14	26	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	1	Payroll records to other datasets including other payrolls and pensions to ensure employee is not receiving additional income
Blue Badges	255	220	255	0	Blue badge records to DWP data to identify deceased claimant with valid badge.
Housing Waiting list	264	263	264	0	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	320	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	150	0	Analyses Creditors data to identify possible duplicate vendors and payments, VAT errors or fraud and multiple vendors sharing a bank account.
Procurement	176	0	38	0	Payroll matched to Creditors and Companies House data to identify potential undeclared interests that have given a pecuniary advantage.
Business Rates	120	0	105	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 £
1166	1	1046	1	119	673.66	1	673.66

Internal Audit Development

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

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

3.17 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 – FQ4 21/22 (as at March 2022)			
BO115 We Are Efficient And Cost Effective			
Internal Audit Level of Satisfaction	Actual	96%	G ↓
	Target	80%	
Review of Strategic Risk register	Status	Complete	G

	Target	Complete	↑
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 has been completed 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 June 2022

ARGYLL AND BUTE COUNCIL
AUDIT AND SCRUTINY COMMITTEE**FINANCIAL SERVICES****23 JUNE 2022**

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 31 March 2022 including information on actions where the agreed implementation date has been rescheduled.

2.0 RECOMMENDATIONS

- 2.1 To endorse the contents of the report.

3.0 DETAIL

- 3.1 The two tables below provide a numerical summary of open audit actions with a split between actions due by and due after 31 March 2022.

Table 1 – Actions due by 31 March 2022

DMT/Service	Complete	Delayed/ Rescheduled	No Response	Evidence Required	Total
Internal Audit					
CE – Financial Services	2	0	0	0	2
KF – Customer Support Services	2	3	0	0	5
KF – Roads & Infrastructure Services	0	1	0	3	4
H&SCP (SW) – Adult Services (Mental Health Learning Disability, Addictions & Lifelong Conditions)	1	0	0	0	1

External Audit					
KF – Customer Support Services	0	0	0	1	1
External Audit					
TOTAL	5	4	0	4	13

Table 2 – Actions due after 31 March 2022

DMT/Service	Complete	Delayed/ Rescheduled	No Response	On Course	Evidence Required	Total
Internal Audit						
CE – Financial Services	3	1	0	11	0	15
DH – Commercial Services	0	1	0	2	0	3
DH – Legal & Regulatory	0	0	0	3	0	3
DH – Lifelong Learning & Support	0	0	3	1	0	4
KF – Customer Support Services	0	1	0	2	0	3
KF – Development & Economic Growth	0	0	0	3	0	3
KF – Roads & Infrastructure Services	0	2	0	10	0	12
H&SCP (SW) – Adult Services (Mental Health Learning Disability, Addictions & Lifelong Conditions)	0	0	0	2	0	2
H&SCP (SW) – Children & Families and Criminal Justice	0	0	0	0	1	1
LiveArgyll	0	0	0	1	0	1

External Audit						
TOTAL	3	5	3	35	1	47

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
23 June 2022

For further information contact: Moira Weatherstone, 01546 604146
moira.weatherstone@argyll-bute.gov.uk

APPENDICES

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

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

No Response						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer
LIFELONG LEARNING & SUPPORT - PUPIL WORK PLACEMENTS	<p>Training</p> <p>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.</p>	Medium	<p>Conduct a training needs analysis with school staff leading on work placements.</p> <p>Produce a programme of centrally run CPD opportunities for next academic year (or include in Education Service Training Programme).</p>	<p>30 September 21</p> <p>31 December 21</p> <p>30 June 22</p>	No Response	Head of Education - Support & Lifelong Learning
LIFELONG LEARNING & SUPPORT - PUPIL WORK PLACEMENTS	<p>Self-evaluation</p> <p>Education Scotland provides a benchmarking exercise which schools can undertake as part of a self-evaluation exercise. This provides a check</p>	Low	<p>CPD session to be held on benchmarking tool for school staff.</p> <p>Introduce an annual benchmarking exercise for all secondary schools.</p>	<p>31 December 21</p> <p>30 June 22</p>	No Response	Head of Education - Support & Lifelong Learning

No Response						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer
	list on how things are being undertaken against the requirements of the Standard. Schools have not completed this exercise.					
LIFELONG LEARNING & SUPPORT - PUPIL WORK PLACEMENTS	Reporting There are no periodic management reports on pupil work placements. These would form an important understanding of the success and challenges of work placements and facilitate discussions about how to overcome some of the barriers which are resulting in a decreasing pool of employers signing up to the	VFM	Identify and agree meaningful KPIs for new service plan, monitoring and reporting. Implement new KPI data collection in schools. Establish robust reporting framework including EMT and CSC.	30 June 22	No Response	Head of Education - Support & Lifelong Learning

No Response						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer
	scheme.					

Action Plan Points Due by 31 March 2022 – Delayed & Rescheduled/Evidence Required						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer
CUSTOMER SUPPORT SERVICES - ORGANISATIONAL CULTURE & 2019 EMPLOYEE SURVEY ACTION PLAN	<p>Involvement in change</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</p>	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 March 20 31 December 20 31 March 21 30 September 21 31 March 22	<p>Delayed - ongoing work to address data storage and DPIA requirements before launch.</p> <p>Delayed and Rescheduled</p>	Head of Customer Support Services

Action Plan Points Due by 31 March 2022 – Delayed & Rescheduled/Evidence Required						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer
	developing clearer links between service are performance reporting and the corporate outcomes contained in the Corporate Plan.					
CUSTOMER SUPPORT SERVICES - SICKNESS ABSENCE	Dedicated HR Assistants Development & Infrastructure and Education have a dedicated HR Assistant for Attendance who circulate reports on a monthly basis to the Heads of Service. The HR assistants provide analysis and trends over time on sickness absence. As there is no mechanism in place to assess the impact of a dedicated HR assistant on levels	VFM	HR will review attendance trends and survey Development & Infrastructure and Education services to assess and report to SMT on how effective the dedicated HR assistants have been to their service.	30 June 21 31 December 21 31 March 22	This review was delayed following SMT's request for a specific report on Wellbeing. Delayed and Rescheduled	HR Team Leader

Action Plan Points Due by 31 March 2022 – Delayed & Rescheduled/Evidence Required						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer
	of sickness absence it is not possible to assess whether they are delivering value for money.					
CUSTOMER SUPPORT SERVICES - SICKNESS ABSENCE	<p>Maximising Attendance e-Learning</p> <p>Only 184 Council officers have completed the e-learning module 'Maximising' Attendance. HR will be updating the module to reflect the revised sickness absence policies and procedures. Completion of the revised module should be promoted as part of the roll out of the revised governance documents.</p>	Low	HR will update the module to reflect the revised sickness absence policies and procedures.	31 December 21 31 March 22	<p>New e-learning module available and work has been completed to review the module. Module now needs built.</p> <p>Delayed and Rescheduled</p>	HR Team Leader
ROADS & INFRASTRUCTURE	Recharging for sweeping of	VFM	Ensure that timely and accurate	31 March 22	Discussions have taken place with Network and	Operations Manager,

Action Plan Points Due by 31 March 2022 – Delayed & Rescheduled/Evidence Required						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer
SERVICES - STREET CLEANING	<p>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 are carried out and a system in place to ensure that this is regularly taking place.		<p>Standards colleagues. Operations are now rescheduling the frequency of cleanliness activities to present to Network and Standards colleagues. This should be completed by the end of May 2022.</p> <p>Delayed and Rescheduled</p>	Roads & Infrastructure Services
CUSTOMER SUPPORT SERVICES - EXTERNAL AUDIT - PERFORMANCE REPORTING	<p>It is difficult to connect service plan performance reports to corporate outcomes and the Corporate Plan, as service reporting only references related business outcomes.</p> <p>There is a risk that</p>	N/A	Consideration will be given to including clearer links as part of ongoing improvements.	<p>30 June 2020</p> <p>30 April 2021</p> <p>31 March 2022</p>	<p>This item is complete. The Performance Management Project has developed Corporate Outcome Indicators that align service activity directly with corporate outcomes. Business Outcomes and Service outcomes have been removed as per the Council paper in September 2021. SMT agreed the alignment of</p>	Head of Customer Support Services

Action Plan Points Due by 31 March 2022 – Delayed & Rescheduled/Evidence Required						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer
	<p>the link between service performance and the Corporate Plan is not sufficiently transparent.</p> <p>The Council should consider developing clearer links between service are performance reporting and the corporate outcomes contained in the Corporate Plan.</p>				<p>COIs with Strategic Committees in March 2022.</p> <p>Evidence Required.</p>	
ROADS & INFRASTRUCTURE SERVICES - LOGICAL ACCESS	<p>User Management Controls</p> <p>A number of issues were identified where user management controls fell short of good practice. In some circumstances the systems do not have the required functionality. We</p>	Low	Tranman – on 25 august a call was logged with Civica regarding audit trail.	<p>30 September 20</p> <p>31 January 21</p> <p>31 March 21</p> <p>30 June 21</p> <p>31 December 21</p>	Evidence Required	Tranman Systems Administrators

Action Plan Points Due by 31 March 2022 – Delayed & Rescheduled/Evidence Required						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer
	<p>have only highlighted issues where the system does have the functionality however it has not been turned on.</p> <p>Tranman</p> <p>Leaver and change notifications are not always received in a timely manner</p> <p>No review of user access rights and permission levels</p> <p>No audit trail is available</p>					
ROADS & INFRASTRUCTURE SERVICES - LOGICAL ACCESS	<p>Password Controls</p> <p>A number of issues were identified where password controls fell short of good practice. In some circumstances the systems do not have the required</p>	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 March 21 30 June 21 31 December 21	Evidence Required	Tranman Systems Administrators

Action Plan Points Due by 31 March 2022 – Delayed & Rescheduled/Evidence Required						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer
	<p>functionality. We have only highlighted issues where the system does have the functionality however it has not been turned on.</p> <p>Tranman</p> <p>Password changes are not enforced</p> <p>Password complexity not enforced</p> <p>Password file visible to the systems administrator</p>					
ROADS & INFRASTRUCTURE SERVICES - LOGICAL ACCESS	<p>Logon Controls</p> <p>A number of issues were identified where logon controls fell short of good practice. In some circumstances the systems do not</p>	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 March 21 30 June 21 31 December 21	Evidence Required	Tranman Systems Administrators

Action Plan Points Due by 31 March 2022 – Delayed & Rescheduled/Evidence Required						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer
	<p>have the required functionality. We have only highlighted issues where the system does have the functionality however it has not been turned on.</p> <p>Tranman</p> <p>User not locked following failed login attempts</p> <p>No control over inactive users</p>					

Action Plan Points Due After 31 March 2022 - Delayed & Rescheduled/Evidence Required						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
ROADS & INFRASTRUCTURE SERVICES - FLEET MANAGEMENT	<p>Management of Pool Cars</p> <p>A high level analysis of the use of pool cars suggests the Council could</p>	VFM	<p>The pool car module will be released through Tranman.</p> <p>The pool car module offers a centralised approach to bookings and visibility. The</p>	<p>30 September 20</p> <p>31 December 20</p> <p>30 June 21</p> <p>31 December 21</p> <p>30 April 2022</p> <p>30 July 22</p>	<p>We have just employed a person to cover our existing Systems persons maternity leave. Training is ongoing but hopefully system could be implemented by end of July.</p>	<p>Procurement/ Technical Officer</p>

Action Plan Points Due After 31 March 2022 - Delayed & Rescheduled/Evidence Required						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
	<p>generate considerable savings through more efficient use of pool cars. Fleet Services should explore this further via a more detailed review which should consider the potential benefits of:</p> <ul style="list-style-type: none"> · a more centralised approach to the administration and booking of pool cars · better promotion of the use of pool cars · providing greater visibility of bookings and destinations to encourage pool car sharing · implementing or 		<p>Council's internal communications department will be contacted to highlight the use of the pool cars. Work will be undertaken to increase usage.</p>		<p>Delayed and Rescheduled</p>	

Action Plan Points Due After 31 March 2022 - Delayed & Rescheduled/Evidence Required						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
	<p>developing a pool car booking system</p> <p>· identifying ways of transferring the balance of pool car usage from shorter journeys to longer ones</p>					
ROADS & INFRASTRUCTURE SERVICES - FLEET MANAGEMENT	<p>Driving Hours Compliance</p> <p>Fleet drivers not subject to EU legislation maintain manual driving records which are handed to supervisors on a weekly basis to check and sign. This is a resource intensive process which is subject to human error. There would be clear process efficiency gains and less risk of error if the Council adopted the system already</p>	Low	The key officer will ensure that all drivers hold and use tachograph cards to move away from the paper book records.	<p>31 December 20</p> <p>31 March 21</p> <p>30 June 21</p> <p>31 March 22</p> <p>30 June 22</p> <p>31 August 22</p>	<p>Some resistance from service users but Senior Management are trying to resolve this and move forward.</p> <p>Delayed and Rescheduled</p>	Procurement/ Technical Officer

Action Plan Points Due After 31 March 2022 - Delayed & Rescheduled/Evidence Required						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
	in place for fleet drivers subject to EU legislation and rolled out electronic driver cards to all fleet drivers.					
CHILDREN AND FAMILIES AND CRIMINAL JUSTICE - SW - SOCIAL CARE CONTRACT MANAGEMENT	<p>Call Up Letters</p> <p>Sample testing highlighted situations where services are being provided without a call up letter being in place. This is contrary to Council policy.</p>	Low	Updated call up letters will be issued when providers confirm estimated capacity for year.	31 December 20 31 March 21 30 June 21 31 December 21 30 April 22	<p>All contract issues with providers now resolved and call up letters for 22/23 have been issued.</p> <p>Evidence Required</p>	H&SCP - Locality Manager
COMMERCIAL SERVICES - CONTRACT MANAGEMENT - PROPERTY SERVICES	<p>Concerto</p> <p>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</p>	VFM	Investigate and develop functionality of Concerto as necessary to minimise data manipulation and therefore officer time.	30 September 21 31 March 22 30 September 22	<p>Restructure ongoing within Property Services. Process to recruit permanent Property Maintenance Manager started, this action to be delivered within this role - target date adjusted to allow completion of the recruitment process.</p> <p>Delayed and Rescheduled</p>	Property Maintenance Manager

Action Plan Points Due After 31 March 2022 - Delayed & Rescheduled/Evidence Required						
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.					
CUSTOMER SUPPORT SERVICES - SICKNESS ABSENCE	<p>Attendance Review Meetings</p> <p>Procedures stipulate that attendance review meetings should be carried out by the employee's line manager to facilitate the employees return to work. No evidence of review meetings being carried out was available for any of a sample of eight long term absences.</p>	Medium	HR will review the mechanism for documenting content of attendance review meetings and recommend a preferred option for automatically populating the documentation into the Myview system.	31 December 21 30 April 22 30 June 22	<p>Solution has been selected. Implementation date required to be amended.</p> <p>Delayed and Rescheduled</p>	HR Development Team Lead

Action Plan Points Due After 31 March 2022 - Delayed & Rescheduled/Evidence Required						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
	Procedures should be updated to ensure that all attendance review meetings are properly recorded in the MyView system in the same way that return to work interviews are recorded in Myview.					
FINANCIAL SERVICES- CAPITAL MONITORING	<p>Capital Programme Training</p> <p>There is no training programme to support officers involved in the management of the Council's capital programme. It would be beneficial to engage with project managers to identify training needs and address these through the development of a training programme to help ensure a</p>	Medium	Training documentation to be created that project managers can refer to. Refresher training to be provided for existing Project Managers and a plan put in place for training for any new staff that have capital budget monitoring responsibilities.	30 June 22 30 September 22	An initial training document was prepared during 2021 explaining how to complete the capital monitoring returns, however due to absence this never progressed to training roll out. Specific engagement has taken place with two new Project Managers responsible for significant projects and refresher training for existing Project Managers will be provided following the commencement of the 2022-23 capital monitoring process.	Finance Manager

Action Plan Points Due After 31 March 2022 - Delayed & Rescheduled/Evidence Required						
Service / Report	Finding	Priority	Agreed Action	Dates	Comment	Responsible Officer / Status
	consistent and robust approach to capital project management. In particular this should include training on capital project profiling.				Delayed and Rescheduled	

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ARGYLL AND BUTE COUNCIL

AUDIT AND SCRUTINY COMMITTEE

FINANCIAL SERVICES

23 JUNE 2022

INTERNAL AUDIT REPORTS TO AUDIT AND SCRUTINY COMMITTEE 2021/2022

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
Civil Contingencies	Substantial	0	2	0	0
Climate Change Act	High	0	0	1	3
ELC Parental Satisfaction	Substantial	0	0	1	1
ICT - Remote Working	Substantial	2	0	3	0
Planning Applications	Reasonable	1	0	0	0
School Fund Governance	High	0	0	0	0
Complaints Handling – HSCP (Part of the HSCP Internal Audit Plan and presented for information only)	Limited	2	0	2	0

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

2. RECOMMENDATIONS

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

3. DETAIL

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

Civil Contingencies: 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 Regional & Local Resilience Partnerships are appropriately constituted to provide emergency response arrangements. Risks are assessed and documented at partnerships and Council level, however, the Council's Strategic

and Operational Risk Registers are not shared with the Civil Contingencies Unit. Emergency plans have been collaboratively prepared and address requirements for additional regulations where relevant. Exercises to test emergency plans take place annually with appropriate agencies involved and these were well attended. Civil Contingencies officers are suitably qualified and training is provided to senior and recovery managers prior to exercises taking place. There is evidence of good co-operation, collaboration and information sharing between the partner agencies and officers attending hold suitable positions to implement actions within their respective organisations and provide feedback at meetings.

Climate Change Act: This audit has provided a High level of assurance. This means that internal control, governance and the management of risk are at a high standard. The Council is contributing to climate change mitigation and to climate change adaptation, this commitment is Council wide across departments and services in accordance with their legislative duties and is evidenced as a golden thread running through the Council's vision, mission and priorities and is integrated within multiple strategies and plans, and promoted with the branding Climate Friendly Argyll and Bute. The Climate Commitments: Argyll and Bute Council's Decarbonisation Plan, Appendix 1 - The Climate Change Action plan, provides details of the 23 key actions that the Council has identified as the best and most sustainable ways, to use its resources to deliver the Council's target outcomes. Compliance with statutory reporting duties is coordinated and reviewed through the Council's Climate Change Board (CCB) as a standing agenda item. The CCB provide reports to the Policy and Resources Committee on a quarterly basis.

ELC Parental Satisfaction: 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. An overarching Parental Engagement Strategy (PES) is in place in accordance with the national action plan. The PES requires local strategies to be in place in each establishment, however we were unable to obtain sufficient evidence that this is being complied with. The ELC team undertake establishment visits, however visit documentation makes no reference to this requirement to have a local PES in place. Establishments are approved by the Care Inspectorate and commissioning contracts are in place with independent providers. Consultations take place following guidelines in the corporate toolkit, five have been completed and one is currently in progress. Appropriate performance and reporting arrangements are in place. Responses have been gathered from completed consultations with results documented in reports and made available on the Council's website. The vast majority of responses were positive, however, some areas for improvement were identified and actions have been recorded to address these.

ICT – Remote Working: 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. Policies and procedures are in place and being followed with one exception where parental consent for internet access is no longer obtained. Accreditation for Cyber Essentials Plus and Public Sector Network has been renewed annually for the corporate network indicating that appropriate cyber-security measures are in place and training modules and email reminders alert staff to be vigilant of cyber-attacks. Survey results indicate that overall performance of the ICT service has remained high. GDPR procedures, guidance and learning materials have been prepared and made available to

employees, however, the 90% target to complete the learning modules during 2021 has not been achieved. Health and Safety policy, procedures and guidance have been prepared and made available to employees on the Council's intranet site, the Hub, however these are not available on the employee's internet site, MyCouncilWorks. A Wellbeing Strategy, associated documentation and learning materials have been prepared, however there are some inconsistencies in availability on the Hub and MyCouncilWorks platforms. The Employee Assistance Programme is successful with 9% of employees accessing services provided and surveys indicate positive feedback in terms of wellbeing, working from home and customer satisfaction.

Planning Applications: This audit has provided 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. Planning service does not have established written procedural documentation in place. Processes and checks carried out by Planning are aligned to legislative requirements and were found to be satisfactory based on sample testing. Performance data is regularly prepared and forwarded on a bi annual basis to the Scottish Government.

School Fund Governance: This audit has provided a high level of assurance. This means that internal control, governance and the management of risk are at a high standard. Education Management Circular 1.10 has been reviewed and updated. It includes all the agreed actions from the 2018/19 audit. The necessary approval for the updated Circular was received following presentation to management within education and was uploaded onto the Argyll & Bute website and circulated to schools. A PowerPoint presentation has been provided and circulated to relevant staff and a module has recently been developed within the Councils' online training facility LEON. Staff have been advised of the requirement to undertake this training.

Complaints Handling – HSCP (for information): This audit has provided a limited assurance. This means that internal control, governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and placing system objectives at risk. Weakness must be addressed with a reasonable timescale with management allocating appropriate resources to the issues raised. The SPSO issued new guidance for effective complaint handling and required all councils to adopt this by 1 April 2021, the Council implemented a revised MCHP and customer facing MCHP within the required timeframe. Complaints relating to Social Work are processed in compliance with the Argyll and Bute Council and HSCP model complaints handling procedure. For complaints relating the actions and processes of the Integration Joint Board (IJB) itself, IJB's should adopt the MCHP for the Scottish Government, Scottish Parliament and Associated Public Authorities. NHS Highland have in place a combined complaints handling procedure that relates both to NHS Highland and to the IJB, however this is dated October 2020 and does not comply with the SPSO's requirement to implement the MCHP for the IJB by 1st April 2021. Information for the public on the HSCP complaints handling procedure is readily available on the NHS website. This includes who can complain, how to complain and what you can complain about. The website however makes no reference to complaints handling procedures or the IJB. In addition information for the public on the Argyll & Bute Council and HSCP complaints handling procedure is readily available on the Council's website. NHS highland publish a complaints annual report, the latest report being for the

period 2021/22. A review of the report found it to be comprehensive, however the report relates specifically to NHS highland activities with no reference to the IJB. There is currently no training undertaken in respect of complaints procedures for the IJB.

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
23 June 2022

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APPENDICES

Argyll and Bute Council
Internal Audit Report
March 2022
FINAL

Civil Contingencies

Audit Opinion: Substantial

	High	Medium	Low	VFM
Number of Findings	0	2	0	0

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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 Civil Contingencies.
2. The audit was conducted in accordance with the Public Sector Internal Audit Standards (PSIAS) with our conclusions based on discussions with council officers and the information available at the time the fieldwork was performed. The findings outlined in this report are only those which have come to our attention during the course of our normal audit work and are not necessarily all the issues which may exist. Appendix 1 to this report includes agreed actions to strengthen internal control however it is the responsibility of management to determine the extent of the internal control system appropriate to the Council.
3. The contents of this report have been agreed with the appropriate council officers to confirm factual accuracy and appreciation is due for the cooperation and assistance received from all officers over the course of the audit.

Background

4. The Council as well as the emergency services, NHS Health Boards the Scottish Environment Protection agency (SEPA), the Maritime and Coastguard Agency and Integration Joint Boards have a key role to play in planning for and responding to an emergency and supporting the long-term recovery following an emergency. They are "Category 1" responders under the Civil Contingencies Act 2004 (the Act).
5. Part one of the Act focuses on local arrangements for civil protection, establishing a statutory framework of roles and responsibilities for local responders. The Council is subject to seven civil protection duties under the Act and are required to:
 1. Assess the risk of emergencies occurring and use this to inform contingency planning
 2. Put in place emergency plans
 3. Put in place business continuity management arrangements
 4. Put in place arrangements to make information available to the public about civil protection matters and maintain arrangements to warn, inform and advise the public in the event of an emergency
 5. Share information with other local responders to enhance co-ordination
 6. Co-operate with other local responders to enhance co-ordination and efficiency
 7. Provide advice and assistance to business and voluntary organisation about business continuity management
6. Category 2 responders are defined as gas and electricity companies, rail and air transport operators, harbour authorities, telecommunications providers, Scottish Water, the Health and Safety Executive and NHS National Services Scotland. Category 2 responders have a statutory duty to co-operate and share information with Category 1 responders in the planning and response to major emergencies.

7. The Act also states that other organisations, such as the voluntary and private sectors, can have an important role to play in consolidating our overall resilience and contributing to effective preparation for, response to and recovery from an emergency incident.
8. A civil emergency can be declared by the police or fire service when the situation surrounding different types of incident escalates to involve large numbers of people or is a major threat to many properties. An emergency situation can arise from:
 - Severe weather
 - Road traffic crashes
 - Utility failures (water, power, gas)
 - Chemical/Oil spill
 - Fires
 - Explosions
 - Flooding
 - Terrorist action or threat
9. The Council works closely with neighbouring local authorities, partner and third sector organisations to prepare, test and review contingency plans that will reduce the likelihood and impact of an emergency occurring in the area.
10. Other legislation exists which shares the characteristics and practices of civil contingencies legislation, in particular:
 - The Radiation (Emergency Preparedness and Public Information) Regulations 2019 (REPPPIR)
 - Control of Major Accident Hazards Regulations 2015 (COMAH)
 - Major Accident Control regulations (MACR).

Much of the activity required by the Act is relevant to this other legislation and there is no requirement to duplicate planning and preparation required by both sets of legislation.

11. There is an increasing recognition that Councils need to draw on resources and abilities of its communities to help prepare for, respond to and recover from emergencies as effectively as possible. This is known as “community resilience”.

Scope

12. The scope of the audit was to assess compliance with duties 1, 2, 5 & 6 of the Act and ensure that work plans take cognisance of other legislation including The Radiation (Emergency Preparedness and Public Information) Regulations 2019 (REPPPIR), Control of Major Accident Hazards Regulations 2015 (COMAH) and Major Accident Control regulations (MACR) as outlined in the Terms of Reference agreed with the Head of Legal and Regulatory Support on 17 December 2021.

Risks

13. The risks considered throughout the audit were:
 - SRR08: Civil Contingency & Business Continuity arrangements are not effective
 - ORR04: Failure to improve quality of life of and reduce risks to residents and visitors

- ORR10: Failure to ensure that communities and employees are prepared to deal with major incidents
- Audit Risk 1: Failure to comply with the requirements of the Civil Contingencies Act 2004

Audit Opinion

14. 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.
15. 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

16. We have highlighted two medium priority recommendations where we believe there is scope to strengthen the control and governance environment. These are summarised below:
- The Civil Contingencies Unit should be routinely consulted in the process of maintaining and updating the Council's Strategic and Operational Risk Registers
 - There should be consideration of the Civil Contingencies Unit being delegated with responsibility for all duties of the Act to manage overall compliance requirements
17. 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

18. 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 assesses potential risks of emergencies occurring and puts in place emergency plans	All Risks	Substantial	The West of Scotland Regional Resilience Partnership (WoS RRP) & Local Resilience Partnership (LRP) are appropriately constituted to provide effective and efficient emergency response arrangements. Risks of emergencies are assessed and documented at WoS RRP level and by other competent authorities at LRP and Council level, however, the Council's Strategic and Operational Risk Registers are not shared with the Civil Contingencies Unit prior to approval.

	Control Objective	Link to Risk	Assessment	Summary Conclusion
				Emergency plans have been collaboratively prepared to cover a number of emergency scenarios, they are clear and concise and address requirements for additional regulations where relevant.
2	Council staff are appropriately trained and periodic exercises take place to test emergency plans	All Risks	High	Exercises to test emergency plans take place annually with appropriate agencies involved and these were well attended. Civil Contingencies officers are suitably qualified and training is provided to senior and recovery managers prior to exercises taking place.
3	The Council co-operates with local responders and shares information to enhance co-ordination and efficiency	All Risks	High	Council officers hold office bearer positions within both the WoS RRP and LRP providing considerable resource and time commitment. There is evidence of good co-operation, collaboration and information sharing between the partner agencies through attendance and provision of various updates at meetings and participation in exercises and de-briefs. Officers attending hold suitable positions to implement actions within their respective organisations and provide feedback at meetings.

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

3. Detailed Findings

[The Council assesses potential risks of emergencies occurring and puts in place emergency plans](#)

20. WoS RRP comprises of organisations that are legally required to prepare for, respond to and recover from any major disruptions and emergencies in the West of Scotland region. The WoS RRP works to enhance the safety and resilience of the region and its communities by supporting and co-ordinating six LRPs across the West. The Argyll and Bute LRP comprises representatives from Argyll and Bute Council area and Policing Division L and other national agencies. The LRP plan and prepare collaboratively to ensure efficient and effective emergency response arrangements are in place across Argyll and Bute.

21. WoS RRP risks are identified via collaborative working between its members, they include different scenarios with specific assumptions and impacts on individuals, general public, businesses, towns and the general environment. The impacts and likelihoods of identified risks occurring are assessed and scored providing an overall assessment of low, medium, high or very high.

22. The results of risk assessments are used to create plans and procedures to help prepare for an emergency. Those risks with the highest likelihood and potential to have significant impact are compiled within a community risk register that is made available to the general public to allow them to become better prepared and more resilient should an emergency occur. Incident types identified include those relating to weather, health and resource issues among others.
23. The LRP and the Council do not conduct further risk assessments in respect of their emergency plans as the risks are assessed by the Health and Safety Executive or the Office for Nuclear Regulation who will provide a hazard assessment and consequence report for the LRP or Council to prepare the relevant emergency plans.
24. The Council prepares a Strategic Risk Register that is reviewed by the Senior Management Team 6 monthly and Departmental Operational Risk Registers that are reviewed quarterly at Departmental Management Teams, however, neither of these documents are shared with the Civil Contingencies Team for input or for review and consideration of inclusion in emergency planning.

Action Plan 1

25. Operational risks must be included within the Council's Critical Activity Recovery Plans (CARPs) to evidence compliance with the third duty of the Act to maintain business continuity plans. CARPs were reviewed in a recent audit of business continuity and are therefore not included within the scope of this review, however, it is noted that whilst the Civil Contingencies officers are trained to comply with all duties of the Act, the Council's business continuity duties are managed out with the Unit.

Action Plan 2

26. Emergency plans are prepared by the WoS RRP, LRP and the Council, legislation requires that these are reviewed every three years to ensure they remain current. The Councils' practice has been to conduct a review of these plans annually due to many organisational and personnel changes, however it has not been possible to review all plans in the last two years due to other commitments including responses to COVID-19.
27. Resilience Direct is a unique digital online private network which enables collaboration between organisations. Access to the service is strictly controlled and provides a secure electronic file storage area for use by category one and two responders to share information during the preparation, response and recover phases of an event or emergency. There are 18 documents retained in the plans area of the Resilience Direct file store for members to access, four of these are guides prepared by other agencies with the Council providing input via the LRP. The remaining 14 documents are plans, nine of which are multi-agency plans and five are the responsibility of the Council. All plans have been reviewed within the last three years as required by the Act.
28. Four emergency plans and one guide were reviewed and found to comply with Scottish Government guidance. Contributors and information sources are clearly identified and links to further information are provided where relevant. The plans are generic with content clearly linked to a range of identified risks and include the duties of each organisation along with ownership of key tasks. In addition consideration is given to resources and capacity to manage an emergency at strategic, tactical and operational levels and special consideration is afforded to vulnerable people and to those affected by emergencies and their close contacts.

Communications strategies and arrangements for crisis management are also included as well a requirement to review performance.

29. In addition to the Civil Contingencies Act, the Council is also required to fulfil duties under other regulations including:

- The Radiation (Emergency Preparedness and Public Information) Regulations 2019 (REPPPIR),
- Control of Major Accident Hazards Regulations 2015 (COMAH) and
- Major Accident Control regulations (MACR)

There is no requirement to duplicate arrangements where the duties are identified in both the Act and regulations, however there are some additional duties identified including:

- Determine a Detailed Emergency Planning Zone (DEPZ) and an outline planning zone (OPZ) at relevant sites where major hazards have been identified
- Prepare an off-site emergency plan that dovetails with the operators plan at the identified hazard location
- Provide prior information to residents within a DEPZ and make available to those in the OPZ
- Provide information to the public in event of an emergency
- Determine reference levels in the event of a radiation emergency and prioritise keeping doses below 100 mSv

These duties have been fulfilled by the Council in accordance with the Act and regulations.

30. The Council is entitled to recover costs incurred in the performance of their duties from operators of establishments where major hazards have been identified, however, in order to maintain good partnership working arrangements that provide mutual benefits, it is felt that charging for such services may not be appropriate. It is also considered that the potential income would not be substantial and therefore the cost to administer charges would negate the benefit.

31. External agencies have contributed to the plans and there is inclusion of the requirement for co-operation and co-ordination of management at operational, tactical and strategic levels. The contribution of voluntary organisations is also considered with the Council acting as their co-ordinator.

32. Business recovery is included within the emergency plans with each agency involved being responsible for their own business continuity. The Council has a separate Business Continuity Management Policy.

[Council staff are appropriately trained and periodic exercises take place to test emergency plans](#)

33. The Act and other regulations require that an exercise to test emergency plans must take place every three years as a minimum. A programme of testing components may be prepared with a view to cover all major areas of a plan in the three year period. With the exception of 2020 due to the COVID-19 response, the Council and other category one and two responders have participated in exercises annually.

34. Civil Contingencies within the Council prepares an annual work plan which details when training is to take place. The Council's Strategic Management Team and recovery managers, have been

provided with training, copies of presentations and a teleconference protocol are available on the Council's Emergency Planning SharePoint site. The Resilience Direct file store also contains copies of presentations, checklist, scenario and templates for those who have been provided with access. Copies of attendance records are maintained.

35. Civil contingencies officers either hold or are working towards SCQF level 9 Professional Development Award (PDA) in Resilience Management, this covers the core competencies framework for Resilience Practitioners/Professionals and is embedded within the officer's job descriptions. To support management, each time an exercise takes place, a programme of training is customised and delivered prior to the event. Training needs are also captured on debrief forms following completion of an exercise and used to inform future training content.

The Council co-operates with local responders and shares information to enhance co-ordination and efficiency

36. The WoS RRP Resilience Arrangements document sets out the requirement for co-operation and sharing information in regard to best practice, conduct of exercises and lessons learned. The Community Risk Register provides contact details and links to the websites of category one and two responders, it also describes how information is shared to increase overall resilience of the region and provide "integrated emergency management". All WoS RRP members share resources and expertise with other responders, and additionally, consortiums are established to share, operate and maintain equipment. The WoS RRP meets three times per year and is attended by multiple agencies.
37. The Terms of Reference for the Argyll and Bute Local Resilience Partnership clearly states the requirement for sharing information in the objectives. The LRP strategic level group met ten times during 2021 in response to COVID and the tactical level group met three times, both groups were well attended by multiple agencies. Additional sub-groups are created for specific topics as and when required.
38. Information is shared at meetings of both the WoS RRP and the LRP with updates being provided from each of the partner agencies and by sub-groups formed to progress specific projects. Records are maintained of meetings and actions are documented. These documents are available for review on the Resilience Direct file store for category one and two responders or the Council's SharePoint site for appointed managers, officers and Civil Contingencies.
39. Sensitive personal information is occasionally required to provide situational awareness, this is also stored on the Resilience Direct file store and classified as sensitive. Access to this private network is strictly controlled and users have further restrictions within the file store to ensure they can only access information that they require to perform their duties.
40. The Council receives Freedom of Information (Fol) requests in respect of civil contingencies and these requests are actioned in accordance with the corporate process. Responses are clear and concise, do not include sensitive personal information and are provided within the statutory timeframe allowed.
41. The Council is represented at all meetings of the WoS RRP and the LRP to ensure awareness of current risk threat levels and any potential for these to escalate to an emergency situation. The Civil Contingencies Manager currently chairs the LRP at tactical level and the Chief Executive chairs the LRP at strategic level with additional Council officers in attendance as required. The

Terms of Reference for the LRP is periodically updated and each time this happens the office bearers stand down and the positions are offered to other attendees.

42. Emergency plans clearly set out who the lead responder organisation is, this is usually the Police with the Council taking over as lead in the recovery phase. Roles and responsibilities are detailed throughout plans as well as the need for co-operation and good communications between the responders.
43. Debriefing records created as a result of exercises that have taken place are shared with partner agencies, this enables learning from identified good practice, training needs and areas for improvement.

Appendix 1 – Action Plan

	No	Finding	Risk	Agreed Action	Responsibility / Due Date
Medium	1	<p>Risk Registers</p> <p>The Council prepares a Strategic Risk Register and Operational Risk Registers that are reviewed by senior management, however, these are not reviewed by the Civil Contingencies Unit for consideration within the emergency planning context.</p>	Emergency plans and risk registers may not include all identified risks.	Following the 6 month review of the SRR by the SMT and the quarterly review of the services ORR's by DMT they will be shared with the CCU for their information and action where appropriate.	Governance, Risk and Safety Manager Date – 30 September 2022
Medium	2	<p>Civil Contingencies Duties</p> <p>Civil Contingencies officers are trained to comply with all duties of the Act, however, the Council's business continuity duties are managed out with the Unit.</p>	The Council may not fully comply with the third duty of the act to maintain business continuity plans.	A review of Business Continuity arrangements across the Council is to be progressed during 22/23 and part of that will be to integrate Business Continuity duties within the Civil Contingencies Unit as part of their wider resilience responsibilities.	Governance, Risk and Safety Manager Date - 31 March 2023

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

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

Appendix 2 – Audit Opinion

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

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Argyll and Bute Council
Internal Audit Report
May 2022
FINAL

Climate Change Act

Audit Opinion: High

	High	Medium	Low	VFM
Number of Findings	0	0	1	3

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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 The Climate Change Act.
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. Each of Scotland's 32 local authorities signed Scotland's Climate Change Declaration in 2007. As signatories to the Declaration, each local authority is committed to the following actions:
 - Providing effective leadership, governance and management on climate change;
 - Reducing the authority's corporate greenhouse gas emissions from its estate, services and functions;
 - Acting to reduce emissions from the local authority area;
 - Assessing the risks of climate change impacts and working with others, to adapt to the likely impacts of climate change;
 - Delivering effective partnership working and climate change communications, including producing an annual statement of plans, activities and achievements.
5. The Climate Change (Scotland) Act 2009 (the Act), introduced legislation to enforce the requirements of the Declaration and Part 4 of the Act, which came into force on 1 January 2011, placing duties on public bodies relating to climate change. These duties require that the Council must, in exercising its functions, act in the best way calculated, to:
 - Contribute to the delivery of emission reduction targets (mitigation);
 - Help deliver any statutory climate change adaptation programme (adaptation);
 - Do this in a way that it considers most sustainable (acting sustainably).
6. In 2011, the Scottish Government produced the "Public Bodies Climate Change Duties: Putting them into Practice - Guidance required by Part 4 of the Climate Change (Scotland) Act 2009" (the guidance) this contains a step by step approach to assist public bodies in thinking about how they mainstream climate change action into their strategic and corporate processes. These steps are:

- **Understand the duties:** understand the broader context to the three parts of the Climate Change Duties;
 - **Assess your impact and influence on climate change and how the changing climate impacts on you:** identify your functions and assess your impact and influence on climate change and how the changing climate impacts on your organisation;
 - **Take action:** by setting objectives, targets and milestones and embedding climate change in decision making processes;
 - **Measure your progress and demonstrate compliance through reporting and evaluation:** based on evidence, continue to evaluate and review your actions to integrate climate change.
7. Addressing climate change is an ongoing process. To reflect this, the above step-by- step process has been developed into a cyclical diagram representing the requirement the Council has to continual evaluation of and building upon its climate change actions.
8. The expected outcomes of the step-by-step process are:
- Climate change action is mainstreamed into the corporate governance of the Council;
 - The Council provides a leadership function to private sector, voluntary sector, individuals and households in its approach to climate change.
9. In December 2020 an update to the Scottish Government climate change plan 2018-2032 – ‘Securing a green recovery on a path to net zero’ legislation was strengthened to require public bodies to report on the following:
- a target date for achieving zero direct emissions of greenhouse gases or such other targets that demonstrate how the body is contributing to Scotland achieving its emissions reduction targets;
 - any targets for reducing indirect emissions of greenhouse gases;
 - how the Council aligns its spending plans and use of resources to contribute to reducing emissions and delivering its emissions reduction targets;
 - how the Council will publish or otherwise make available its progress towards achieving its emissions reduction targets;
 - how the Council is contributing to Scotland’s Adaptation Programme.

Scope

10. The scope of the audit was to assess extent to which the Council is discharging its climate change duties as required by Climate Change (Scotland) Act as outlined in the Terms of Reference agreed with the Head of Commercial Services on 24 March 2022.

Risks

11. The risks considered throughout the audit were:
- **ORR07:** Failure to reduce carbon footprint

- **Audit Risk 1:** Failure to meet the requirements of the Climate Change (Scotland) Act 2009
- **Audit Risk 2:** Failure to report on the requirements set out in the Scottish Government climate change plan 2018-2032

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 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

14. We have highlighted one low priority recommendation and three value for money considerations where we believe there is scope to strengthen the control and governance environment. These are summarised below:
- climate change should be recognised within the Strategic Risk Register
 - the Council's branding "Climate Friendly Argyll and Bute" should be displayed prominently on the Council's website
 - consideration should be given to renaming the Decarbonisation Plan
 - progress towards emissions targets should be displayed on the Council's website
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
CO1	The Council is contributing to climate change mitigation and to climate change adaptation	ORR07 Audit Risk 1	High	The Council is contributing to climate change mitigation and to climate change adaptation, this commitment is Council wide across departments and services in accordance with their legislative duties and is evidenced as a golden thread running through the Council's vision, mission and priorities and is integrated within multiple

				strategies and plans, and promoted with the branding Climate Friendly Argyll and Bute.
CO2	A delivery plan has been developed which lists the key actions that will deliver the Council's target outcomes	ORR07 Audit Risk 1	High	The Climate Commitments: Argyll and Bute Council's Decarbonisation Plan, Appendix 1 - The Climate Change Action plan, provides details of the 23 key actions that the Council has identified as the best and most sustainable ways, to use its resources to deliver the Council's target outcomes.
CO3	The Council publishes or otherwise makes available details of its progress towards achieving its emissions reduction targets	ORR07; Audit Risk 1 Audit Risk 2	High	Progress towards achieving emissions reduction targets is reported in a number of ways: <ul style="list-style-type: none"> • quarterly reports from the Climate Change Board to the Policy and Resources Committee • annually via the Public Bodies Annual Reports (statutory reporting) • on the Council's website and press releases
CO4	There are appropriate monitoring and evaluation arrangements in place to ensure the Council evidences compliance with its statutory reporting duties	Audit Risk 2	High	Compliance with statutory reporting duties is coordinated and reviewed through the Council's Climate Change Board (CCB) as a standing agenda item. The CCB provide reports to the Policy and Resources Committee on a quarterly basis.

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

3. Detailed Findings

The Council is contributing to climate change mitigation and to climate change adaptation

18. The Council is contributing to climate change mitigation and to climate change adaptation, this commitment is Council wide across departments and services in accordance with their legislative duties.
19. Climate change mitigation, adaptation, and sustainability is built into the Council's overarching vision, mission and priorities which are supported by its corporate and business outcomes. It is integrated within multiple strategies and plans, which provide direction for the use of resources, and promoted with the branding.

20. In response to the escalating global situation the Council declared a climate change emergency at a full Council meeting on 30 September 2021, reaffirming that the vital actions to mitigate and adapt to the impacts of climate change will continue to be a priority for the Council.
21. Climate Change mitigation is reflected in Commercial Service, Service Plan 2020-2023, which lists failure to reduce carbon footprint as a risk with key actions and use of resources to mitigate the risk. However despite the Council declaring a climate change emergency, climate change and meeting the emissions targets is not recognised within the Strategic Risk Register.

Action Plan 1

22. Climate Change adaptation is reflected in the Roads and Infrastructure Service Plan 2020-2023 which highlights the need to proactively protect our communities from the risk of flooding and the effects of climate change. The Council's Local Flood Risk Management Plan contains details how the Council will prepare, adapt and invest in infrastructure to provide resilience to communities facing for additional flooding, storm events, sea level rises and service disruption.
23. Climate Change is taken forward by each department and service in accordance with their legislative duties. Activity is overseen by the Climate Change Board (CCB), which was established in 2017. The Board is made up of representatives from all Council services and the Health and Social Care Partnership (HSCP) and meets six weekly with the following remit:
- to oversee climate change activities within the Council ensuring compliance with statutory and regulatory requirements;
 - to co-ordinate the preparation of the Council's Annual Report on Climate Change in accordance with required timescales;
 - to review and oversee the implementation of the Decarbonisation Plan;
 - to oversee and provide a focus for reporting of actions which services are responsible for;
 - to report and review the financial implications associated with the delivery of the Decarbonisation Plan;
 - to determine responsibility for delivery of actions within the Climate Change Action Plan including thematic pan service activities.

24. Within the Council's website there is a Climate Change webpage which introduces the Council's branding and logo for climate change action – "Climate Friendly Argyll and Bute". The webpage provides insight into actions the Council is taking to develop sustainable ways of working and living. The aim of the branding is to promote the Council's climate change commitments and underpin the messages detailed in the Decarbonisation Plan (The Plan). The Climate Friendly Argyll and Bute branding and logo do not appear on the main website landing page.

Action Plan 2

25. The Council's sustainable development page on the website publishes further examples of actions the Council is taking to develop sustainable ways of working and living, including:
- advice for communities looking to develop their own renewable energy projects – Community Renewable Opportunity Portal;
 - maximising the benefits of renewable energy developments planned for Argyll;

- developing walking and cycling routes;
 - kerbside and community recycling;
 - 99 schools and nurseries across Argyll and Bute (both Council and other providers) are registered with eco-schools and 47 have green flag status.
26. The Council, through the various strategies and plans it has put in place, is directing the use of its resources and aligning spending plans to contribute to reducing emissions and delivering its emissions reduction targets, including taking steps to act sustainably.
27. The Scottish Government's Procurement Directorate has developed a set of seven priorities that they believe all public procurement leaders should adopt and aspire to. The Council adopted these into its Procurement Strategy and Sustainable Procurement Policy 2022-25. The Sustainable Procurement Strategy sets out the direction of the Council and builds on existing sustainability practice.
28. The Council is working with partners to adapt to the likely impacts of climate change, including The Argyll and Bute Renewable Energy Alliance (ABRA), Argyll and the Isles Coast and Countryside Trust (ACT). The Council has also signed up to the Household Recycling Charter.
29. The Council is a member of the Community Planning Partnership (CPP) cross cutting thematic group on Climate Change. This group has developed a Climate Change Action signposting page hosted on the Council website. This provides links to websites that highlight what partners, agencies, community groups and individuals are doing across Argyll and Bute to support the fight against climate change. Supporting and highlighting climate change is a key cross cutting theme for the Community Planning Partnership. The group is currently exploring the resourcing and development of a Climate Change Strategy.
30. The Council is a member of the Sustainable Scotland Network, who in their Sustainable Scotland Network Analysis Report 20-21 recognised the Councils' collaborative working *"Argyll and Bute Council, amongst many others, has been actively investigating partnership working and shared opportunities in relation to carbon management initiatives and best practice with public, private and third sector organisations. This will be of particular importance in relation to the Scottish Government's commitment to decarbonise heat/utilise district heating"*.

[A delivery plan has been developed which lists the key actions that will deliver the Council's target outcomes](#)

31. The Climate Commitments: Argyll and Bute Council's Decarbonisation Plan, (the Decarbonisation Plan) is the Council's overarching document which not only seeks to highlight work undertaken by the Council and promote planned activities but also to act as a route map for the Council's journey towards net zero. The Plan identifies the main sources of emissions and highlights some of the impacts of climate change in the area. The Plan aims to start a long term climate wise investment in combating the sources of climate change and to prepare for the inevitable impacts of adverse weather and rising sea levels.
32. Recognising the main sources of emissions the Council has set out an action plan to decarbonise activities from 2021 onwards to improve overall sustainability. The Climate Change Action plan,

set out within the Decarbonisation Plan details 23 key actions. The actions have been grouped into 6 themes:

- **Waste:** tackle waste in the most sustainable way;
- **Energy and water consumption:** reduce resource consumption in buildings, particularly fossil fuels;
- **Transport:** reducing the need to travel and ways we work by using technology, including changing to more environmentally friendly vehicles;
- **Prepare and adapt for impacts of climate change:** plan and invest in infrastructure and resilience that will be ready for additional flooding, storm events, sea level rises and service disruption;
- **Offset our emissions through partnership and innovation:** work with partners to explore opportunities for carbon capture;
- **Tell you about it and encourage community to do their bit #climatefriendlyABC:** use social media and communication outlets to promote, highlight and encourage activities of the Plan and environmental sustainability.

33. The Decarbonisation Plan has been published on the Council website, on both the Climate Change page and the Sustainable Development and Climate Change page.

Action Plan 3

[The Council publishes or otherwise makes available details of its progress towards achieving its emissions reduction targets](#)

34. The Council has the ambition of becoming the UK's first net zero region and has set targets for achieving net zero emissions. These are, to achieve 75% carbon reduction by 2030 and to achieve net zero emissions before 2045. These targets have been published within the Decarbonisation Plan, however only the overarching target to achieve net zero by 2045 is displayed on the Council's Climate Change page of the website along with details of some of the activities that are being undertaken and progress towards targets.

Action Plan 4

[There are appropriate monitoring and evaluation arrangements in place to ensure the Council evidences compliance with its statutory reporting duties](#)

35. The Council's Policy and Resources Committee provides oversight and scrutiny of climate change action via a standing agenda item for quarterly updates from the Climate Change Board. This includes progress against the actions detailed within the Decarbonisation Action Plan Tracker.

36. The Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2015 requires public bodies to prepare an annual "Report on Compliance with Climate Change Duties" to provide information on what actions the public body is taking, in exercising its functions, to reduce greenhouse gas emissions, adapt to a changing climate and act sustainably. The report includes information on progress towards meeting climate change targets. Core members of the Climate Change Board undertake validation checks prior to submitting a summarised version of the report to the Policy and Resources Committee for approval. Once approved the Report is submitted to the Sustainable Scotland Network.

37. It is a requirement of the Public Sector Reporting duties that the Council provides a list of the strategies and plans that it has in place which have integrated climate change mitigation, adaptation, sustainability and resilience built into them. For the year 2020/2021 the Council reported 16 strategies and plans, including:

- Waste Strategy
- Woodland and Forestry Strategy
- Strategic Housing Investment Plan
- Renewable Energy Action Plan
- Fleet Strategy
- ICT Strategy

38. Commercial Services report reduction in Council carbon emissions as a Key Performance Indicator against Outcome - Energy, Utility and Carbon Management and linked to the Risk – Impact of climate change events upon Argyll and Bute, continued pressure from escalating energy and utility costs.

39. The Council has well established systems and processes in place to monitor the use of resources, which include spend, staff, materials etc. across each department and service which are reported against business and corporate outcomes.

40. The Council has taken steps to mainstream climate change action and climate resilience into its corporate governance. The Council's Committee Report template and the accompanying guidance, has been updated to include Climate Change in the 'Implications' section. This ensures that climate change and climate resilience is considered before the Council makes a decision. All staff were made aware of the change.

41. Research undertaken by CIPFA (Evolving Climate Accountability: A Global Review of Public Sector Environmental Reporting July 2021) recognises that much of environmental information is non-financial in nature and found that the integration of sustainability information into wider reporting was fairly limited as there is no public sector framework for preparing sustainability reports. Minutes of the Climate Change Board confirm that the Council is monitoring this emerging theme.

Appendix 1 – Action Plan

	No	Finding	Risk	Agreed Action	Responsibility / Due Date
Low	1	<p>Strategic Risk Register</p> <p>The Council declared a climate change emergency in September 2021, however, climate change and meeting the emissions targets is not recognised within the Strategic Risk Register.</p>	Failure to identify the risks of climate change and identify mitigating actions.	Climate Change emissions targets will be included in the Strategic Risk Register.	Head of Commercial Services 30 September 2022
VFM	2	<p>Branding</p> <p>Within the Council website there is a Climate Change webpage which introduces the Council’s branding and logo for climate change action – “Climate Friendly Argyll and Bute”. However, this is not prominently displayed on the website landing page.</p>	The public may not be aware of the Councils commitment to climate change.	Add branding to website	Senior Communication Officer Communication Officer for Climate Change Board 30 September 2022
VFM	3	<p>The Decarbonisation Plan</p> <p>The Decarbonisation Plan covers a wide range of topics and details actions to reduce the impacts of Climate Change. The title does not align with the Council’s branding ‘Climate Friendly Argyll and Bute’.</p>	Public perception may be that the Plan focusses on emissions only.	Rebranding of De-Carbonisation Plan at next review	Head of Commercial Services 30 December 2024
VFM	4	<p>Emissions Targets</p> <p>The Council has the ambition of becoming the UK’s first net zero region and has set targets for achieving net zero emissions. The targets have been published within the Decarbonisation Plan, however only the overarching target to achieve net zero by 2045 is displayed on the Council’s website.</p>	Public not made aware of the Councils ambition to achieve net zero emissions and progress towards meeting those targets.	Develop and issue communications related to regional net zero ambition as Community Planning Partnership Plans confirmed	Senior Communication Officer Communication Officer for Climate Change Board Head of Commercial Services 30 July 2023

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

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

Appendix 2 – Audit Opinion

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

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Argyll and Bute Council
Internal Audit Report
May 2022
FINAL

Early Learning and Childcare Parental Satisfaction

Audit Opinion: Substantial

	High	Medium	Low	VFM
Number of Findings	0	0	2	0

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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 Early Learning and Childcare Parental Satisfaction.
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. Early Learning and Childcare (ELC) describes the care and learning services that children receive before starting school. The Children and Young People's (Scotland) Act 2014, and the subsequent Modification Order in March 2021, created the statutory duty for the increase in provision of free ELC from 600 to 1140 hours per year by August 2021, for children who are three or four years old, as well as for two year olds whose parents/carers are on qualifying benefits and are eligible through the Act. This is funded by the Scottish Government and Local Authorities.
5. The expansion in hours is intended to support child development, help close the attainment gap through the provision of high quality services; and support parents and carers to return to work, train or study.
6. An important part of the increase in funded early learning and childcare hours is to ensure there are a range of choices on offer. Parents and carers will have a variety of needs which will shape their preferences for how the 1140 hours might be provided. Because of this, the Council is working closely with partner provider nurseries and with local childminders to try to ensure parents and carers can access funded hours in the way which best meets their family's needs.
7. In June 2020, there were 1,530 children accessing 2,039 ELC spaces across a broad range of Early Learning and Childcare establishments with approximately 160 children sharing their ELC hours across more than one establishment.
8. Early learning and childcare spaces are currently available in three Argyll & Bute Council (the Council) nursery centres, fifty one early learning and childcare classes, four early learning and childcare Gaelic classes, twenty three voluntary, privately and independently managed early learning and childcare establishments, three outdoor nurseries (two voluntary and one local authority) and twenty eight funded partner childminders.

9. The Council's Early Years team carry out consultations with parents and carers to find out their views on the existing ELC provision and what their aspirations are for the future of ELC provision in Argyll and Bute.

Scope

10. The scope of the audit was to review the parental engagement/ feedback process for provision of 1140 hours expansion rolled out August 2020 as outlined in the Terms of Reference agreed with the Head of Education-Lifelong Learning and Support on 17 February 2022.

Risks

11. The risks considered throughout the audit were:
 - **Audit Risk 1:** Failure to ensure that processes and procedures are in place to gather feedback for the 1140 hours funded ELC
 - **Audit Risk 2:** Processes and procedures are not being followed
 - **Audit Risk 3:** Failure to ensure appropriate performance and reporting arrangements are in place

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 two low priority recommendations where we believe there is scope to strengthen the control and governance environment. These are summarised below:
 - A Parental Engagement and Home Family Learning Strategy should be prepared by each early learning establishment and made available to view or the Council's Parental Engagement Strategy should be updated to reflect current practice.
 - The Education ELC team should update the Locality Overview Document and Learning and development form.
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	Processes are in place for parental engagement and feedback	Audit Risk 1	Substantial	An overarching Parental Engagement Strategy (PES) is in place in accordance with the national action plan. The PES requires local strategies to be in place in each establishment, however we were unable to obtain sufficient evidence that this is being complied with. The ELC team undertake establishment visits, however visit documentation makes no reference to this requirement to have a local PES in place. Establishments are approved by the Care Inspectorate and commissioning contracts are in place with independent providers.
2	Processes and procedures to ensure parental engagement are being followed	Audit Risk 2	Substantial	Consultations take place following guidelines in the corporate toolkit, five have been completed and one is currently in progress.
3	Appropriate performance and reporting arrangements are in place	Audit Risk 3	Substantial	Appropriate performance and reporting arrangements are in place. Responses have been gathered from completed consultations with results documented in reports and made available on the Council's website. The vast majority of responses were positive, however, some areas for improvement were identified and actions have been recorded to address these.

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

3. Detailed Findings

Processes are in place for parental engagement and feedback

18. The Council has a Parental Engagement Strategy (PES) which was created in consultation with a wide group of stakeholders and reflects the Council's commitment to empower parents to

become better involved with our schools and early years' establishments and better engaged with children's learning.

19. The PES takes cognisance of the National Action Plan on Parental Involvement, Engagement, Family Learning and Learning at Home 2018-2021 and recognises that most of a child's development takes place out with our schools and early years' establishments. The role of families and carers is critical to ensuring our children and young people succeed and therefore support is required for families to engage meaningfully in their child's education.
20. The PES is available to view on the Council's website and covers the child's whole journey through education from early years through to senior years, it is currently under review and due for completion in August 2022.
21. The national standard requires a consultation to take place every two years with persons who appear to be representative of parents of children under school age in their area about how they should make early learning and childcare available. Following this current consultation a plan will be prepared and published setting out how it is intended to make early learning and childcare available with regard to the views expressed.
22. The Council has plans in place for Parental Engagement at ELC Centres. The 1140 Hours Delivery Plan was developed to provide the framework to implement the phased expansion of ELC sustainably across Argyll and Bute. The plan sets out:
 - ELC Provision – current supply and demand
 - Consultation with stakeholders
 - Future provision
 - Phasing plan
 - Quality action plan
 - Phasing action plan
 - Workforce plan
 - Infrastructure plan
 - Community engagement plan
23. The PES requires that all learning establishments develop and publish their own Parental Engagement and Home Family Learning Strategy (the strategy).
24. Establishments are required to submit a Setting Improvement Plan (SIP) each August and this must include how they will deliver their Parental Engagement Strategy. Parental Engagement was a priority across the service and setting plans in 2017/18, 2018/19 and 2019-21.
25. It is considered that many establishments have a strategy in place, however, only one formal written strategy could be evidenced within the sample selected for review. A sample of one establishment from each of the Council's four administrative areas, comprising of one stand-alone Council nursery and three Council run primary schools with ELC provision was selected and asked to provide a copy of their strategy.
 - One provided a copy of their strategy and a link to the overarching PES was active on their website;

- One provided a link to the overarching PES;
- One provided copies of their SIPs which included Parental Engagement activities and consultation plans;
- One did not respond to requests to provide their strategy documents.

The websites of each establishment were reviewed and no establishment specific strategies could be located.

Action Plan 1

26. The ELC team undertake establishment visits and prepare reports upon completion. These visits were temporarily suspended throughout the period when COVID-19 restrictions were in place and subsequently reports were not completed, these visits have recently been reinstated.
27. Establishment visits are recorded on a Locality Overview Document with any findings recorded on a Learning and development form, however these documents make no reference to the requirement for an establishment specific parental engagement strategy to be in place and available for review.

Action Plan 2

28. All funded independent partner providers for delivery of 1140 hours are approved by the Care Inspectorate and have commissioning contracts in place that outlines the policies and plans required to be in place, however, the strategy is not included on this list. This contract is a template provided by Scotland Excel and is used across Scotland.
29. The Council has an early years team in place with roles and responsibilities in respect of parental engagement clearly defined in job titles, job descriptions and within the 1140 Hours Delivery Plan.

Processes and procedures to ensure parental engagement are being followed

30. The Post Phasing 1140 Parent Survey consultation has been completed in five areas of the Council following phased delivery, the final consultation is currently in progress. The consultation has been conducted in compliance with the corporate consultation toolkit.
31. In accordance with the corporate consultation toolkit, the Post Phasing 1140 Parent Surveys were advertised on the Council website and social media channels facilitating a link to participation through completion of an online form. Parents and carers were also offered a one to one session with the Early Years Development Officer to participate in the consultation.

Appropriate performance and reporting arrangements are in place

32. Consultation responses are collated and analysed with information passed to Education management and appropriate officers through a formal report. These results are then announced on social media, at the relevant ELC establishments and published on the consultation area of the Council's website for public access.
33. The results of the consultations that have taken place indicate that the vast majority of parents/carers are satisfied with their choice of establishment and of the pattern of ELC delivery. Opportunity was available for participants to make comments and these were found to contain positive remarks as well as help identify areas for improvement. The report also sets out what

the service will do to progress the areas for improvement such as transition arrangements for entering ELC and for moving to primary school.

Appendix 1 – Action Plan

	No	Finding	Risk	Agreed Action	Responsibility / Due Date
Low	1	<p>Parental Engagement and Home Family Learning Strategy</p> <p>The overarching Parental Engagement Strategy requires that all ELC establishments develop and publish their own Parental Engagement and Home Family Learning Strategy. Three of the four establishments reviewed were unable to provide a copy of their Parental Engagement and Home Family Learning Strategy.</p>	Local needs and requirements are not identified and therefore not catered for in the establishment.	Education staff will undertake a review of establishments to confirm which have a formal written Parental Engagement and Home Family Learning Strategy in place and support development of one if not in place.	(Acting) Education Manager 30 September 2022
Low	2	<p>Establishment Visit Documentation</p> <p>Establishment visits are recorded on a Locality Overview Document with any findings recorded on a Learning and development form, however documentation makes no reference to the requirement to have an establishment Parental Engagement and Home Family Learning Strategy in place.</p>	Failure to ensure the document reflects current strategies and working practice.	Locality Overview Documents and Learning and Development forms will be updated to reflect requirement for each establishments to have a Parental Engagement and Home Family Learning Strategy in place.	(Acting) Education Manager 30 September 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
May 2022
FINAL

ICT Remote Working

Audit Opinion: Substantial

	High	Medium	Low	VFM
Number of Findings	2	0	3	0

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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 ICT Remote Working.
2. The audit was conducted in accordance with the Public Sector Internal Audit Standards (PSIAS) with our conclusions based on discussions with council officers and the information available at the time the fieldwork was performed. The findings outlined in this report are only those which have come to our attention during the course of our normal audit work and are not necessarily all the issues which may exist. Appendix 1 to this report includes agreed actions to strengthen internal control however it is the responsibility of management to determine the extent of the internal control system appropriate to the Council.
3. The contents of this report have been agreed with the appropriate council officers to confirm factual accuracy and appreciation is due for the cooperation and assistance received from all officers over the course of the audit.

Background

4. The Council is the second largest local authority in Scotland covering an area of 691,000 hectares, however, it has the third sparsest population density of approximately 88,000 of which 17% live on 23 inhabited islands. The size of the area and population dispersion require multiple communications facilities to ensure services are available to users. Across this vast area, the Council employs 4,435 members of staff, 1,980 of whom have an active user account providing them with access to the Council's corporate network and systems.
5. The Council has recognised a need for modern working practices and in 2011 implemented a policy for 'alternative ways of working' and flexible working options. Employee's ICT user accounts are managed by ICT and enable working from home via a virtual private network (VPN) connection which is included as part of the standard software package installed on Council owned laptops. Prior to the COVID-19 pandemic, an average of 80 - 100 employees made use of the facility to work from home on an occasional basis rising to around 200 - 250 during periods of severe weather conditions.
6. On 23 March 2020 the UK government announced that all employees should work from home where possible in response to the COVID-19 pandemic. The Council's ICT services were therefore required to very quickly roll out remote working to all staff who are able to work from home to enable continuity of service provision, thus creating an additional strain on existing resources and ICT infrastructure. In the period immediately following this announcement around 1,300 employees were accessing the Council's network and systems via VPN settling to around 800 – 900 as time progressed.
7. The resulting increase in remote working heightens existing cybersecurity risks and introduces new ones to many organisations when staff are working outside of their normal office environment. Phishing emails for example have increased 600% during the pandemic with all sectors and individuals being targeted.

8. The General Data Protection Regulation (GDPR) came into force in 2018 and applies to all organisations that use personal data, any breach of data protection rules is a very serious matter and can incur substantial fines and other sanctions on the Council.
9. The Council has a legal duty of care to ensure the health, safety and wellbeing of its workforce. As part of this duty, the Council has prepared an employee wellbeing strategy to improve the overall wellbeing of the workforce both within and out with the workplace, they also seek to ensure that employees are protected from potential health hazards caused by the use of display screen equipment, and therefore, equipment provided should be suitable for the user's needs and workstation assessments periodically carried out.

Scope

10. The scope of the audit was to assess the adequacy of policies, procedures and guidance relating to future remote working arrangements as outlined in the Terms of Reference agreed with the Head of Customer Support Services on 8 February 2022.

Risks

11. The risks considered throughout the audit were:
 - SRR11: Service Delivery – Cyber Security
 - EDI ORR46: Cyber Security Breach and associated cyber-attack cause catastrophic loss of ICT systems, loss of sensitive data, loss of services, Financial risk; Failure to maintain ICT assets to provide secure services in a high risk cyber environment
Systems not kept updated or maintained properly resulting in weakness in cyber security
 - EDI ORR47: Lack of capacity to meet unplanned demand for communications support with existing resources
 - LRS ORR2: Failure to ensure Council compliance with governance and information management arrangements
 - LRS ORR14: Failure to provide high quality and timely health and safety advice both internally and externally to customers
 - Audit Risk 1: Failure to comply with GDPR requirements

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 two high priority recommendations and three low priority recommendations where we believe there is scope to strengthen the control and governance environment. These are summarised below:
- Education Management Circular 1.18 should be revised to remove the requirement for parental consent forms to be completed
 - Education management should identify an alternative means of enabling teachers to access ICT resources and instruct the Council's ICT Services to stop access to the Education webmail service from personal devices
 - Management should ensure that employees are completing the mandatory GDPR modules
 - Management should consider providing access to health and safety resources on the employee website, MyCouncilWorks
 - Health and wellbeing documents and links available on MyCouncilWorks should be reviewed to ensure it includes all information provided on the Hub intranet site
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
CO1	Policies, procedures and guidance are in place for remote working to ensure Council's data and systems are safe from unauthorised access.	SRR11 EDI ORR46 EDI ORR47	Substantial	Policies and procedures are in place and being followed with the exception of Education Management Circular 1.18 where parental consent for internet access is no longer obtained. Accreditation for Cyber Essentials Plus and Public Sector Network has been renewed annually for the corporate network indicating that appropriate infrastructure and software are in place to ensure confidentiality, integrity and availability of Council data, improvements are planned to mitigate risks to the security of the Education network. Training modules have been made available to users of Council provided devices and reminders to be vigilant of phishing emails are periodically issued. Teaching staff make use of the Education Webmail service using personal devices which is out with

				the control of Council security measures. Survey results indicate that overall performance of the ICT service has remained high with the Council ranked top in Scotland and placed in the top quartile within the UK.
CO2	Policies, procedures and guidance are in place for remote working to ensure Council's compliance with GDPR.	LRS ORR2 Audit Risk 1	Limited	Procedures, guidance and learning materials have been prepared and made available to employees to ensure compliance with GDPR, however, only 21.4% of employees have completed the learning modules during 2021.
CO3	Policies, procedures and guidance are in place for remote working to ensure the Council is undertaking its duty of care to ensure health, safety and wellbeing of its employees.	LRS ORR14	Substantial	Health and Safety policy, procedures and guidance have been prepared and made available to employees on the Council's intranet site, the Hub, however these are not available on MyCouncilWorks. Display screen assessments are completed periodically by employees, reviewed by management and issues addressed where possible. A Wellbeing Strategy, associated documentation and learning materials have been prepared, however there are some inconsistencies in availability on the Hub and MyCouncilWorks platforms. The Employee Assistance Programme is successful with 9% of employees accessing services provided and surveys indicate positive feedback in terms of wellbeing, working from home and customer satisfaction.

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

3. Detailed Findings

[Policies, procedures and guidance are in place for remote working to ensure Council's data and systems are safe from unauthorised access.](#)

18. The Council has an up-to-date ICT acceptable use policy (AUP) in place that requires all employees with a need to access the council's networks, systems and communications devices to complete the form in agreement that they will comply with the terms and conditions outlined. This agreement must be authorised by managers and submitted to ICT services prior to access being arranged. In addition, there is a social media policy with an application form and other request forms for additional media and systems not covered in the AUP.

19. ICT services check that AUP forms are appropriately completed, signed and authorised prior to creating the relevant user accounts including email, VPN, network and active directory to access files stored on the Council's network. Access to specific systems is controlled by system administrators and is arranged independently of ICT services. Managers are delegated with responsibility to ensure ongoing compliance with the AUP within their teams, non-compliance is an HR matter and ICT may be asked to provide evidence to support disciplinary action.
20. A recent internal audit review tested AUPs, therefore a small sample of four APTC and four Teachers was reviewed to ensure ongoing compliance, and these were found to have been completed satisfactorily. A sample of the same size of leavers was also tested to ensure notifications of termination were promptly passed to ICT services and all ICT related user accounts closed down, this was also found to be satisfactory.
21. When working from home, access to the Council's network and systems is achieved through the use of a Virtual Private Network (VPN) connection. On completion of the appropriate forms, third parties such as system support contractors can also gain access via VPN by prior arrangement for short periods of up to one week.
22. School pupils are expected to comply with the content of education management circular 1.18 'Use of GLOW and internet' and also their school handbook. The circular advises that an attached consent form should be completed and returned, however the form is no longer included in the circular and we have been advised that it is not currently being used.
23. The parental consent form was discontinued from use in 2018 as use of the internet and Glow are considered to be integral to school life and there is no longer a need to ask for permission from parents for their children to access standard education tools. The School Handbook has been updated to include acceptable use of these resources following consultation with the Governance and Risk Manager, however, Education Management Circular 1.18 continues to require a consent form to be completed.

Action Plan 3

24. Education provide ICT services with a list of pupils for whom an email account is to be created at the start of each new academic year and this is used to access GLOW and the internet. ICT are notified when there is a change of circumstances requiring an account to be terminated or information updated.
25. Cyber Essentials Plus is an effective Government backed scheme that helps protect against the most common cyber-attacks. The Council demonstrates a commitment to cyber security on its corporate network through compliance with the elements contained in the published toolkit and independent verification. Re-accreditation was achieved in November 2021. The Council's education network is less robust as there are insufficient resources in schools to ensure the criteria can be met. Education Services are aiming to improve the security of their network and are actively working on proposals to invest substantially to mitigate the risks.
26. The Council's corporate network links to the Public Services Network (PSN), the Governments high-performance network which helps public sector organisations in Scotland work together, reduce duplication and share resources. The Council has maintained access to this network by complying with the code of connection which entails a more stringent set of criteria than Cyber Essentials Plus.

27. The PSN code of connection requires that an annual exercise takes place to assess the strength of user passwords to ensure the network is protected against compromise. A decision has been made to increase the frequency of this exercise to twice yearly and has been assigned to the ICT Security Officer for action. In November 2021, a small number of system users were found to have created weak passwords and were enforced by the system to change these to a stronger password at next login.
28. Laptops issued to users are encrypted and built to a standard specification that includes an operating system and all of the necessary software to provide security and perform work tasks, if any additional approved software is required, it can be added by prior arrangement. Each laptop provided by the Council has a unique certificate installed that is registered on the Council's network and verified as part of the user's login process, unregistered devices will not be able to connect to the network. Additionally, connection can only be achieved using an on premise IP address or via a valid VPN account from a remote location.
29. Each user is required to have a valid active directory account created by ICT services with a unique username and password to access the network, privileged users with additional access rights require a further level of multi-factor authentication (MFA) and this is achieved by phone call from ICT services.
30. Local Authorities are at high risk of cyber-attacks, they are regularly targeted to gain unauthorised access to the network and systems. The Council receives many unauthorised attempts which are notified to ICT services via the Firewall's external threats report or network perimeter security report, such access attempts are locked down or the device located and its port of access closed. ICT services will also monitor and investigate reports of attempted access to internet facing systems on the firewall and intrusion detection system and suspicious internal traffic flagged by it. The anti-virus system generates an alert when a problem is identified and the device is immediately removed from the network and recovered by desktop support staff for analysis and cleaning.
31. Systems and processes are working well protecting the Council's ICT infrastructure and assets, however, cyber-attacks are increasing in both volume and complexity and there is no guarantee that every attempt will be intercepted by the measures in place. Users, therefore, must also be vigilant and report suspicious activity on their systems or email traffic.
32. Council staff are regularly reminded of the need to be vigilant via corporate emails and the Council's intranet site (Hub) banner contains a reminder regarding phishing attacks and provides further information by following the link provided. The Hub provides additional guidance and self-help documents to assist employees with ICT related issues such as working from home tips, password guidance and mobile device management. The Council also operates a Learn Online (LEON) platform which contains modules pertaining to, cyber security, social media awareness, Stay safe online and GDPR.
33. The Council does not operate a Bring Your Own Device (BYOD) policy, although a few systems such as LEON are independent of the Council's network and may be accessed from personal devices.
34. The majority of teaching staff do not have their own dedicated Council supplied device and therefore make use of the Education Webmail application accessible from personal devices. There is no means of preventing download of information to the device being used and security settings are out with the control of ICT services.

Action Plan 1

35. To enable remote working, an employee must have a laptop computer with VPN software installed and access to a broadband service as a minimum. Laptops require to meet a minimum specification standard to ensure they can cope with all the systems required and are therefore purchased over the Scottish Government framework to achieve best value. Occasionally laptops are required to have additional specifications and these are purchased specially for the purpose defined e.g. architects require additional graphics. Other equipment can be provided as required such as additional monitors, keyboards etc.
36. Prior to COVID-19 lockdown arrangements commencing on 23 March 2020 around 70% of devices used across the Council were laptops, an additional 155 corporate laptops were issued to those who used desktop computers to enable them to work from home. Laptops will be the default device purchased in future unless there are specialist reasons.
37. There was no additional funding available to fund purchase of additional laptops, therefore the 155 laptops were drawn from those purchased under the laptop replacement programme for 2020 resulting in those due to be replaced being rescheduled to 2021. Employees were able to take home equipment such as monitors, keyboards etc. as required from the office in addition to their laptop.
38. VPNs were used mostly on an occasional basis prior to 23 March 2020 resulting in a requirement for ICT services to create an additional 800 – 1,000 VPN accounts to enable users to work from home on an ongoing basis. A corporate email advised employees of VPN etiquette to ensure sufficient bandwidth was available for all users and the Tactical group received regular reports to monitor VPN usage and bandwidth capabilities. Additional bandwidth was diverted to support increased VPN usage and split tunnelling was implemented to enable access to MS365 applications out with the VPN environment in line with published guidance.
39. All non-essential ICT developments and projects were paused at the initial response to COVID-19 to redeploy engineers on the service desk frontline to provide additional support, communications assistance and build laptops for those who did not already have them.
40. The service desk extended its availability to 8am to 6pm to assist employees in the transition to homeworking, however has now reverted to previous times as the demand for assistance decreased. Performance measures associated with the time taken to resolve issues reported to the ICT service desk improved during this period and has been maintained.
41. The Society for Innovation, Technology and Modernisation (SOCITM) conduct a benchmarking survey every 2 years to compare our performance against other participating Government organisations across Scotland and the UK, alternate years there is a customer satisfaction survey. The most recent benchmarking survey took place during 2019 when the Council achieved the top score in Scotland and a top 10 place in the UK with a placing in the top quartile. Customer satisfaction has remained consistently high.

[Policies, procedures and guidance are in place for remote working to ensure Council's compliance with GDPR](#)

42. GDPR came into force on 25 May 2018 and as a result the Council has prepared a set of procedures and guidance and made them available on the Hub for all members of staff to view. The Information Commissioners Office requires that training is in place to ensure compliance with GDPR. Mandatory training and annual refresher modules have been prepared and made

available on LEON for employees with access to the Council's network and systems to complete. The training modules are regularly reviewed and updated, the GDPR module must be completed once and the refresher module must be completed annually.

43. The target is for 90% of employees with access to the Council's network and systems to complete the training. ICT services have advised that there are 1,980 corporate user accounts and 2,050 education user accounts, a report generated by Human Resources and Organisational Development (HROD) indicates that in 2021, 342 employees have completed the GDPR module and 520 have completed an annual refresher, this amounts to 21.4% of employees with a user account therefore falling below the 90% target.

Action Plan 2

44. Sensitive information stored on the Council's network and systems is secure and accessible by authorised employees via corporate and system specific security arrangements. There is an aspiration to maintain all records digitally in future, however, some hard copy files are still in use e.g. Social Work. Hard copy files are not removed from Council premises unless absolutely necessary, this requires authorisation from senior management and a record of removal and return is maintained.

[Policies, procedures and guidance are in place for remote working to ensure the Council is undertaking its duty of care to ensure health, safety and wellbeing of its employees](#)

45. The Council's Health and Safety Policy states that line managers are responsible for "doing all that is reasonably practicable to ensure the health, safety and welfare of their staff and those affected by their work activities" and "assessing risks and for making sure that the work controls identified by risk assessments are implemented". The policy also states that employees must co-operate. A range of policy and guidance documents are available on the Hub for employees to access, however, these are not available on the staff website "MyCouncilWorks".

Action Plan 4

46. Display screen equipment (DSE) includes laptops, monitors and mobile devices and the risks associated with prolonged and continuous use can be significant. In line with service level Health and Safety work plans, managers are required to ensure that employees undertake periodic DSE assessments and confirm to senior management that these have been completed and any issues raised that can be resolved have been addressed. Occasionally issues raised will be referred to health and safety and occupational health officers for additional assessment and remediation.
47. The DSE form has been adapted for home working and will be further reviewed when hybrid working arrangements are implemented. A record of assessments completed, issues raised and actions taken for one service was reviewed and found to comply with the requirements as set out in the guidance.
48. A Wellbeing Strategy has been prepared for 2019-24, it refers to all aspects of the employee's life and is based on the three pillars of wellbeing, mental and emotional wellbeing, physical wellbeing and financial wellbeing. The strategy has been published on the Hub for all networked staff to view, however, it is not available on MyCouncilWorks.

49. Policies, procedures, guidance and Information documents have been prepared and made available to employees on the Hub and MyCouncilWorks to assist employees, however, some links to information are missing on MyCouncilWorks and one link does not work.

Action Plan 5

50. Nineteen learning modules have been prepared and made available to employees on LEON covering a range of health and wellbeing topics.
51. A weekly bulletin, "Wellbeing Wednesday" is prepared and published on MyCouncilWorks, each issue contains information on a new topic, recognises global and national campaigns, and highlights special causes or increase awareness of specific health and wellbeing topics.
52. The Council offers access to an Employee Assistance Programme provided by Health Assured consisting of a helpline operated by experienced counsellors, legal and financial specialists, incident advice and support, an online health portal and smartphone app and regular counselling and management support. The uptake of services provided is in line with benchmarking information.
53. Employee wellbeing surveys took place in June and October of 2020 and again in September 2021 with most employees rating their overall wellbeing in positive terms and were aware of support measures available to them. Some common themes for improvement were identified as a result of the survey and have been addressed.
54. In November 2020, HR conducted a homeworking survey to gather feedback from managers to assess their perceived level of success of homeworking arrangements. Responses were received from 159 managers who indicated positive results for communicating and maintain regular contact with their team and supporting their team's wellbeing, however responses were less positive in terms of induction of a new team member.
55. Employee surveys also took place in November 2020 (912 responses) and May 2021 (886 responses). Positive feedback was received from both surveys in terms of support provided by managers and ease of working from home and 70% of respondents said they would be happy to work from home three or more days per week.
56. Customer feedback was also gathered at this time with 981 responses received. Results were positive indicating an overall high level of customer service satisfaction despite the COVID-19 restrictions.
57. Following these surveys, managers were asked to gather information from their teams and advise the Modern Workspace project team of the identified requirements in terms of returning to the office, whether this be full time, hybrid or not at all. The results indicate that 76.1% of employees are satisfied with working from home and wish to continue to do so to some extent.
58. There were no specific actions addressed as a result of these surveys although a number of themes were identified that will be taken forward within the "My Modern Workspace" project and will be included in the soon to be finalised hybrid working policy.

Appendix 1 – Action Plan

	No	Finding	Risk	Agreed Action	Responsibility / Due Date
High	1	<p>Education Webmail</p> <p>The majority of teaching staff do not have their own dedicated Council supplied device and therefore make use of the Education Webmail application accessible from personal devices. There is no means of preventing download of information to the device being used and security settings are out with the control of ICT services.</p>	<p>High level of cyber security risk to the Council.</p> <p>Failure to comply with GDPR which may lead to financial penalties and reputational damage.</p>	<p>Education management plan to instruct ICT Services to stop access to use of Education webmail service from personal devices once an alternative means of enabling teachers to access ICT services has been implemented.</p>	<p>Digital Lead – Education</p> <p>31 March 2023</p>
High	2	<p>GDPR Training and annual refresher</p> <p>21.4% of employees with a user accounts have completed the mandatory or refresher GDPR modules in 2021, falling below the target of 90%.</p>	<p>Failure to comply with GDPR which may lead to financial penalties.</p>	<p>An email will be issued to all networked employees reminding them of the requirement to complete the mandatory or refresher GDPR modules on LEON by 31 March 2023.</p>	<p>Governance and Risk Manager</p> <p>31 March 2023</p>
Low	3	<p>Education Management Circular 1.18 – Use of Internet and Glow</p> <p>The circular requires parental consent for pupils to access the internet and GLOW, however, this form is no longer required.</p>	<p>Information for parents provided on the Council’s website is not current.</p>	<p>Education Management Circular 1.18 will be updated to reflect current requirements.</p>	<p>Digital Lead – Education</p> <p>31 August 2022</p>

	No	Finding	Risk	Agreed Action	Responsibility / Due Date
Low	4	<p>Health and Safety information</p> <p>Health and safety information available on the Hub is not currently available on MyCouncilWorks for users with no access to the Council's network.</p>	Council employees may be unable to reference policy and guidance information where access to the HUB is not possible.	Health and Safety Officer will liaise with Communications Team and arrange for relevant information to be replicated on MyCouncilWorks.	Health and Safety Officer 30 June 2022
Low	5	<p>Wellbeing information</p> <p>The Wellbeing Strategy and some links to further guidance and information are not provided on MyCouncilWorks and one link does not work.</p>	Council employees may be unable to obtain relevant assistance information where access to the HUB is not possible.	<p>Wellbeing Strategy will be added to the MyCouncilWorks page and the addiction link repaired.</p> <p>Content of the Wellbeing Pages on MyCouncilWorks will be reviewed as part of the Wellbeing Work plan. This will be a rolling piece of work to gradually put all relevant information across.</p>	<p>HR Service Centre Team Leader</p> <p>31 May 2022</p> <p>31 December 2022</p>

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

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

Appendix 2 – Audit Opinion

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

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Argyll and Bute Council

Internal Audit Report

May 2022

FINAL

Planning Applications

Audit Opinion: Reasonable

	High	Medium	Low	VFM
Number of Findings	1	0	0	0

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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 Planning Applications.
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. Planning supports the design and delivery of high quality places which are vital to the social, environmental and economic success of our towns, rural communities and to our health and wellbeing.
5. The primary responsibility for the delivery of the planning service in Scotland lies with the 32 local authorities and the two national park authorities (Cairngorms and Loch Lomond and the Trossachs). Planning authorities are responsible for administering the planning system:
 - **Development management** – is the process of deciding whether to grant or refuse planning permission and other related consents. Applications are determined in accordance with the development plan and decisions must be guided by policies in the development plan.
 - **Enforcement** – making sure development is carried out correctly and taking appropriate action when it is not. Planning authorities, under the provisions of the 1997 Act, have primary responsibility for taking whatever enforcement action may be necessary in the public interest, within their administrative area.
6. Covid-19 had an impact on the planning process, however it was recognised that it was important that the development planning process continues to function during the period and that the current situation has consequences on how planning authorities consult and engage with stakeholders. The Chief Planner and the Minister for Local Government, Housing and Planning provided letters to planning authorities outlining some steps and actions to ensure planning continued to operate. The Coronavirus (Scotland) Act 2020 includes provisions relevant

to the operation of the planning system. Regulations were introduced to enable specified aspects of the planning system to continue to operate.

Scope

7. The scope of the audit was to review the Planning Application process to assess compliance with statutory requirements and Council policy as outlined in the Terms of Reference agreed with the Development Manager on 28 March 2022.

Risks

8. The risks considered throughout the audit were:
 - SRR 12: The Council are unable to deliver core services as a result of the Covid 19 virus with adverse impact to community and the economy
 - Audit Risk 1: Failure to meet statutory requirements
 - Audit Risk 2: Performance monitoring is not carried out and reported

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 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

11. We have highlighted one high priority recommendations where we believe there is scope to strengthen the control and governance environment. These are summarised below:
 - detailed procedures should be prepared
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

13. 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 appropriate procedures/guidance and policies in place that are aligned to legislative requirements.	Audit Risk 1	Limited	Planning service does not have established procedural documentation in place. The Planning service has extensive guidance for the public on its website to facilitate applicants in the planning application process. Training is carried out on an ongoing basis.
CO2	Planning Applications are processed in line with procedures/guidance and policies.	SRR 12 Audit Risk 2	Substantial	Sample testing was carried out against a range of processes/checks expected to be carried out for all applications. Of the 10 planning applications selected for review, all were found to be satisfactory other than meeting the performance date set for completion. Only two were completed within the target date.
CO3	Appropriate arrangements are in place for performance monitoring and reporting.	Audit Risk 2	High	The Council publish a Performance Framework document that sets out the Council's aims of improving performance. Planning Services forward performance data to the Scottish Government twice yearly. Performance measures are published quarterly on pyramid. The Customer Service Standard (CSE) award was retained following reassessment in March 2021. The Planning services use the corporate complaints process for complaints regarding Planning applications.

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

3. Detailed Findings

[The Council has appropriate procedures/guidance and policies in place that are aligned to legislative requirements](#)

15. The planning application process is principally governed by planning legislation encapsulated within legislation, for example the Country and Planning (Development Management procedure) (Scotland) Regulations 2013 and a host of Planning Circulars such as Planning Circular 3/ 2013 : Development Management procedure. All relevant legislation, statutory guidance and circulars are available for Council officers to view on SharePoint.

16. The Planning service does not currently have an established procedural document in place, however staff follow a series of workflow processes which are aligned to legislative requirements and current guidance. Discussions with planning officers noted that work is currently being carried out towards a fully documented process that will encapsulate all required steps and will be aligned to current legislation and guidance. The processes involved will include the following steps:

- a landscape processing map outlining the “higher information” required;
- a detailed process map outlining all required steps;
- a detailed procedure supporting each step in the process map;
- a procedural help note against appropriate procedures with more detailed information where appropriate;
- the procedure, process notes and flowcharts will be interactive allowing users to click a link that enables them to navigate from one document to another.

Action Plan 1

17. Roles and responsibilities are clearly outlined within each planning officer’s job description. These should be incorporated within the procedural document.

Action Plan 1

18. Planning have extensive guidance for the public on the website to facilitate applicants in the planning application process. The planning section of the Council website includes useful customer information including advice on ‘permitted development’, relevant publications including the Local Development Plans, non-statutory guidance, information on the planning process and details of how interested parties can engage with it. The Planning service also provide an e-mail service, a telephone based service to customers, and continue to utilise social media as a means of public engagement. The Council’s response to the Covid-19 pandemic has seen the temporary closure of public offices and the delivery of planning services via home working and digital communication channels for the duration.

19. Planning have a wide range of training modules and all planning staff are required to complete the Council’s online training modules as part of their induction. Training is delivered on an ongoing basis by the Process and Productivity Improvement Officer and where appropriate is tailored to meet the requirements of individual officers especially in view of the change to working from home.

[Planning Applications are processed in line with procedures/guidance and policies](#)

20. A total of 876 planning applications were processed during 2021/22 from which a random sample of 10 applications were chosen for review.

21. As noted in paragraph 16 above there are no formal procedures or processes in place for planning applications, however sample testing was carried out against a range of processes/checks expected to be carried out for all applications. These were identified through discussions with planning officers summarised below :

- planning application has been acknowledged by letter;
- the application has been checked as being valid and if invalid reasons have been intimated to the applicant;
- advertisements regarding the applications placed where appropriate;
- neighbours have been notified of planning application if applicable;
- sites visited where appropriate and photographs taken;
- conditions of application have been notified to consultees if applicable;
- plans have been stamped as approved if applicable;
- decision notice has been issued with conditions and plans attached;
- Civica has been updated with decision and all appropriate documentation;
- fees and charged has been checked by planning officer;
- performance targets have been met.

22. Of the 10 planning applications selected for review, all were found to be satisfactory other than meeting the performance date set for completion. Only two were completed within the target date. Discussions with Planning Officers noted the following reasons:

- Covid-19 lockdown resulting in adaptation of working practices;
- restrictions in travel arrangements due to Covid-19 resulting in site visits not being possible;
- reductions in staffing levels due to savings;
- increased turnover of staff within the department.

23. Legacy planning applications (applications which have been valid for more than 12 months) are reviewed regularly as part of caseload management however the resource required to undertake this has been reduced due to the impact of Covid-19 during 2020/21. Ordinarily, caseload reviews are undertaken weekly/biweekly at team level and monthly with participation of a senior manager. Fifty seven applications that are outstanding for more than 12 months remain undetermined as of 31 March 2021.

24. Development Management and Development Policy items are reported to the centralised Planning, Protective Services and Licensing (PPSL) Committee which meets monthly (except for July) and convenes for site visits and discretionary Local Hearings as required. The PPSL Committee met on thirteen occasions during 2020/21.

Appropriate arrangements are in place for performance monitoring and reporting

25. The Council publish a Performance Framework Report, the most recent document being for the year 2020/21. This is the 10th Planning Performance Framework report that sets out the Council's aims of improving performance, meeting customer needs and helping deliver high quality, sustainable development within Argyll and Bute. The report highlights an approval rating of 97.5% for planning applications for 2020/21.

26. The Scottish Government provided feedback on the Performance Framework document to Argyll and Bute Chief Executive thanking her for the report and the hard work that Councils had put in especially as a result of Covid-19.

27. Planning Services forward Performance data to the Scottish Government twice yearly. The performance data includes:
- the number of decisions made for local development;
 - the average decision time for local developments;
 - the outstanding legacy cases.
28. The Scottish Government publish statistics twice yearly on the performance of all Councils. Argyll and Bute are in the upper quartile performance bracket.
29. Performance measures are published quarterly in Pyramid and these reflect the quarterly returns forwarded to the Scottish Government and are changed accordingly if the requirements from the Scottish Government are amended.
30. The Planning Service, working in partnership with Regulatory Services, attained the Customer Service Excellence (CSE) Standard in February 2019. The CSE Standard was retained following reassessment in March 2021. The CSE feedback stated “Planning and Regulatory Services as an organisation is customer focussed and fully committed to achieving CSE accreditation status as part of the whole drive of Argyll and Bute Council for excellence in customer service delivery. Overall quality of the evidence is of a good standard and a lot of effort has been made to ensuring the evidence covers all strands of the business.”
31. The Council has a corporate complaints process. Customer information is provided on the Council website and in Customer Charters. All complaints relating to Planning Applications are subject to performance reporting and ‘Stage 2’ complaints require to be reviewed by senior management with the option to seek further review by the Scottish Public Services Ombudsman (SPSO) where customers are not satisfied with the outcome.

Appendix 1 – Action Plan

	No	Finding	Risk	Agreed Action	Responsibility / Due Date
High	1	<p>Procedure Document</p> <p>There are no established written procedural documents in place, staff follow a series of workflow processes which are aligned to legislative requirements and current guidance.</p>	<p>Failure to have documented procedures may lead to the loss of skill and/or knowledge when staff members leave resulting in inefficient service delivery.</p>	<p>Review and update of existing written procedures to provide a collated procedural document for the handling of planning applications.</p>	<p>Process and Productivity Improvement Officer</p> <p>31 December 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
February 2022
FINAL

School Fund Governance

Audit Opinion: High

	High	Medium	Low
Number of Findings	0	0	0

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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 School Fund Governance.
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.
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. Argyll & Bute Council Schools operate individual school fund accounts for the purpose of controlling monies raised in relation to local school activities. The normal sources of income are donations, fund raising activities, contributions from pupils towards school trips and voluntary activities. These funds are administered and spent for the benefit of the school and do not come within the budget of, or under the direct administration of the Council.
5. Section 79 of the Education (Scotland) Act 1980 imposes a duty on the education authority to administer gifts of property or funds for behalf of any school or other educational establishment taking into account the wishes or intentions of the donor. Since the education authority is responsible for managing funds donated, whether or not they are earmarked for the benefit of a particular group, it is entitled to instruct that a uniform accounting system or guidelines for such a system be introduced. The Council have issued the 'Education Management Circular 1.10 which sets out instructions to schools in relation to how school funds will be managed.
6. In June 2020 the Education Management Circular (Circular 1.10) was updated following an audit of school funds in 2018-19. The audit raised eight action points.

Scope

7. The scope of the audit is to assess progress implementing Education Management Circular 1.10 following the 2018/19 Internal Audit Report.

Risks

8. The risks to be considered throughout the audit are:
 - **Audit Risk 1:** Failure to implement agreed actions
 - **Audit Risk 2:** Failure to have robust policies and procedures in place

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 1 to this report.
10. 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. We have not identified any material areas of weakness that require corrective action. Therefore there is no action plan attached to this report.

2. Objectives and Summary Assessment

11. 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	Education Management Circular 1.10 has been reviewed and updated to include all agreed actions in the 2018/19 audit report	Audit Risk 1 Audit Risk 2	High	Education Management Circular 1.10 has been reviewed and updated. It includes all the agreed actions from the 2018/19 audit
CO2	Education Management Circular 1.10 has obtained necessary approval	Audit Risk 1	High	The necessary approval of the updated Circular was received following presentation to management accordingly
CO3	Education Management Circular 1.10 has been circulated to all schools and has been implemented	Audit Risk 1 Audit Risk 2	High	Education Management Circular 1.10 was uploaded onto the Argyll & Bute website and circulated to schools
CO4	Training on Education Management Circular 1.10 has been provided to all relevant staff	Audit Risk 1	High	A PowerPoint presentation has been provided and circulated to relevant staff
CO5	A LEON training module has been developed and is available to all staff	Audit Risk 1	High	A module has recently been developed within the Councils' online training facility LEON and staff have been advised of the requirement to undertake this training

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

3. Detailed Findings

Education Management Circular 1.10 has been reviewed and updated to include all agreed actions in the 2018/19 audit report

13. Education Management Circular 1.10 (school fund procedure) manual was updated in June 2020 following an audit on School Funds in 2018/19 which identified a number of actions. The updated circular includes all actions that arose from the 2018/19 audit. The revised Circular provides guidance, including templates where appropriate for the following:

- school constitution
- expenditure request form
- unreceipted expenditure
- income deposit form
- record keeping
- reconciliations
- annual statements of income & expenditure
- audit process

Education Management Circular 1.10 has obtained the necessary approval

14. Following a Joint Services Committee Meeting (JSC) in January 2020 the new streamlined Circular 1.10 was considered. Following amendments to the document this was then reported to the Customer Services DMT in February 2020 and the Local Negotiating Committee for Teachers in September 2020 with both committees approving the document.

Education Management Circular 1.10 has been circulated to all schools and has been implemented

15. Following approval of the revised procedure, Education Management Circular 1.10 was circulated to all schools and management in July 2020 with the instruction to implement from August 2020.

Training on Education Management Circular 1.10 has been provided to all relevant staff

16. A training course for school fund management has recently been developed on the Council's online training facility, LEON, in addition a PowerPoint presentation has been circulated to relevant staff. Staff have been advised to complete the module at the earliest opportunity.

Appendix 1 – Audit Opinion

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

Argyll & Bute Health & Social Care Partnership

Internal Audit Report

April 2022

FINAL

Complaints Handling

Audit Opinion: Limited

	High	Medium	Low	VFM
Number of Findings	2	0	2	0

CHOOSE ARGYLL. LOVE ARGYLL.

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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 (HSCP) system of internal control and governance in relation to Complaints Handling.
2. The audit was conducted in accordance with the Public Sector Internal Audit Standards (PSIAS) with our conclusions based on discussions with Health & Social Care Partnership 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 Health & Social Care Partnership 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. A review of Complaints Handling has been planned as part of the 2021/22 Argyll and Bute Health and Social Care Partnership (HSCP) Internal Audit programme.
5. The Scottish Public Services Ombudsman Act 2002 (as amended) provides the legislative basis for Scottish Public Services Ombudsman (SPSO) to publish the Model Complaints Handling Procedures (MCHP) for bodies under the SPSO's jurisdiction.
6. The Model Complaints Handling procedures were revised in 2019 by the SPSO in consultation with all sectors. The SPSO has issued new guidance for effective complaint handling and requires the HSCP to adopt this by 01 April 2021. For complaints relating to the actions and processes of the Integration Joint Board (IJB) they must adopt the MCHP for the Scottish Government, Scottish Parliament and Associated Public Authorities. In addition where social work services are being delivered under integrated arrangements through a HSCP, the partnership are required to adopt the Local Authority MCHP, this sits alongside the NHS Complaints Handling Procedure.
7. Anyone can make a complaint, either verbally or in writing, including face-to-face, by phone, letter or email. The purpose of the MCHP is to provide a standardised approach to dealing with customer complaints across the public bodies in Scotland. The document outlines the steps required to take to ensure complaints are properly identified, investigated and put right where necessary.
8. The new guidance offers practical, real-world advice and guidance on running a complaints system to ensure it is effective and helps improve our service, including aiming to get it right 'first time'.

9. An audit of the complaints handling procedure within Argyll and Bute Council (the Council) was carried out in 2021 and this provided a “high” level of assurance, the Council having implemented a revised Complaints Handling Procedure for the Council and HSCP (Social Work).

Scope

10. The scope of the audit was to provide assurance over compliance with complaints procedures within the IJB and review a sample of Social Work complaints which fall within the remit of the Argyll & Bute Council and Health & Social Care Complaints Handling Procedure, as outlined in the Terms of Reference agreed with the Chief Finance Officer on 18 January 2022.

Risks

11. The risks considered throughout the audit were:
 - 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: failure to implement and comply with the Model Complaints Handling Procedures
 - Audit Risk 2: failure to provide assurance over compliance procedures and the sharing of learning from complaints handling

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 limited 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

14. We have highlighted two high priority recommendations and 2 low recommendations. This is summarised below:
 - The HSCP should adopt both the MCHP and the customer-facing MCHP relating to the IJB that reflects the latest guidance published by the SPSO
 - the public should be made aware of the complaints handling process for the IJB
 - training on complaints handling procedures should be carried out
 - reports, including an annual report should be prepared

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
CO1	Policies and procedures which are consistent with the requirements of the Model Complaints Handling Procedures have been established and are being complied with	SSR13 Audit Risk 1	Limited	Complaints relating to Social Work are processed in compliance with the Argyll and Bute Council and HSCP model complaints handling procedure. NHS Highland have in place a combined complaints handling procedure that relates both to NHS Highland and to the IJB, however this is dated October 2020 and does not comply with the SPSO's requirement to implement the MCHP for the IJB by 1 st April 2021.
CO2	Staff and the public have been made aware of the implementation and requirements of complaint handling processes	Audit Risk 1	Limited	Information for the public on the HSCP complaints handling procedure is readily available on the NHS website. This includes who can complain, how to complain and what you can complain about. The website however makes no reference to complaints handling procedures or the IJB. In addition information for the public on the Argyll & Bute Council and HSCP complaints handling procedure is readily available on the Council's website.
CO3	Reporting mechanisms are in place with reports distributed to relevant officers to provide opportunities for learning	Audit Risk 2	Limited	NHS highland publish a complaints annual report, the latest report being for the period 2021/22. A review of the report found it to be comprehensive, however the report relates specifically to NHS highland activities with no reference to the IJB. There is currently no training undertaken in respect of complaints procedures for the IJB.

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

3. Detailed Findings

Policies and procedures which are consistent with the requirements of the Model Complaints Handling Procedures have been established and are being complied with

Social Work Complaints Handling Procedure

18. The revised Local Authority MCHP applies to social work complaints, whether they are handled by the local authority or the HSCP. The SPSO issued new guidance for effective complaint handling and required all councils to adopt this by 1 April 2021, the Council implemented a revised MCHP and customer facing MCHP within the required timeframe. As part of this the Council's and the Argyll and Bute Health and Social Care Partnership's (HSCP) social work complaints procedures were combined into a single procedure whereas previously they had adopted different procedures.
19. Social work complaints can be received by NHS Highland or the Council. All complaints initially received by NHS Highland are assessed to ascertain whether they relate to social work or to NHS Highland including the IJB. All Complaints relating to Social Work are then passed to the Council and can be dealt with by NHS Highland or Council staff as appropriate. A sample of 5% of all social work complaints received in the previous 12 months was reviewed and these were found to be fully compliant with the Council's and HSCP's complaints handling procedure.

IJB Complaints Handling Procedure

20. The SPSO website states "for complaints relating the actions and processes of the Integration Joint Board itself, IJB's should adopt the MCHP for the Scottish Government, Scottish Parliament and Associated Public Authorities". The implementation guidance states that all Scottish Government, Scottish Parliament and associated public authorities are required to comply with the MCHP under the SPSO Act 2002 (as amended). Public bodies are required to implement the revised version of the CHP by 1 April 2021.
21. The SPSO issued a MCHP in the form of guidance and templates that allowed some flexibility to reword according to the governance, structure and staffing arrangements within each organisation.
22. NHS highland have in place a combined Complaints Handling Procedure, dated October 2020, for both the NHS and the IJB entitled "Argyll and Bute Health and Social Care Partnership and Integration Joint Board Complaints Handling Procedure". This procedure does not reflect the current requirements of the SPSO.

Action Plan 1

23. There were no recorded complaints within the last 12 months relating to the IJB.

Staff and the public have been made aware of the implementation and requirements of complaint handling processes

24. Staff and the public have been made aware of the implementation and requirements of complaint handling processes for the Argyll & Bute Council and HSCP complaints handling process.
25. Council staff were notified of the new Council CHP in an email 'Newsflash' to all exchange users in April 2021. A link to the staff intranet HUB was provided in the email for staff to view the new procedure and all associated documents. Information for the public on the MCHP is readily available on the Council website.
26. Information for the public on the NHS complaints handling procedure is readily available on the NHS website. This includes who can complain, how to complain and what you can complain about. The website however makes no reference to complaints against the IJB.

Action Plan 2

27. NHS highland staff have received training in regard to complaints handling for NHS, however no training has taken in regard to addressing specific complaints against the IJB.

Action Plan 3

Reporting mechanisms are in place with reports distributed to relevant officers to provide opportunities for learning

28. NHS highland publish a complaints annual report, the latest report being for the period 2021/22. The report is comprehensive covering all areas such as staff training, number of complaints and complaints closed within the designated timescale. However the report relates specifically to NHS highland.
29. Within the Council reporting mechanisms are in place with reports distributed to relevant officers, this includes information on social work complaints.
30. There is no reporting mechanisms in place relating to complaints against the IJB.

Action Plan 4

Appendix 1 – Action Plan

	No	Finding	Risk	Agreed Action	Responsibility / Due Date
High	1	Policy and Procedures The MCHP for the Scottish Government, Scottish Parliament and Associated Public Authorities has not been adopted or implemented by the HSCP	Failure to meet the requirement of the SPSO	The MCHP will be presented to the IJB for approval.	Business Improvement Manager/Chief Finance Officer 31 May 2022
High	2	Information The public have not been made aware of the MCHP for the IJB	Failure to provide up to date information	MCHP will be made available on the website	Business Improvement Manager/Chief Finance Officer 31 May 2022
Low	3	Training Training should be provided in the complaints handling procedures for the IJB	Failure to follow policies and procedures	Complaints Handling Training will be incorporated into staff training processes	Chief Nurse-NHS Highland 30 September 2022
Low	4	Reporting Reports, including an annual report should be prepared relating to complaints in relation to the IJB	Failure to meet the requirement of the SPSO	An annual report will be prepared	Chief Nurse-NHS Highland 31 May 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 HSCP 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**AUDIT & SCRUTINY COMMITTEE****FINANCIAL SERVICES****23 JUNE 2022**

REVISED 2022/23 INTERNAL AUDIT ANNUAL PLAN

1. SUMMARY

1.1 This report presents the revised 2022/23 Internal Audit Annual Audit Plan.

2. RECOMMENDATIONS

2.1 To agree and approve the revised Internal Audit Annual Plan 2022/23 (Appendix 1)

3. DETAILS

3.1 The Public Sector Internal Audit Standards (PSIAS) stipulate that the Council's Internal Audit plan must be risk based and focused on governance, risk and controls to allow the Chief Internal Auditor (CIA) to provide an annual opinion on the Council's internal control framework, based on the work undertake during the year. This annual opinion informs the Annual Governance Statement.

3.2 The 2022/23 Internal Audit annual plan was presented to, and approved by, the Audit & Scrutiny Committee on 15 March 2022. However we have been advised of the requirement to undertake an additional audit previously undertaken by Audit Scotland.

3.3 In May 2022 the CIA reviewed the Audit Plan 2022/23 and reprioritised the work in light of the additional audit which requires to be completed by 31 July 2022. Proposed work with lower risk profiles will be either pushed back to later in 2022/23 or removed entirely at the current time to be reconsidered as possible future reviews. The review removed from the 2022/23 Plan and the review added to the 2022/23 plan are summarised in appendix 1.

4. CONCLUSION

4.1 The annual audit plan is risk based and is informed by the Council's long term outcomes, corporate objectives and strategic risk register. The plan incorporates continuous monitoring and verification activity sections.

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

For further information please contact Internal Audit (01546 604146)

Moira Weatherstone
Interim Chief Internal Auditor
23 June 2022

Appendices:

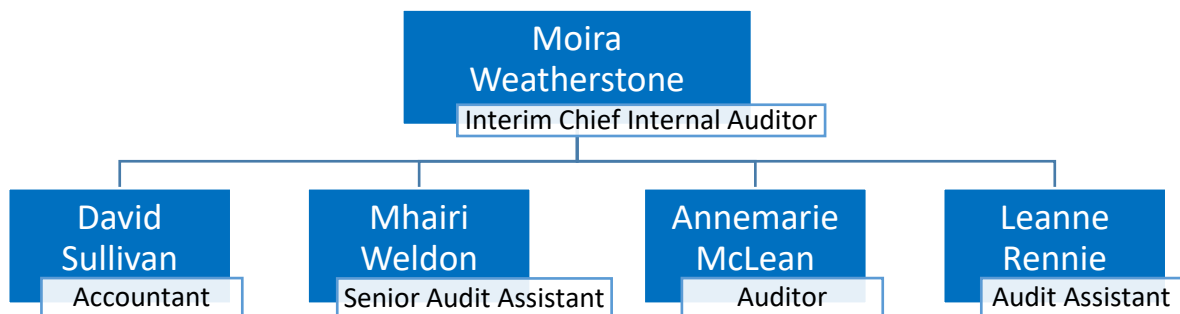
- 1. Audit Removed and Added to the 2022/23 Audit Plan**
- 2. Revised 2022/23 Internal Audit Annual Plan**

Appendix 1 - Audits Added to the 2022/23 Audit Plan

Audit Title	Reason Removed
Stores - Stock Count	This audit is included as an annual verification audit to assess stock count procedures and is generally undertaken in early April. Due to Covid-19 visits to stores have not been undertaken. A review of how this verification audit will be undertaken in the future is planned with an update presented to a future Audit and Scrutiny Committee.
Audit Title	Reason Added
Education Management Allowance (EMA)	The annual audit of EMA was previously undertaken by Audit Scotland. At the request of Audit Scotland this will now be undertaken as part of the Argyll & Bute Annual Audit Plan.

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Argyll and Bute Council Internal Audit Plan 2022/23



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Definition of Internal Audit

1. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Source: Section 4: Definition of Internal Auditing: Public Sector Internal Audit Standards

Purpose of Internal Audit

2. The main objective of internal audit is to provide a high quality, independent audit service to Argyll and Bute Council (the Council) which provides annual assurances in relation to internal controls and overall governance arrangements. In addition to this primary assurance role, internal audit will also:
 - support the S95 Officer and the Audit & Scrutiny Committee (the Committee) in the discharge of their duties
 - support the Council's Monitoring Officer
 - support the Council's anti-fraud and corruption arrangements
 - provide guidance on control implications for new or changed systems where appropriate
 - support the Council and the Strategic Management Team during key transformational/change projects.

Public Sector Internal Audit Standards (PSIAS) Requirements

3. PSIAS sets out the requirement for the:
 - Chief Internal Auditor (CIA) to prepare a risk-based audit plan which takes into account the Council's strategic objectives, associated risks and the views of senior management and the Committee
 - CIA to review and adjust the plan as necessary in response to changes in the Council's business, risks, operations and priorities
 - audit plan to incorporate or be linked to a strategic or high-level statement of how internal audit will be delivered and developed in accordance with the Internal Audit Charter and how it links to the organisational objectives and priorities.

Risk Assessment

4. Internal audit's approach to annual audit planning is risk-based with all areas which may be subject to audit review contained within an audit universe which is subject to formal review, at least annually. The audit universe includes all significant activities and systems that contribute to the achievement of the Council's priorities and objectives.
5. The audit universe is risk assessed each year to help determine the annual audit plan and ensure that suitable audit time and resources are devoted to reviewing the more significant areas of risk. Note however that that the audit universe, whilst a key factor, is not the only consideration

when determining the audit plan. Senior management have been consulted on priority areas for review, and cognisance is taken of the plans of external audit and other statutory agencies, in order to avoid duplication, and increase potential for cross reliance.

6. The audit universe risk assessment is based upon a matrix taking account of scores for each potential audit area in respect of:
 - materiality (based on expenditure)
 - sensitivity (based on whether a service is a statutory duty, statutory power or non-statutory, is customer facing and whether it features as a specific challenge in the Council's service plans)
 - time elapsed since it was last subject to review
 - overall audit assessment when it was last subject to review.
7. The matrix gives an overall "score" for each area that is used to prioritise audit reviews.

Strategic Risks

8. The Strategic Risk Register records the Council's own assessment of the most potentially damaging risks and their likelihood of occurrence. This document is used to inform the annual audit plan with identified reviews cross referenced to the strategic risk register. An abridged version of the strategic risk register (version dated February 2022) is included in appendix 3 for reference.

Resourcing the Plan

9. Internal audit has a core establishment of five full time equivalent officers including two professionally qualified members of staff. Available audit days have been calculated as 778 days (including 85 days of management and administration time), following the deduction of annual leave, training, a small provision for sickness, 90 days to deliver scrutiny work and 50 days to deliver the HSCP internal audit function. This 778 days total includes the CIA's input to audit reviews and the running of the internal audit team and a contingency of 44 days.
10. Given the range and complexity of areas to be reviewed it is important that suitably qualified, experienced and trained individuals are appointed to internal audit positions. The CIA, in compliance with PSIAS holds an appropriate professional qualification (CIPFA). Also within the internal audit section we have one CIMA qualified team member, one AAT and CIA qualified member and one training for CIPFA.
11. Internal audit officers identify training needs as part of their annual appraisal process and are encouraged to undertake appropriate training, including in-house courses and external seminars as relevant to support their development.
12. Through an assessment of the mix of knowledge, skills and experience of the audit team, it is considered that the available resources are sufficient to achieve the work outlined in the plan.

Confirmation of Independence

13. PSIAS requires internal audit to communicate, on a timely basis, all facts and matters that may have a bearing on our independence. We can confirm that the staff members identified to

complete the reviews in the 2022/23 annual audit plan are independent and objectivity is not compromised.

2022/23 Internal Audit Plan

14. Appendix 1 presents the internal audit plan for 2022/23. As our internal audit approach is informed by risks, where appropriate, the plan is cross-referenced to the strategic risk register contained at appendix 3. Appendix 3 also demonstrates the strategic risks that were subject to audit focus in 2021/22 and those we are projecting to cover in the period 2022/23-2023/24. This provides assurance to the Committee that all strategic key risks are subject to audit coverage over a three year cycle. Note that the projected timescales in appendix 3 are provisional as these may change to reflect changes in the Council's risk environment.
15. Appendix 2 presents the 2022/23 internal audit plan in a different format to provide assurance to the Committee that it provides appropriate coverage across all the Council's directorates and head of service's areas of service delivery.

Monitoring the Plan

16. Internal audit reports on performance to the Committee on a quarterly basis including full copies of audit reports issued, progress implementing audit recommendations, performance against agreed performance indicators and a summary of all internal audit activity in the previous quarter.

Quality Assurance and Improvement Programme

17. The PSIAS require each internal audit service to maintain an ongoing quality assurance and improvement programme (QAIP) based on an annual self-assessment against the Standards, supplemented at least every five years by a full independent external assessment.
18. The Scottish Local Government Chief Internal Auditors' Group (SLACIAG) has developed a framework for external assessments to be undertaken by member authorities of SLACIAG on a broadly reciprocal arrangement utilising a peer review option. The Council's internal audit team has participated in this framework and an external validation of its own self-assessment took place during 2018/19 which concluded that we demonstrated overall compliance with PSIAS with many areas of strong practice. The next scheduled external assessment will be conducted in 2022.
19. In 2021/22 internal audit carried out an internal self-assessment against PSIAS which was reported to Committee in September 2021. It confirmed the service fully conformed to PSIAS in 13 of the 14 assessment areas. The area self-assessed as 'Generally Conforming' with improvements built into the service's QAIP has been completed with the appointment of an Interim Chief Internal Auditor.
20. The internal audit team review their QAIP on a quarterly basis and report it to the Committee as part of the standard agenda item 'Internal Audit Summary of Activities.' The programme details all improvement activity being progressed by the team.

Appendix 1 – 2022/23 Internal Audit Plan

Directorate Contact	Service	Audit Title	Days	High Level Scope	Strategic Risk
Cross Cutting	Continuous Monitoring Programme	Budgeting	15	Cyclical review of key controls over an 18 month programme of audit testing.	
		Council Tax and NDR	20		
		Creditors	20		
		Debtors	15		
		General Ledger	15		
		Payroll	25		
		Treasury management	15		
		VAT	15		
		Follow-up	40	Compliance	
Pippa Milne	Financial Services	Payroll Processes	25	Review of the processes and procedures in place between HR and payroll to ensure that employee information is updated in a timely manner	
	Financial Services	Management of Debt/Debt Recovery	25	Assess the controls in place for the management of debt and assess compliance with procedures	
Douglas Hendry	Education – Jennifer Crockett	Early Years	25	Assess compliance and use of Early Years Covid recovery funds	
	Education – Jennifer Crockett	Counselling in Schools	30	Assess the use of the three year Scottish Government funding to support the delivery of counselling through schools against the set of ten nationally agreed core principles	
	Legal and Regulatory Support	Purchasing Cards	20	Compliance with procedures and authorisation processes to establish value for money	
	Legal and Regulatory Support	Procurement	25	Review process in place in terms of the procurement strategy and annual procurement report to ensure compliance with statutory requirements	
	Commercial Services	Externally Funded Projects	30	Assess compliance with policies and procedures, including conditions of external funded projects	SRR02
	Commercial Services	Heritage Assets	25	Review the management and record keeping of Heritage assets	

Directorate Contact	Service	Audit Title	Days	High Level Scope	Strategic Risk
Kirsty Flanagan	Roads and Infrastructure Services - Jim Smith	Burial records	20	Review the control environment and administration of burial records	
	Roads and Infrastructure Services	Car Parking Facilities	25	Review the policies, procedures and compliance for the management of car parking fees	
	Development and Economic Growth	Oban Airport	15	Annual review to provide assurance re compliance with operational manual Assess compliance with the aerodrome operating manual.	
	Development and Economic Growth	LEADER	5	Annual review to assess compliance with the requirements of the Argyll and the Islands LEADER 2014 – 2020 Service Level Agreement (agreement was extended)	
	Development and Economic Growth	Building Standards	20	Review the systems and process in place to support compliance with the verification scheme	
	Development and Economic Growth	Private Sector Grants and Housing Adaptations	20	Assess compliance with policies and procedures	
	Customer Support Services	Equality and Socio-Economic Impact Assessment	20	Assess compliance with legislation and guidance	
	Customer Support Services	Customer Service Centre	20	Review the process and systems used for the handling of initial customer contacts and ensure that customer enquiries are followed up in a timely manner	SRR05 SRR06
	Customer Support Services	Cyber Security	20	Review systems in process in place to support security of key systems	SRR11
Fiona Davies	H&SCP Older People Services	Client Funds	25	Review the processes and procedures in place to ensure the management of client funds and financial affairs, including compliance with Code of Conduct	SRR07
	H&SCP – Learning and Physical Disabilities	Learning and Physical Disability care packages	25	Assess effectiveness and compliance with Learning and Physical Disability care packages	SRR07

Directorate Contact	Service	Audit Title	Days	High Level Scope	Strategic Risk
Kevin Anderson	LiveArgyll	Events Management	20	Assess procedures to manage events hosted in Live Argyll venues including controls over revenue, expenditure, risk management and insurance	
	LiveArgyll	Establishment visits	15	Cyclical audit approach to assess LiveArgyll establishment's compliance with physical controls and compliance with SOP's	
Verification Activity	LGBF	Accuracy	9	Accuracy of submission	
	EMA	Education Management Allowance	5	Accuracy of submission	

Summary of Days

Directorate Contact	Number of Days Last Year (Revised)	Number of Days 2022/2023
Cross Cutting – Continuous Monitoring	185	180
Pippa Milne	45	50
Douglas Hendry	140	155
Kirsty Flanagan	135	165
Fiona Davies	30	50
LiveArgyll	20	35
Verification Activity	14	14
Contingency	55	44
Total	624	693

Appendix 2 – 2022/23 Internal Audit Plan by Council Directorate / Head of Service

Pippa Milne	Douglas Hendry			Kirsty Flanagan			Fiona Davies
Financial Services	Education	Legal & Regulatory Support	Commercial Services	Customer Support	Roads & Infrastructure	Development & Economic Growth	Health & Social Care Partnership
Payroll Processes	Early Years	Purchasing Cards	Externally Funded Projects	Equality and Socio-Economic Impact Assessment	Burial Records	Building Standards	Client Funds
Management of Debt/Debt Recovery	Counselling in Schools	Procurement	Heritage assets	Customer Service Centre Cyber Security	Car Parking Facilities	Private Sector Grants and Housing Adaptations Oban Airport LEADER	Learning and Physical Disability Care Packages
Continuous Monitoring Programme Budgeting, General Ledger, Creditors, Debtors, Payroll, Treasury Management, Council Tax & Non-Domestic Rates, VAT							
Live Argyll Events Management Establishment visits				Other Activity NFI – Counter Fraud Team Follow Up Local Government Benchmarking Framework			

Appendix 3 – Strategic Risk Register (Abridged)

No	Risk	Gross Risk	Current Mitigation	Residual Risk	Approach	Key Actions	Audit Coverage
1	<p>Population and Economic Decline</p> <p>Failure to identify relevant factors contributing to the decline and failure to develop strategies and actions targeting these factors.</p>	20	<ol style="list-style-type: none"> 1. Local outcome improvement plan targets population and economic recovery 2. Maximise external funding opportunities 3. Economic Strategy 4. Strategic infrastructure plan 5. Area economic development action plans 6. Promote and Market Argyll and Bute 7. Maximise social-eco benefits via effective partnership working 8. Single Investment Plan 	16	Treat	<ol style="list-style-type: none"> 1. Lobbying activity in pursuit of regional immigration policies and related strategies 2. Rural Growth Deal Outline Business Cases and Final Business Cases to be developed in 2022/23 and Deal to be signed late 2022 or early 2023. 3. Preparation of bid to Levelling Up Fund – preparing for April 2022 in time for submission date which is still to be confirmed. 4. Settlement Officer post agreed to be funded 50:50 from HIE/Council focusing on barriers to people living in communities, housing and others. 5. Preparation of a pipeline of projects across Argyll and Bute in order to be able to react to any other bid funding as and when it is announced. 	2019/20 (Scrutiny)

No	Risk	Gross Risk	Current Mitigation	Residual Risk	Approach	Key Actions	Audit Coverage
2	<p>Condition and suitability of Infrastructure & Asset Base</p> <p>Infrastructure and asset base does not meet current and future requirements and is not being used or managed efficiently and effectively.</p>	16	<p>1. Asset management board</p> <p>2. Robust capital planning and monitoring</p> <p>3. Asset management work plan</p> <p>4. Business case modelling including sustainability, development and strategic change</p> <p>5. Intelligence and best practice sharing via Heads of Property Group.</p> <p>6. Community Empowerment and Community Asset Transfer – Arrangements in place to evaluate and determine requests.</p> <p>7. Roads Asset Management Plan</p> <p>8. Status and Options Report</p> <p>9. R&A Services control hub and joint operations team</p> <p>10. One Council Property Approach</p>	12	Treat	<p>1. Development of capital strategy in 2022.</p> <p>2. 'Modern Workspace Programme will review, engage and rationalise property portfolio for future needs of the Council. Changes will take place on phased and town by town basis. Programme will be running for 3 years - April 2024</p>	<p>2020/21</p> <p>2021/22</p> <p>2022/23</p>

No	Risk	Gross Risk	Current Mitigation	Residual Risk	Approach	Key Actions	Audit Coverage
3	<p>Financial Sustainability</p> <p>Insufficient resource to meet current and future service requirement. Budget not aligned / does not support business outcomes</p>	16	<ol style="list-style-type: none"> 1. Longer term financial planning and financial strategy 2. Income generation activity 3. Robust budget preparation and budget monitoring protocols 4. Maintaining adequate contingency with reserves. 5. Digital transformation 6. Effective workforce planning model 7. Business Outcomes 8. Financial Services resilience building project including knowledge sharing and development of guidance notes 	12	Treat	<ol style="list-style-type: none"> 1. Discussions are continuing in respect of a change programme that will include ensuring that the Council can operate within its budget (2022 for year 2023/24). 2. Rural Growth Deal Outline Business Cases and Final Business Cases to be developed in 2022/23 and Deal to be signed late 2022 or early 2023. 3. Implementation of new general ledger system with enhanced budget planning and forecasting capabilities (July 2022) 4. Investment in professional training through Grow Our Own Activity. 	<p>2019/20 (Scrutiny)</p> <p>2020/21</p> <p>2022/23</p> <p>Ongoing via Continuous Monitoring</p>
4	<p>Governance and Leadership</p> <p>Governance and leadership arrangements are not conducive to effective working and lead to a lack of strategic direction.</p>	16	<ol style="list-style-type: none"> 1. Administration in place with working majority 2. Members Seminar programmes 3. Mentoring and Coaching Support for policy leads and Senior Management 4. Priorities agreed by Council 5. Corporate Plan sets out objectives 6. Performance Improvement Framework and Service Planning. 7. Leadership development programme. 8. Council constitution regularly reviewed and updated. 	8	Treat	<ol style="list-style-type: none"> 1. Monitor delivery of BV action plan (ongoing date) 2. Induction training for new Members following May elections (May/June 2022) 	2020/21 (Scrutiny)

No	Risk	Gross Risk	Current Mitigation	Residual Risk	Approach	Key Actions	Audit Coverage
			9. Established partnership governance arrangements 10. Scrutiny arrangements in respect of Police, Fire and Health. 11. Governance arrangements for scrutiny established				
5	Engagement and Understanding the needs of the Community The Council fails to understand service user needs and emerging demographic trends and does not align service delivery to meet these	12	1. Community Planning partnership 2. Community Engagement Strategy 3. Customer Service Board 4. Operation and development of panels and forums. Young people's plan, citizens panel 5. Budget Consultation 6. Comprehensive Complaints Protocols 7. Demographic and end user analysis	9	Treat	Deliver agreed actions in BV3 action plan relating to Work with Communities and Community Groups to improve engagement - March 2022	2022/23
6	Service Delivery Insufficient resources to ensure effective service delivery	9	1. Performance Improvement Framework 2. Service Improvement plans 3. Argyll and Bute Manager programme 4. Customer needs analysis Protocols 5. Demographic and end user analysis 6. Workforce Planning 7. Internal and External Scrutiny Arrangements 8. Complaints process	6	Treat	Monitor progress of performance mgt project and implement recommendations (Ongoing from Oct 2020 to June 2022)	2021/22

No	Risk	Gross Risk	Current Mitigation	Residual Risk	Approach	Key Actions	Audit Coverage
7	<p>Health and Social Care Partnership</p> <p>Failure to deliver strategic objectives and integrate Health and Social Care services in an efficient and effective manner exposes the Council, as a key partner, to unacceptable financial and reputational risk.</p>	20	<ol style="list-style-type: none"> 1. HSCP integration scheme approved by Scottish government 2. Strategic Plan in place 3. Performance and Financial reporting arrangements in place 4. Independent audit arrangements in place. 5. Integrated Joint board with elected member representation including Council Leader 6. Chief Officer member of ABC Senior Management Team with co-location of officers 7. Tripartite leadership agreement 8. Monitoring of HSCP financial position. 	12	Treat	<ol style="list-style-type: none"> 1. Develop options to deliver sustainability of future years budgets (ongoing) 2. Completion of Strategic Plan which was delayed due to COVID. 3. Assessment on impact of COVID on services in short, medium and long term. 	<p>2019/20</p> <p>2020/21</p> <p>2022/23</p> <p>Assurance also taken from IJB internal audit function</p>

No	Risk	Gross Risk	Current Mitigation	Residual Risk	Approach	Key Actions	Audit Coverage
8	<p>Civil Contingency & Business continuity</p> <p>Arrangements are not effective.</p>	8	<ol style="list-style-type: none"> 1. Emergency Planning Test events 2. Critical Activity Recovery Plans 3. Roll out of Community resilience partnership programme 4. Peer review of major exercises undertaken to provide external validation of planning process 5. West of Scotland local resilience partnership 6. Cross sector expertise and partnership working 7. Emergency Management Support Team (EMST) meetings 8. Training 9. EU Withdrawal Tactical Working Group with arrangements for reporting to the West of Scotland Resilience Partnership 	6	Treat	Develop long term test schedule for DRPs to be presented to the SMT (December 2021)	2021/22
9	<p>Welfare Reform</p> <p>Implementation of welfare reform is not managed well resulting in increased poverty and deprivation or short term crisis</p>	12	<ol style="list-style-type: none"> 1. Financial Inclusion and Advice Group established 2. Joint working with DWP, CPP and other agencies 3. Child Poverty Planning Group set up and active 4. Flexible Food Fund created. Supporting householders in our area with funds and advice to address food and fuel insecurities 	6	Tolerate	<ol style="list-style-type: none"> 1. Extend Flexible Food Fund Contract for a further year to March 2023. 2. Council, HSCP and third sector deliver range of 20 Covid related support projects under the Flexible Fund banner by March 2023. 3. Deliver sustainable school clothing bank across the Argyll and Bute area by December 2022. 4. One-off top-up payments of £75 per child issued to School 	2019/20 2023/24

No	Risk	Gross Risk	Current Mitigation	Residual Risk	Approach	Key Actions	Audit Coverage
						<p>Clothing Grant recipients by end of February 2022.</p> <p>5. Argyll and Bute centric anti-poverty training delivered to 600 Council, NHS and third sector staff by March 2022.</p> <p>6. ""Worrying about money"" leaflet to be issued with Council Tax bills containing advice and support for people with money worries in March 2022. Update website with information and support.</p>	
10	<p>Waste Management</p> <p>Unable to dispose of waste in landfill sites due to the implications of the biodegradable municipal waste (BMW) landfill ban in 2025</p>	20	<p>1. Helensburgh and Lomond waste solution available via third party offtakers</p> <p>2. Waste strategy</p>	16	Treat	<p>Progress on developing delivery models to be reported to EDI Committee (ongoing).</p>	<p>2021/22 (Scrutiny)</p> <p>2023/2024</p>
11	<p>Service Delivery - Cyber Security</p> <p>Unable to deliver services to customers because of failure of ICT</p>	20	<p>1. ICT Security & compliance officer in post, producing weekly threat analyses, member of CiSP</p> <p>2. PSN and Cyber Essentials Plus accreditations for corporate network</p> <p>3. Regular patching regimes in place</p>	15	Treat	<p>1. Review all contingency plans with updated knowledge from SEPA and UHI Cyber Attacks.</p> <p>2. Work with Scottish Government Cyber Resilience Team to test ICT response</p>	<p>2019/20</p> <p>2022/23</p>

No	Risk	Gross Risk	Current Mitigation	Residual Risk	Approach	Key Actions	Audit Coverage
	systems following major cyber security breach		4. ICT Disaster recovery plans tested regularly 5. All critical activities have recovery plans developed (CARP's)			3. Issue regular communications to raise awareness of importance of cyber security and awareness 4. Enforce password changes when found to be weak 5. Cyber Security Resilience Exercise planned for late February 2022. 6. Continued close review of disaster recovery plan and associated tests, finalise and test incident response procedure, and review of mirroring between the 2 data centres (monthly at ITMT) and backup 7. Review and progress requirements for Education Network to achieve CE+ accreditation.	
12	Impact of COVID - 19 The Council are unable to deliver core services as a result of the Covid 19 virus with adverse impact to community and the economy	25	1. Establishment of Strategic and Tactical Groups with links to HSCP, NHS and national/regional resilience groups 2. Tactical team via the Civil Contingencies Manager liaising/ collaborating with Regional Resilience Partnerships and other resilience partners. 3. Development and delivery of an integrated approach to deliver decisions and mitigations	12	Treat	1. Development and regular review of Economic Recovery workstream with input from representatives across the organisation and the Health and Social Care Partnership. 2. Assessment of COVID on wellbeing and service capacity/sustainability. 3. P&R Committee in December 2021 agreed funding of £110k	2021/22 2023/24

No	Risk	Gross Risk	Current Mitigation	Residual Risk	Approach	Key Actions	Audit Coverage
			4. SITREP reporting through contingency planning structures in place			from the Recovery and Renewal Fund to aid delivery of critical areas of the Recovery Strategy and Action Plan which will create 2 temporary posts for a 12 month period.	

ARGYLL AND BUTE COUNCIL**AUDIT AND SCRUTINY COMMITTEE****FINANCIAL SERVICES****23 JUNE 2022**

COMMUNITY ASSET TRANSFER SCRUTINY REVIEW

1. SUMMARY

- 1.1 The Community Asset Transfer scrutiny review was carried out as per the 2021/22 scrutiny plan agreed by the Audit and Scrutiny Committee at their development session on the 27 April 2021.
- 1.2 The Community Asset Transfer scrutiny panel comprised of Mr Martin Caldwell (Chair), Councillor Trail and Councillor McGrigor with support provided by internal audit officers.
- 1.3 The Community Asset Transfer process was chosen for inclusion in our scrutiny priorities for 2021/22 as a result of findings from the Council's Best Value Assurance Review conducted by Audit Scotland in May 2020. The report identified 'a perception that the Council's current asset transfer process is complex and does not fully support community empowerment to allow community groups to progress transfer request without significant support'.

2. RECOMMENDATIONS

- 2.1 Committee to agree the Draft Community Asset Transfer Scrutiny Report.
- 2.2 Committee to agree the most appropriate committee or other Council group for the Community Asset Transfer scrutiny report to be presented to for consideration.

3. DETAIL

- 3.1 The agreed objectives of the scrutiny review were to:
- ensure the council's guidance is consistent with legislation and national guidance
 - ensure the Council's process is supportive to community transfer bodies
 - ensure there is adequate engagement with community groups to assess feedback
 - ensure that the action plan from Audit Scotland's Best Value Assurance Report is being progressed.
- 3.2 Throughout this review two panel meetings were held to gather evidence.

- Panel one – Council’s Social Enterprise Development Officer and the Estates and Property Development Manager
- Panel two – representative from Audit Scotland comprising of the Audit Director and two Senior Audit Managers

3.3 We would like to extend our appreciation for the cooperation and assistance received from all witnesses invited to provide evidence over the course of the review.

3.4 Based on the information obtained over the course of the review the panel has identified eight findings specific to this review. These are detailed in the report attached as appendix 1.

3.5 The report has been discussed with the officers and panel members involved in the review to confirm accuracy and it is now for the Committee to decide whether to approve the report and, if so, to agree the most appropriate committee or other Council group for the Community Asset Transfer scrutiny report to be presented to for consideration.

4. CONCLUSION

4.1 Committee is requested to agree the attached report and agree the most appropriate Committee or other Council group for the report to be presented to for consideration.

5. IMPLICATIONS

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

Martin Caldwell
Chair of the Community Asset Transfer Scrutiny Panel
23 June 2022

For further information please contact:

Moira Weatherstone, Interim Chief Internal Auditor, 01546 604146

Appendices:

Appendix 1 – Draft Community Asset Transfer Scrutiny Report

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Argyll and Bute Council

Scrutiny Report

March 2022

DRAFT

Community Asset Transfer

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1. Executive Summary

Introduction

1. As part of Argyll and Bute Council's (the Council) 2021/22 scrutiny plan, approved by the Audit & Scrutiny Committee (the Committee) in June 2021, we have undertaken a scrutiny review of the Council's Community Asset Transfer process.
2. Throughout this report references to 'the Panel' refers to the chair of the Committee and two Committee members who conducted this review. They were:
 - Martin Caldwell (Panel Chair)
 - Councillor Trail
 - Councillor McGrigor
3. The Panel was supported by council officers and relevant external parties who gave willingly of their time to help deliver the review. We would like to extend our appreciation for the cooperation and assistance received from all witnesses invited to provide evidence over the course of the review.

Objectives

4. The agreed objectives of the scrutiny review were to:
 - ensure the Council's guidance is consistent with legislation and national guidance
 - ensure the Council's process is supportive to community transfer bodies
 - ensure there is adequate engagement with community groups to assess feedback
 - ensure that the action plan from Audit Scotland's Best Value Assurance Report is being progressed.

Background

5. The Council's Best Value (BV) report issued by the Accounts Commission in May 2020 stated that community focus groups highlighted that:

There is 'a perception that the Council's current asset transfer process is complex and does not fully support community empowerment to allow community groups to progress transfer requests without significant support.'

and recommended that:

'The council should work with communities and community groups to understand and address their concerns in respect of the current asset transfer arrangements.'

In response to the BV report the Council have implemented a BV Action Plan with one of the actions being to 'Review and simplify the community asset transfer process'.

6. Part 5 of the Community Empowerment (Scotland) Act 2015 (The Act), sets out the key rights and duties for community transfer bodies and relevant authorities and provides a framework for the asset transfer process.
7. Historically, asset transfer was only available for land or buildings which a public authority has decided to dispose of, and has decided is suitable for community use. The Act puts more power

in the hands of communities by allowing them to request whatever publicly held property they believe will be most suitable to deliver their objectives. Therefore community transfer bodies who meet the qualifying criteria can make applications to relevant authorities to acquire land and property which is not listed for sale.

8. The Act requires each relevant authority to establish, maintain and make available a register of land which it owns or leases to the best of its knowledge and belief. This register is available to view within an area of the Council's website dedicated to community asset transfers along with links to other relevant guidance and tools.
9. The Council has developed an "expression of interest" process which seeks to resolve community requests as simply as possible out with the statutory Asset Transfer process and runs parallel with the Asset Transfer process. This process assists community transfer bodies wishing to investigate the possibility of developing a full asset transfer request or other alternative means of managing community assets. A transfer request can be for ownership, lease or other rights.
10. As at 30 June 2021, the Council reported to Scottish Government that it had received 70 expressions of interest since January 2017. Of these:
 - 14 are active
 - 53 have been resolved or withdrawn
 - 3 developed into asset transfer requests, one of which was successful and two refused.
11. The Council's Social Enterprise Development Officer is the single point of contact to provide assistance to community transfer bodies. There is an internal process guide to ensure consistent evaluation of expressions of interest and asset transfer requests received.
12. The Council's Asset Transfer Group consists of representatives across various council services. The group meets monthly to review progress with expressions of interest and asset transfer requests, review the Best Value Assurance Report action plan and the published asset register and consider any other relevant business.
13. The Community Asset Transfer process was approved for inclusion in our scrutiny plan for 2021/22 at the meeting of the Council's Audit and Scrutiny Committee on 15 June 2021.

Scrutiny Initiation Briefing – 13 August 2021

14. In August 2021 scrutiny officers circulated a briefing paper to the Panel which provided background on the community asset transfer process. The Panel met to agree the scope and identify invitees to give evidence at a series of meetings.
15. The agreed scope was to consider whether the community asset transfer process:
 - complies with relevant legislation and guidance
 - supports community transfer bodies through the expression of interest and asset transfer process
 - uses feedback from community transfer bodies to inform improvement actions that will address the findings of the Best Value Report.
16. The Panel agreed that they should meet with appropriate representatives of the groups set out in Exhibit 1.

Exhibit 1 – Scrutiny Meetings

Group	Key Areas for Discussion
Council Officer(s)	<ul style="list-style-type: none"> • Council compliance with legislation and national guidance. • How the expression of interest pre-application stage assists community transfer bodies prepare for a full asset transfer request. • How an asset transfer request is assessed. • How representation at review panels is decided. • Whether feedback from community groups is used to inform improvement actions. • Progress in addressing the action plan from the Audit Scotland Best Value Assurance Report.
Audit Scotland (author of Best Value Assurance Report)	<ul style="list-style-type: none"> • Whether guidance published by the Council is considered compliant with statutory requirements. • Whether community transfer bodies can easily access information and support from Council officers. • Whether sufficient feedback had been sought from community transfer bodies to inform the Best Value Assurance Report. • What specific areas/issues were highlighted as being complex through feedback received from community transfer bodies.

2. Scrutiny Meetings

Scrutiny Meeting One – Council Officers – 05 October 2021

17. The first scrutiny meeting consisted of the Council’s Social Enterprise Development Officer, who is the single point of contact for community groups and supports the Community Asset Transfer request process and the Estates and Property Development Manager who deals with any property related matters for the Council and chairs the Asset Transfer Group. The key messages reflecting the views of the Council officers who attended, from this meeting are set out in Exhibit 2.

Exhibit 2 – Scrutiny Meeting 1 – Council Officers - Key Messages

Theme	Detail
Scottish Government and Council Guidance	<p>Scottish Government provides two guidance notes, the “Community Empowerment (Scotland) Act 2015: community transfer bodies’ guidance” and a 16 page summary guide both of which have been written with communities in mind. Council officers have selected key sections from this guidance to further simplify and publish on the Council’s website for public use. General feedback from events and talks is that the webpages are very helpful. However, Audit Scotland stated in the Best Value report that “feedback from Community Groups highlights a perception that the Council’s current Asset Transfer process is complex and does not fully support community empowerment”.</p> <p>The Council’s Legal Services have been fully involved throughout the community asset transfer process development and there is a high level of confidence that the Council fully complies with Scottish Government guidance and legislation.</p>

	<p>The Council's website contains all of the statutory elements that are required to be published, including additional links to further guidance and resources.</p> <p>There is information exchange with other Councils, this enables learning from each other and evaluation of how the process is managed at other Councils whilst meeting the statutory requirements. The legislation is still relatively new and Council processes are evolving.</p> <p>An Asset Transfer Request must be in writing but it is not necessary to use the form provided by the Council. Community transfer bodies are encouraged to use the expression of interest process, this allows the Council to provide support and information on what may be the best approach to meet the communities need.</p> <p>The value of assets involved tend to be low and there has not been a request close to the State Aid barrier to date, there is unlikely to be any significant impact following the change to Subsidy Control which currently has a threshold of approximately £335,000 over the current and two previous years.</p>
Expression of Interest (EOI)	<p>The EOI process is not a requirement of the Act but is a recommendation in the Scottish Government Guidelines, many other Councils offer similar support. It is not a pre-application stage to a formal asset transfer request (ATR), it is an option groups can choose to use to investigate their idea further without necessarily requiring a formal ATR as other solutions to address their needs are often identified thus negating the need to submit a formal ATR.</p> <p>Every EOI is different, some are easy to quantify but some are vague in terms of their request or identified outcome, however the Council tries to help groups find a solution or clarify what outcome the community is looking for. The EOI process guides the groups towards the best way to achieve their objectives without necessarily resulting in a formal ATR. In addition the process helps groups understand the full extent of their interest and the associated operational requirements should they wish to progress. If what a group is suggesting seems unrealistic they receive feedback and suggestions for improvement, this allows the group to make a more informed decision of whether they wish to proceed, seek alternative solutions or withdraw from the process.</p> <p>EOI forms gather initial high level information. Part of the assessment process looks at ongoing capacity within the group and resilience to continue to manage or develop services with the asset for the benefit for the wider community.</p> <p>EOIs are not rejected, the final decision is made by the group on whether to take the request forward, however, a positive outcome is supported wherever possible. It can be difficult to measure whether an EOI remains active or not as groups are often slow to respond and therefore unsure if they have decided whether to continue or not.</p>

	<p>The annual Scottish Government return identifies how many EOIs have been received, how many have progressed to full ATR and how many have resulted in an alternative positive outcome. These statistics show that very few EOIs progress to formal ATR, however this is not necessarily a negative result as positive outcomes are often achieved by other means. At present the Council do not capture information in relation to the final outcome where a full ATR is not achieved.</p> <p>General support and information regarding funding opportunities is offered to any group qualifying as a community transfer body (CTB). Groups that do not qualify as a CTB are also supported although they would not be entitled to use the formal legislation. Groups are also directed to other Council services such as Business Gateway and partner agencies such as Just Enterprise for further/specialist advice and support.</p> <p>The Council does not provide financial support to groups to progress their EOI or ATR, however they do facilitate a joint valuation of the property concerned. Officers will advise of other funding sources and available assistance e.g. Business gateway will with the preparation of a business plan.</p>
Asset Transfer Request	<p>Community Asset Transfer information provided on the Council's webpage is based on the legislation to ensure compliance with the Act.</p> <p>The Community Empowerment Act is about empowering communities voices to be heard, their requests listened to and considered. It does not provide a guarantee that a request will be approved but it does give them certain rights to be heard and not dismissed.</p> <p>Community groups can submit a request for assets which are currently in use by the Council, there is no requirement for the asset to be identified as being a surplus asset, however, this could possibly make their request a bit more challenging.</p> <p>An ATR can be submitted at any time by a CTB and it is their decision whether or not to take forward. Council Officers will provide support and advice in order to ensure that any ATR application submitted by a CTB is as strong as possible to provide the best chance of succeeding. If the CTB can then alleviate some of the concerns at the outset this gives them a stronger more robust ATR going forward.</p> <p>Formal ATRs are concluded when a decision has been reached or an appeal has been heard. If unsuccessful, officers will continue to engage with the groups to find an alternative positive outcome for their request.</p> <p>Financial and Legal Services are represented on the Asset Transfer Group (ATG). They will assess their relevant areas within the application and if required will request further information depending on the scale of the asset the CTB are looking to take over. An updated matrix is used for evaluation of all ATRs.</p>

Review Panels	<p>Members of the Policy and Resources Committee are responsible for determining how to run review panels. A review panel can be a complete review, an open public meeting or review of additional information provided by council officers or the CTB. The ATG will provide an asset re-evaluation report to help guide decision making.</p> <p>Each case is reviewed and considered on its individual merit rather than taking a consistent approach.</p> <p>Both review panels held were conducted as a desk-top exercise with additional information presented, there was no representative from the CTBs present at either review panel.</p>
Feedback From Community Groups	<p>There has been no customer survey for ATR or EOI's undertaken to date, however, feedback received at courses or events for communities has been positive.</p> <p>Some changes have been identified and these are reviewed by the legal team prior to publishing to ensure ongoing compliance with the Act. Specific changes are being made following the BV3 comments to aid community engagement and understanding.</p> <p>Officers have attended and contributed at training, events and consultations organised by Community Ownership and Support Service (COSS, a subsidiary branch of the Development Trust Association that is funded directly from Scottish Government to support communities and LAs in delivering asset transfers). Council officers also review websites of other Councils to benchmark our information provision and processes with other Local authorities, we have similar processes to others but also do some things that others don't.</p> <p>Officers attended a national event for local authorities to review the process and feed into a review of the Act, a similar event is planned for community groups to get wider feedback. It is thought that a paper will be produced at the end of the current parliament covering any required updates or changes to the Act.</p>
Best Value Assurance Report Action Plan and Progress	<p>Positive feedback has been received from groups regarding the information available on the Council's website. The web pages have been updated in light of the BV3 report with a focus on the EOI pages to simplify the language used and remove some of the technical information, replacing it with links to provide further information or clarity as required. This is a recent change and there has been no feedback to date.</p> <p>The EOI is a supportive tool for groups to use that enables them to decide whether they wish to proceed to a full ATR or not. The panel meeting has provided a very different view to what is recorded in the Audit Scotland BV3 report.</p>
Promotion of Asset Transfers	<p>The BV3 report requires the Council to promote asset transfers, this has been taken on board. One specific area that the Council has focussed on is</p>

	<p>that they are actively looking at ways to try and promote toilets that are at risk of closure and how groups can work in partnership with the Council to take responsibility for this asset. Similar opportunities will start to appear on the Council's webpages as they arise.</p> <p>Surplus Assets are marketed commercially by the Estates service to obtain best value for them. The details are published on the Council's website to allow community groups the opportunity to view and form their proposals should they wish to apply for an ATR. However, the focus of the Act is on the community need rather than the property.</p>
Other relevant information	<p>Legislation requires officers to respond within a fixed period of time, if there were more than 2 or 3 ATRs in a year the service would struggle to resource this. Around one third of the Social Enterprise Officer's time is spent on EOs and supporting groups to progress enquiries.</p> <p>The Council provide limited time monitoring completed ATR's as all responsibility is transferred with the asset. If another option is taken forward using a joint approach, the Council can provide guidance and support to the group.</p>

Scrutiny Meeting Two – Audit Scotland – 18 November 2021

18. The second scrutiny meeting consisted of representatives from Audit Scotland, this included the Audit Director and two Senior Audit Managers. The key messages from this meeting, reflecting the views of Audit Scotland, are set out in Exhibit 3.

Exhibit 3 – Scrutiny Meeting 2 – Audit Scotland - Key Messages

Theme	Detail
Scottish Government Guidance	<p>Observations made by the panel regarding the complexity of government guidance are well made, however, this is often the nature of guidance documents. Unfortunately, community groups often do not have the capacity or time to deal with complex guidance.</p> <p>The Government return could include more information regarding positive outcomes that have not resulted in a full community asset transfer.</p>
Argyll and Bute Council Guidance and Procedures	<p>The BV3 report recognised that there is guidance in place but that it may be over burdensome and could be streamlined.</p> <p>The Council has taken Audit Scotland's comments on board and is engaging with communities to make the whole process more straight forward. The Council aims to simplify the guidelines for community groups by either slimming down the guidance further, changing it or producing something that runs alongside it to make it easier for people to work with.</p> <p>The guidance has to be provided for transparency reasons but this can be off-putting for community groups. Incorporating the guidance into the process and early engagement between the Council and community groups is therefore of utmost importance. This helps to establish what the community group are looking to achieve and then progress the</p>

	<p>requirement in meaningful segments using the officer's technical expertise to support the group through the process.</p>
<p>Feedback from Community Groups used to inform Argyll and Bute Council's Best Value Assurance Report</p>	<p>The BV3 report was cleared with SMT to agree factual accuracy prior to publishing.</p> <p>One of the elements of the BV3 report was to look at how the Council engages with the community, how active it is in promoting community engagement and what the perceptions are from the community in terms of the level of engagement. It was not intended to look specifically at community asset transfers.</p> <p>There was no survey used as part of the BV3 audit, the work involved meeting with a number of community groups or their representatives drawn from across Argyll and Bute area with a mix of island and mainland based groups to gain an understanding of how they perceived community engagement. There is no definitive data available to share with the Council.</p> <p>One of the themes to emerge was that of mixed feelings regarding the Community Asset Transfer process and this was documented in the report as a perception as the asset transfer process had not been audited. The purpose of the report content was to reflect back to the Council for consideration on how to move forward and better understand why the community groups were of this opinion.</p> <p>Audit Scotland acknowledged that there may be an element of bias in the perception depending on the results of applications or enquiries made by the groups that were consulted.</p> <p>As well as the feedback from communities there is corroborative feedback from some of the elected members where they were aware of communities enabled to engage with the Council and take forward community asset transfers.</p> <p>Audit Scotland did not look at the Council's website in any great detail when preparing the BV3 report.</p> <p>The website is due to promote assets for community participation in 2022 on a trial basis as part of the improvement actions.</p> <p>It would be beneficial to request feedback from community groups on how clear and easy it is to access and navigate the website to make it as user-friendly as possible and achieve a positive outcome.</p> <p>It would also be beneficial to indicate that a community asset transfer is not the only option and there are other solutions that may be more appropriate. Some solutions may involve further partnership working between community groups where more than one community group is interested in a property e.g. library within a café.</p>

Other observations/ comments	<p>Audit Scotland acknowledged that not all applications for community asset transfers come to fruition and that was fundamental, demonstrating the complexity of the process and also because community asset transfer is not necessarily the best outcome as a better solution might present itself as noted above in the Scottish Government guidance detail of Exhibit 3.</p> <p>The Council should reflect on the support provided to community groups considering community asset transfer and establish whether they are comfortable with the level provided and whether it is considered to be a partnership approach or client and customer relationship dealt with at arms-length.</p> <p>The Council could benefit from discussing and comparing processes with Glasgow City Council in terms of how they have set up their processes, their arrangements and their team to deal with not just community asset transfers but more about finding the right solution and working with community groups in terms of some of the challenges.</p>
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3. Overall Conclusion and Findings

19. Based on the information obtained over the course of the review the Panel has concluded that:

- the Community Asset Transfer process is compliant with statutory requirements
- the process enables opportunity for engagement with community transfer bodies
- the process is supportive to community transfer bodies and communities

20. The review has identified eight findings which have been discussed with management. These, and the management responses, are detailed in Exhibit 4.

Exhibit 4 – Findings

No.	Recommendations	Management Response
1	The legislation is still relatively new and processes are evolving. Some variations in processes exist between Councils due to interpretation of the legislation. Information exchange takes place with other Councils for learning and evaluation purposes however Audit Scotland suggests communicating directly with Glasgow City Council to learn from some of the challenges they have overcome.	COSS have established a Quarterly Forum “ RA Quarterly Group ” which representatives of the Asset Transfer Group plan to attend. This will give the opportunity to learn from other councils and discuss how others resolve any issues. Next meeting 7 th March 2022.
2	The annual Scottish Government return identifies how many EOIs have been received and how many asset transfers have been received. These statistics show that very few EOIs progress to formal ATR, however this is not necessarily a negative result as positive outcomes are often achieved by other means. There is no	Data is collected on numbers with notes of resolution. Work is ongoing to develop quarterly highlight reports that give further detail of outcomes. The follow up outcomes of assets previously transferred will be added on a periodic basis to the quarterly reporting.

No.	Recommendations	Management Response
	data capture of all outcomes and the degree of resolution achieved, therefore, a method or format should be created to identify the outcomes secured.	
3	An EOI is not a pre-application stage to a formal asset transfer request (ATR), it is an option that groups can choose to explore their idea further without necessarily requiring a formal ATR. Other solutions often present themselves that will address the needs of the group thus negating the need to submit a formal ATR. The information provided on EOI does not make this explicit on the website.	Actions have been taken to clarify the processes and the options available. We have clarified our descriptions of the processes and try to be consistent in our use of language when discussing / describing the processes on offer.
4	Review panels were held for two rejected ATRs, these were conducted as a desk-top exercise with additional information presented to support the appeal. There was no representative from the CTBs present at either review panel. The option of a default presence of CTBs should be investigated.	Currently this is a decision that sits with the Policy and Resources sub group. They decide on the format of the review and can request participation from the group if this was considered to assist with the process.
5	No customer surveys have been undertaken to date, however, feedback is received when attending courses and events and this has been positive. More in-depth feedback from community groups should be considered, it may be useful to approach COSS to obtain advice on how to structure such feedback.	The Communities and Partnership Team (CPT) have been working with COSS to deliver some introductory training courses. The Scottish Government and COSS have been undertaking community consultation. We will review the feedback from this and then consider what further consultation is needed and add this to the CPT training programs.
6	The Council is actively looking at ways to promote asset transfers, toilet facilities in particular with other opportunities to follow as they arise.	This action is being developed and with the approval of the Asset Transfer Group will be implemented in 22/23.
7	<p>The BV3 report recognised that Council guidance is in place but that it may be over burdensome and could be streamlined as community groups often do not have the capacity, time or capability to deal with complex guidance.</p> <p>Audit Scotland did not review the Council's website in any great detail during their review, however, the web pages have been updated as a result of the BV3 report with a focus to simplify the EOI pages, and there has been no feedback to date.</p>	Action noted and will be raised at COSS events along with regular catch up meetings with COSS representatives.

No.	Recommendations	Management Response
	<p>The Council's guidance is based on complex guidance issued by Scottish Government and therefore may deter groups from applying. Council officers should consider raising the issue with the COSS group with a view to submitting a collective request to Scottish Government to review and potentially simplify the guidance.</p>	
8	<p>It would be beneficial to indicate that a community asset transfer is not the only opportunity available to CTBs as there are other solutions that may be more appropriate. Some solutions may involve further partnership working between CTBs where more than one CTB is interested in a property e.g. library within a café. This type of solution should be added to the information available on the Council's website.</p>	<p>This information has been added to the website. We will continue to monitor and look for ways to highlight further opportunities as we develop these resources.</p>

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ARGYLL AND BUTE COUNCIL**AUDIT AND SCRUTINY COMMITTEE****FINANCIAL SERVICES****23 JUNE 2022**

FLY-TIPPING SCRUTINY REVIEW

1. SUMMARY

- 1.1 The Fly-tipping scrutiny review was carried out as per the 2021/22 scrutiny plan agreed by the Audit and Scrutiny Committee at their development session on the 27 April 2021.
- 1.2 The Fly-tipping scrutiny panel comprised of Councillor Jim Lynch (Chair), Councillor Freeman and Councillor Vennard with support provided by internal audit officers.
- 1.3 Fly-tipping was chosen for inclusion in our scrutiny priorities for 2021/22 as it had been identified as an escalating national issue with Councils facing considerable costs to clear up the discarded waste.

2. RECOMMENDATIONS

- 2.1 Committee to agree the Draft Fly-tipping Scrutiny Report.
- 2.2 Committee to agree the most appropriate committee or other Council group for the Fly-tipping scrutiny report to be presented to for consideration.

3. DETAIL.

- 3.1 The agreed objectives of the scrutiny review were to:
 - ensure the council's systems record sufficient information to provide an indication of the extent of fly-tipping across the four administrative areas
 - ensure the Council's duty to investigate, clear and take appropriate enforcement action in relation to fly-tipping on public land is appropriately managed
 - ensure there is good collaborative working arrangements in place
 - ensure that the Council's charging structure is fair and proportionate across all businesses.
- 3.2 Throughout this review one panel meeting was held to gather evidence.
 - Panel one – Council's Head of Roads and Infrastructure Services and the Operations Manager with responsibility for the Environmental Wardens and Amenity Services

- 3.3 We would like to extend our appreciation for the cooperation and assistance received from all witnesses invited to provide evidence over the course of the review.
- 3.4 Based on the information obtained over the course of the review the panel has identified three findings specific to this review. These are detailed in the report attached as appendix 1.
- 3.5 The report has been discussed with the officers and panel members involved in the review to confirm accuracy and it is now for the Committee to decide whether to approve the report and, if so, to agree the most appropriate committee or other Council group for the Fly-tipping scrutiny report to be presented to for consideration.

4. CONCLUSION

- 4.1 Committee is requested to agree the attached report and agree the most appropriate Committee or other Council group for the report to be presented to for consideration.

5. IMPLICATIONS

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

Councillor Jim Lynch
Chair of the Fly-tipping Scrutiny Panel
23 June 2022

For further information please contact:

Moira Weatherstone, Interim Chief Internal Auditor, 01546 604146

Appendices:

Appendix 1 – Draft Fly-tipping Scrutiny Report

Argyll and Bute Council

Scrutiny Report

May 2022

DRAFT

Fly-Tipping

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Contact Details

Chair: Jim Lynch (Vice Chair of Audit and Scrutiny Committee)

Interim Chief Internal Auditor: Moira Weatherstone (moira.weatherstone@argyll-bute.gov.uk)

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1. Executive Summary

Introduction

1. As part of Argyll and Bute Council's (the Council) 2021/22 scrutiny plan, approved by the Audit & Scrutiny Committee (the Committee) in June 2021, we have undertaken a scrutiny review of Fly-tipping.
2. Throughout this report references to 'the Panel' refers to the Vice-Chair of the Committee and two Committee members who conducted this review. They were:
 - Councillor Lynch (Panel Chair)
 - Councillor Freeman
 - Councillor Vennard
3. The Panel was supported by council officers who gave willingly of their time to help deliver the review. We would like to extend our appreciation for the co-operation and assistance received from all witnesses invited to provide evidence over the course of the review.

Objectives

4. The agreed objectives of the scrutiny review were to:
 - ensure the Council's systems record sufficient information to provide an indication of the extent of fly-tipping across the four administrative areas
 - ensure the Council's duty to investigate, clear and take appropriate enforcement action in relation to fly-tipping on public land is appropriately managed
 - ensure there is good collaborative working arrangements in place
 - ensure that the Council's charging structure is fair and proportionate across all businesses

Background

5. Fly-tipping is "the illegal deposit of any waste onto land, i.e. waste dumped or tipped on a site with no licence to accept waste", it affects the aesthetic appeal of an area and causes damage to the environment. Waste can include: general household items; larger domestic appliances and furniture; garden refuse and commercial refuse such as construction materials and tyres, sometimes waste materials may be hazardous to health, wildlife or the ecosystem.
6. Businesses and Individuals are responsible for disposing of their own waste, the Council is responsible for clearing waste from streets and public areas as set out in the Environmental Protection Act 1990. The Council has a target of five working days to clear fly-tipping and one day for hazardous waste. Clearance of fly-tipping imposes significant financial costs on national and local government, businesses and other organisations, many of these costs are ultimately borne by the public, either as taxpayers or customers.
7. The Council charges for disposal of commercial waste at civic amenity sites and also for larger item uplifts from the customer's property. There can be quite differing motivations resulting in fly-tipping behaviour such as economic savings from the avoidance of disposal fees/uplift costs, ignorance of services available or criminal activity. Successful countermeasures include waste management infrastructure, education/awareness raising and enforcement measures.

8. According to Zero Waste Scotland research in 2013, around 26k tonnes of material is fly-tipped across Scotland every year with an annual direct cost of £11 million, there were also indirect costs but these were difficult to quantify. Scottish Government and Marine Scotland published their litter strategies in 2014 and provide a collection of online resources with a focus on prevention and encouraging individuals to take personal responsibility. A fixed penalty of £200 for fly-tipping was also introduced at that time and if convicted this can rise to a maximum of £40k or 12 months imprisonment for the offender. Environmental Wardens will attempt identify the fly-tipping offenders with a view to issuing a fixed penalty, however, no fixed penalties notices were issued by the Council in the years 2019-20 and 2020-21.
9. Fly-tipping can be reported by visiting or phoning the Council's Customer Service Centre, instances can also be reported online via the Council's, Zero Waste Scotland's and SEPA's websites. The Council employs four Environmental Wardens who work in collaboration with partner organisations to deal with instances of fly-tipping, the organisation responsible for clearance will depend on the location, nature and content of the materials discarded and whether they are of a hazardous nature.
10. The tables below indicates the number of fly-tipping reports received by the Council's Customer Service Centre and the number of hours the wardens have spent on dealing with litter & fly-tipping in the years 2019-20 and 2020-21. (Hours expended by Environmental Wardens and additional Amenity Services employees to deal with fly-tipping were not recorded separately at the time of the review.)

Number of reports of fly-tipping received by the Council's Customer Service Centre:

	B & C		H & L		MAKI		OLI		Area Not specified		TOTAL	
	19/20	20/21	19/20	20/21	19/20	20/21	19/20	20/21	19/20	20/21	19/20	20/21
Incident service request	70	72	127	140	48	33	40	57	0	0	285	302
Enquiry only	3	3	11	3	1	1	8	1	24	32	47	40
Member Enquiry only	1	0	0	0	0	0	0	0	0	0	1	0
TOTAL	74	75	138	143	49	34	48	58	24	32	333	342

Number of hours spent by wardens addressing litter/fly-tipping issues is as follows:

Area	2019/20			2020/21		
	Hours	% warden time	Recharge £	Hours	% warden time	Recharge £
B & C	304.5	11.49	8,521.00	208.25	11.67	6,501.97
H & L	223.75	11.87	6,261.32	450.25	29.25	9,452.43
OLI	344.75	18.97	9,647.33	302.75	24.52	14,057.66
MAKI	29.5	13.01	825.52	76.5	20.93	2,388.48
TOTALS	902.5		25,255.17	1037.75		32,400.54

11. 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. The Council participates in this programme along with 30 other Scottish Councils by completing and submitting monthly self-assessments and six-monthly independent assessments. Below is an extract from the 2020-21 Local Environmental Audit and Management System (LEAMS) Report providing a summary of fly-tipping statistics and comparison with previous year, national and benchmarking club statistics. Associated commentary advised that there was a general localised hotspot issue with instances in other areas infrequently observed.

Table 1.

	Argyll and Bute Council 2020/21	Argyll and Bute Council 2019/20	National 2020/21	Benchmarking Club 2020/21
Sites impacted by fly-tipping	3.7%	3.3%	3.9%	2.2%

Scrutiny Initiation Briefings – 02 November 2021 and 13 January 2022

12. In October 2021 scrutiny officers circulated a briefing paper to the Panel which provided background on fly-tipping. The Panel met to agree the scope and identify invitees to give evidence at a panel meeting.

13. The agreed scope was to:

- establish extent of fly-tipping problem in the Argyll and Bute area
- assess compliance with duty to investigate, clear and take enforcement action
- consider success of collaborative working
- consider level of fees and charges and the possible correlation with fly-tipping incidents.

14. The Panel agreed that they should meet with appropriate representatives of the groups set out in Exhibit 1.

Exhibit 1 – Scrutiny Meetings

Group	Key Areas for Discussion
Council Officer(s)	<ul style="list-style-type: none"> • Compliance with legislation and national guidance • records indicating the volume, content and extent of fly-tipping across the Council area • records indicating the time expended by Council officers and the associated costs to investigate, clear and take enforcement action • resourcing of the environmental warden service • appropriateness of charging structure to dispose of waste legally and whether these charges deter use of the service resulting in fly-tipping • measures taken to educate residents to reduce fly-tipping instances • outcomes and success measures of collaborative working • benchmarking with other Councils

2. Scrutiny Meeting

Scrutiny Meeting – Council Officers – 02 March 2022

15. The meeting consisted of the Head of Roads and Infrastructure Services and the Operations Manager who has responsibility for both the Environmental Wardens and Amenity Services. The key messages reflecting the views of the Council officers who attended, from this meeting are set out in Exhibit 2.

Exhibit 2 – Scrutiny Meeting 1 – Council Officers - Key Messages

Theme	Detail
Compliance with legislation	<p>The Council is legally required to clear waste fly-tipped on public land, there is a target of five days to do this and one day if the materials are considered to be harmful.</p> <p>LEAMS is the national performance indicator for street cleanliness, published reports indicate positive results for the Council.</p>
Extent of fly-tipping across Argyll and Bute	<p>Management considers that Argyll and Bute Council does not have the increasing issue with fly-tipping that is being experienced by other Councils, they are aware of only six incidents during the COVID-19 lockdown period.</p> <p>Incidents experienced are infrequent and take up a small percentage of the environmental warden's time.</p> <p>Waste is mostly composed of construction materials, tyres, white goods and other larger household items, there can also be seasonal materials such as gardening waste. Other instances occur where bins are overflowing and waste is left beside them.</p> <p>Reports of fly-tipping are received via the Council's Customer Service Centre and passed to Roads and Infrastructure Services for action. Wardens will investigate the location as soon as possible to avoid escalation of an occurrence.</p> <p>Some reports received relate to materials fly-tipped on private land, however, this is the responsibility of the landowner who will have to make arrangements and cover costs associated with its removal. In general, private landowners are not pursued to clear the waste unless it is positioned near Council land and it is likely to encroach.</p>
Record-keeping	<p>An Environment Agency system called "Flycapture" was used to record fly-tipping data between 2009 and 2014, however, this system was withdrawn from use in 2014 and no alternative has been implemented for recording of data.</p> <p>Wardens and operational supervisors are aware of hotspots for fly-tipping but these are not recorded.</p> <p>The Customer Service Centre reports indicate that 285 incidents of fly tipping were received in the year 2019-20 and this raised to 302 in the year</p>

	<p>2020-21. Service management are aware of only six incidents of fly-tipping during the lockdown period of 2020 and consider there may be inconsistencies in the classification being used by the Customer Service Centre staff when recording information received, some calls may have been passed to Environmental Health or SEPA to action depending on the materials involved.</p> <p>There was insufficient detail to provide the number of instances per 10k population to perform a comparison across the Council's four administrative areas. Management considers that all areas are facing similar problems.</p> <p>Warden's timesheets have recently been adapted to separate fly-tipping from other duties to provide a better indication of the time expended responding to fly-tipping incidents.</p>
Measures taken to prevent fly-tipping	<p>A fixed penalty of £200 was introduced in 2014, if the offender is convicted this can rise to £40k or 12 months imprisonment.</p> <p>The Council participates in national campaigns run by Zero Waste Scotland and Keep Scotland Beautiful.</p> <p>Wardens monitor hotspots and visit fast food outlets and schools to provide educational materials and discuss issues of littering, fly-tipping and dog fouling.</p>
Warden Resources	<p>Due to budget savings in 2018-19, Environmental Wardens were reduced from nine to four, they are located across the Council area as follows: one in Helensburgh and Lomond (HL), one in the Oban Lorn and the Isles (OLI) and two in Cowal and Bute (CB). Mid-Argyll, Kintyre and Islay (MAKI) is covered by the environmental wardens located in CB and OLI. Four seasonal staycation wardens are also recruited over the tourist season.</p> <p>Travel time expended by the Environmental Wardens to cover the MAKI area is significant, however, it is unclear from the information provided if this coverage is sufficient.</p>
Collaboration with partner organisations	<p>The Council works very closely with the Scottish Environment Protection Agency (SEPA), Police Scotland, National Farmers Union (NFU) and Registered Social Landlords (RSLs).</p> <p>Environment Wardens and Police Officers jointly patrol areas with regards to littering and fly-tipping, members of the NFU are also brought on board where issues concern the protection of livestock.</p> <p>The Council works well with partnership organisation at all times and particularly well when new accommodation is being built so that any difficulties servicing waste can be identified and resolved prior to issues arising.</p>

	<p>Successful partnership arrangements have been in place with organisations to recycle or reuse items such as furniture and bicycles. The Mull and Iona Community Trust (MICT) is particularly well established and resells items from their premises in Craignure, The Group for Recycling in Argyll and Bute (GRAB) Trust collects items from containers at the RENEWI Waste Disposal site and the Kintyre Recycling Ltd resells items from its premises in Campbeltown and repairs discarded and donated bikes for lending or reselling. MICT wardens have also acted as corroborating officers to save our Environment Wardens having to travel to Mull.</p> <p>The Council also works very closely with the National Park Authority as they operate within our boundaries.</p> <p>Two previous partnership arrangements were less successful based at the Blackhill Civic Amenity Site in the Helensburgh area, unfortunately items were not being taken away for deployment and break ins and damage occurred at the site.</p> <p>There is also some joint working with West Dunbartonshire Council as a neighbouring authority but there were some legalities regarding responsibilities, this will be revisited prior to the start of the new season to discuss ways of assisting each other. There are also some discussions on potential joint waste transfer stations as we progress towards the Biodegradable Municipal Landfill ban that comes in to force in December 2025.</p> <p>The RENEWI contractors and Council officers have been working together to manage commercial vehicles using domestic waste facilities at the civic amenity sites to avoid charges. It can be quite difficult for the site operatives to determine if waste is commercial or domestic, service users may be challenged by the site operative who may follow-up to determine whether they are a legitimate private user.</p> <p>Management is always prepared to enter discussions with organisation regarding any future partnership arrangements.</p>
<p>Cost to Council to recover fly-tipping Vs waste disposal and uplift charges to customers</p>	<p>Commercial waste disposed of at a civic amenity site is chargeable whereas domestic waste is free. Special uplifts are chargeable at both domestic and commercial premises although there are different rates for these.</p> <p>Council operated waste disposal sites require commercial customers to purchase a permit and submit a ticket each time the facility is used, where RENEWI operates the site, a commercial arrangement is in place between them and the customer and this is covered in the Public Private Partnership (PPP) contract between the Council and RENEWI.</p> <p>The Council would have to cover the cost of taking waste materials to landfill if charges for special uplifts were reduced, this would be detrimental from a business point of view. There is also a landfill tax that must be paid for every tonne of waste sent, this is set at £98.60 for the 2022/23 tax year, and this in addition to tipping and processing costs would be significant.</p>

	<p>A decrease in charges for disposal of waste would result in an increase in the volume being sent to landfill which is against Scottish and UK Governments aspirations in reducing waste to landfill.</p> <p>Council management considers current fees and charges are set at an appropriate level and should not be reduced.</p>
Deterrents	<p>Wardens check the fly-tipped waste for any indication of ownership such as mailing address prior to removing for disposal if size permits, larger items require larger vehicles operated by Amenity Services. If ownership can be determined a fixed penalty can be enforced. An example includes a landscape gardener who had been identified as an offender, as news of this was cascaded across that area there has been no recurrence of fly-tipping.</p> <p>CCTV has been used at waste disposal sites and at temporary locations to collect information to follow-up on where appropriate. There is a lengthy process and specific training required to implement use of CCTV, the duration of use must be clearly stated and recorded.</p> <p>Local Authorities are not permitted to use Automatic Number Plate Recognition (ANPR) devices in car parks and it is not clear whether they can be used in waste disposal sites as they are more commonly used in un-manned facilities. Health and Safety requires that waste disposal sites are manned.</p> <p>DVLA information can be requested where car parking fines are not paid within 15 days but there are stringent forms to fill in to justify checking up on someone's number plate. Staff at waste disposal sites take notes of number plates to check if they attend the site on a regular basis, this can only be used if criminal activity is suspected and Police Scotland would be contacted.</p>

3. Overall Conclusion and Findings

16. Based on the information obtained over the course of the review the Panel has concluded that:

- The Council is fulfilling its duty to keep public areas clean and have received positive outcomes in their LEAMS Report.
- There is insufficient reliable data available to form an opinion on the extent of fly-tipping across the Council's four administrative areas, the service costs incurred and whether the current charging structure is appropriate.
- The Council has good collaborative working arrangements with external organisations.

17. The review has identified three findings which have been discussed with management. These, and the management responses, are detailed in Exhibit 4.

Exhibit 4 – Findings

No.	Recommendations	Management Response
1	Service Management should liaise with the Customer Service Centre to establish the root cause of conflicting information presented to the panel for review and consider a consistent approach for recording information received in future.	A meeting with Customer Service Centre Management has been arranged to discuss this week ending 3 June 2022.
2	Records pertaining to fly-tipping incidents and associated costs should be maintained and made available for review.	More accurate information will be maintained on the Wardens and Local Environment Teams worksheets to provide this information in future.
3	Once the extent of fly-tipping has been established, a cost-benefit analysis should take place to consider whether the Council's charging structure remains appropriate.	This will be reviewed following outcome of actions 1 and 2 above in advance of the February 2023 budget preparation.

LOCAL GOVERNMENT IN SCOTLAND – FINANCIAL OVERVIEW 2020-21

1. SUMMARY

1.1 The purpose of this report is to present the main issues raised in the recent Local Government Financial Overview 2020-21 report by the Accounts Commission and to highlight relevant matters to the Committee.

1.2 The report is split into three parts:

- Part 1 comments on councils' income in 2020-21.
- Part 2 considers councils' financial position at the 2020-21 year end.
- Part 3 considers the financial outlook for councils in 2021-22.

1.3 The report's key messages are listed on Page 5 of the document and are summarised as follows:

- Savings plans were mostly delivered across Councils, but with significant variation.
- All Councils increased their usable reserves, mainly due to late COVID-19 funding which was unspent at 31 March 2021.
- Capital expenditure reduced by more than 20% in 2020-21 due to COVID-19.
- Councils continued to administer COVID-19 grants on behalf of the Scottish Government.
- COVID-19 pressures contributed to greater and more frequent errors in councils' audited accounts.
- Pension fund investments performed well.

1.4 The report also contains a number of exhibits some of which show where the Council is placed compared to other councils.

2. RECOMMENDATIONS

2.1 The Audit and Scrutiny Committee is asked to consider the contents of the Accounts Commission report.

3. IMPLICATIONS

- | | | |
|-----|------------------------|-------|
| 3.1 | Policy - | None. |
| 3.2 | Financial - | None. |
| 3.3 | Legal - | None. |
| 3.4 | HR - | None. |
| 3.5 | Fairer Scotland Duty - | None. |

3.5.1	Equalities -	None.
3.5.2	Socio-Economic Duty -	None.
3.5.3	Islands Duty –	None.
3.6	Climate Change -	None.
3.7	Risk -	None.
3.8	Customer Services -	None.

Kirsty Flanagan
Section 95 Officer
7 June 2022

For further information contact:

Anne Blue, Interim Head of Financial Services (01586 555269)

Appendix 1 - Audit Scotland Local Government in Scotland Financial Overview 2020-21.

Local government in Scotland

Financial overview 2020/21



ACCOUNTS COMMISSION 

Prepared by Audit Scotland
March 2022



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You can find more information on our website:

Exhibits data

Data files are available for [Exhibit 5](#).

Supplement

[Covid-19 funding to Local Government – 2020/21](#)

Audit team

The core audit team consisted of:
Blyth Deans,
Lynne Templeton,
Martin Allan,
Christopher Holgate
under the direction
of Brian Howarth.

Chair's introduction

Our independent overview of council finances 2020/21 covers the first full year that makes clear the impacts of Covid-19. We also look ahead to the medium- to longer-term financial outlook for councils.

That all councils have increased their reserves, boosted by late funding from the Scottish Government to help mitigate the impacts of Covid-19, distracts from the underlying pressures and continued uncertainty on council finances.

The long-term funding position for councils remains uncertain, with significant challenges ahead. This ongoing financial uncertainty for councils is exacerbated by: Scottish Government budget settlements for councils that don't go beyond one year; impacts of an ageing population; shifting and increasing demand for many council services and, alongside this, greater uncertainty over inflationary and other price pressures.

Excluding additional Covid-19 funding, councils have seen a real terms reduction in funding from the Scottish Government of 4.2 per cent since 2013/14. This is a larger reduction than the rest of the Scottish Government budget over the same period.

With increasing amounts of money ring-fenced to meet Scottish Government priorities, it means councils must focus on specific policy areas, rather than the urgent, local priorities they have identified. And while councils have rightly shifted their focus to address the immediate impacts of Covid-19, plans to transform services have slowed.

The absence of a multi-year funding settlement, alongside the ongoing impacts of Covid-19, makes it challenging for councils to plan and budget effectively for the medium and longer term. Robust forward looking financial plans, however, will be key to maintaining financial sustainability, alongside accelerating progress with transformation programmes that have stalled, addressing issues in delivering recurring savings and bringing forward proposals to reduce costs. As Covid-19 uncertainty diminishes, councils should review longer-term planning arrangements.

The pressures on councils that existed before March 2020 continue, yet now with greater intensity. As we reported in our [2021 Local government overview](#) inequalities have been exacerbated and deepened by Covid-19. At the same time, the financial and service demands and stresses on councils have also increased.



Dr William Moyes
Chair of the Accounts
Commission

Councils must manage the ongoing impacts of Covid-19, while looking ahead to local service and economic recovery and transformation, as well as delivering on Scottish Government priorities. This includes ambitions for Early Learning and Childcare, climate change and plans for a National Care Service.

Simply rewinding and trying to return services to pre-March 2020 models and levels of service isn't good enough. How to restart services, deliver differently, save money and empower communities to help redesign and reshape core services, is a massive challenge for all councils. Councils need to undertake this work, involve the communities they serve and partner organisations.

This report, alongside our second overview report (due to be published in May) which will focus on the wider performance and challenges facing local government will, we hope, be a useful analysis and support for both new and returning councillors, and senior officers, as they make difficult decisions over how best to allocate money and resource.

The Accounts Commission will [continue to publish outputs](#) focusing on key issues impacting local councils and communities.

Our ambition is for our independent reporting to support challenge and change across council services.

Key messages

Local government finances 2020/21

- 1** The Covid-19 pandemic persisted throughout 2020/21, with the Scottish Government increasing funding to councils by £1.5 billion to support them in dealing with the impacts of the pandemic.
- 2** When Covid-19 funding is excluded, there has been a real terms underlying reduction of 4.2 per cent in local government funding since 2013/14.
- 3** The underlying increase in Scottish Government funding of £358 million in 2020/21 was 1.1 per cent in real terms. But, over half of this increase is due to specific grants. Ring-fenced funding helps support delivery of key Scottish Government policies but constrains a proportion of the total funding and resources and removes any local discretion over how councils can use these funds.
- 4** Councils' income from customers and clients was affected by Covid-19 restrictions and fell by £0.5 billion.
- 5** In 2020/21, all councils reported surpluses and increased their usable reserves. The total increase in reserves was £1.2 billion (46 per cent). This increase was mainly due to late Covid-19 funding, which was unspent at 31 March 2021.
- 6** Councils administered a further £1.4 billion of Covid-19 grants on behalf of the Scottish Government in 2020/21, putting additional pressure on finance staff across councils.

- 7 Capital expenditure reduced by more than 20 per cent in 2020/21 because of Covid-19.
- 8 Covid-19 pressures contributed to greater and more frequent errors in councils' unaudited accounts.

Medium- and longer-term outlook for local government finances

- 9 Scottish Government capital funding to councils is expected to fall again in 2021/22.
 - 10 Uncertainty over the amount of funding available for Covid-19 recovery at the end of 2020/21 led to difficulties in setting budgets, and many councils established updated Covid-19 budgets in autumn 2021.
 - 11 Covid-19 resulted in revised medium-term financial plans, but longer-term planning will need to be updated as Covid-19 uncertainty diminishes.
-

About this report

- 1.** This report provides a high-level independent analysis of the financial performance of councils during 2020/21 and their financial position at the end of that year. It also looks ahead and comments on the financial outlook for councils in the medium and longer terms. It is one of two overview reports that the Accounts Commission publishes each year. The second report, commenting on councils' response to and recovery from the Covid-19 pandemic, will be published in May 2022.
- 2.** Our primary sources of information for the financial overview are councils' 2020/21 audited accounts, including management commentaries and the 2020/21 external annual audit reports, where available. We have supplemented this with data collected as part of a data set request issued to local auditors in April 2021. We received 22 returns by the deadline in late May 2021, and therefore some of the analysis included in this report is based on the available returns, which are only a sample of the total. The response rate from auditors (69 per cent) was lower than in previous years.
- 3.** The Covid-19 pandemic has again created challenges that have affected the preparation of this report. The rescheduling of audit timetables meant that audited accounts did not require certification until 30 November 2021. Twenty-three sets of accounts were certified by the revised deadline, with a further seven signed off thereafter. As at 1 February 2022, two councils' accounts are still to be certified; therefore, analysis in this report is based on 30 sets of audited accounts and two sets of unaudited accounts.
- 4.** We refer to 'real terms' changes in this report. This means that we are showing financial information from past and future years at 2020/21 prices, adjusted for inflation so that they are comparable. Similarly, where comparisons with 2021/22 are made, we have adjusted for inflation to 2020/21 prices. We use gross domestic product (GDP) deflators to adjust for inflation, which are published quarterly by HM Treasury. GDP deflators are the standard approach adopted by both the UK and Scottish Governments when analysing public expenditure. As a result of the way that GDP is calculated, the increased public spending related to Covid-19 means that (in the short term) annual GDP growth rates are forecast to be volatile. To allow us to continue to provide meaningful comparisons between years, we have changed how we use GDP deflators this year. To compensate for the increased volatility, we have used an average GDP growth rate across 2020/21 and 2021/22 to separate inflation from the changes largely attributable to Covid-19 spending and changes in outputs.
- 5.** We also refer to figures in 'cash terms'. This means that we are showing the actual cash or money paid or received.

1. Councils' income in 2020/21

Key messages

- 1** The Covid-19 pandemic persisted throughout 2020/21, with the Scottish Government increasing funding to councils by £1.5 billion to support them in dealing with the impacts of the pandemic.
 - 2** The underlying increase in Scottish Government funding to councils of £358 million in 2020/21 was 1.1 per cent in real terms. But, over half of this increase is due to specific grants, which are now £710 million. Ring-fenced funding helps support delivery of key Scottish Government policies, such as expanding early learning and childcare services, but constrains a proportion of the total funding and resources and removes any local discretion over how these funds can be used by councils.
 - 3** When Covid-19 funding is excluded, there has been a real terms underlying reduction in local government funding of 4.2 per cent since 2013/14.
-

Total revenue funding and income

Covid-19 had an impact on the whole of 2020/21

6. The global pandemic and consequent restrictions emerged at the end of March 2020 and persisted throughout the 2020/21 financial year. This report is the first Local Government Overview to capture the full-year impact of Covid-19 on local government finances.

Councils' total funding and income increased by £1.8 billion (10 per cent) in 2020/21, mainly as a result of additional Covid-19 funding of £1.5 billion

7. Councils' total revenue funding and income was £20.3 billion in 2020/21, an increase of £1.8 billion (or 10 per cent) on the previous year. Comparing 2020/21 with 2019/20 ([Exhibit 1, page 10](#)) shows that most funding comes from the Scottish Government in both years and illustrates the impact of Covid-19 additional funding on the overall funding of councils (7 per cent of funding received).

8. Additional Covid-19 funding included as part of the General Revenue Grant was £1.3 billion, and additional Covid-19-specific grant funding was £0.2 billion in 2020/21. When this is excluded, total revenue and income increased by £0.3 billion, or 1.6 per cent, compared with the previous year.

Councils' income from customer and client receipts reduced by an average of 25 per cent

9. Scotland wide, the reduction in income from customer and client receipts is estimated at £0.5 billion. Significant income streams were affected by Covid-19 restrictions and measures. Glasgow City and Fife Councils both suffered significant reductions in cultural and community income and car parking income. Orkney and Argyll and Bute Councils identified reductions in pier and harbour income as a direct consequence of Covid-19 travel restrictions. Councils have also experienced reductions in income from school meals, building warrants and trade waste disposal.

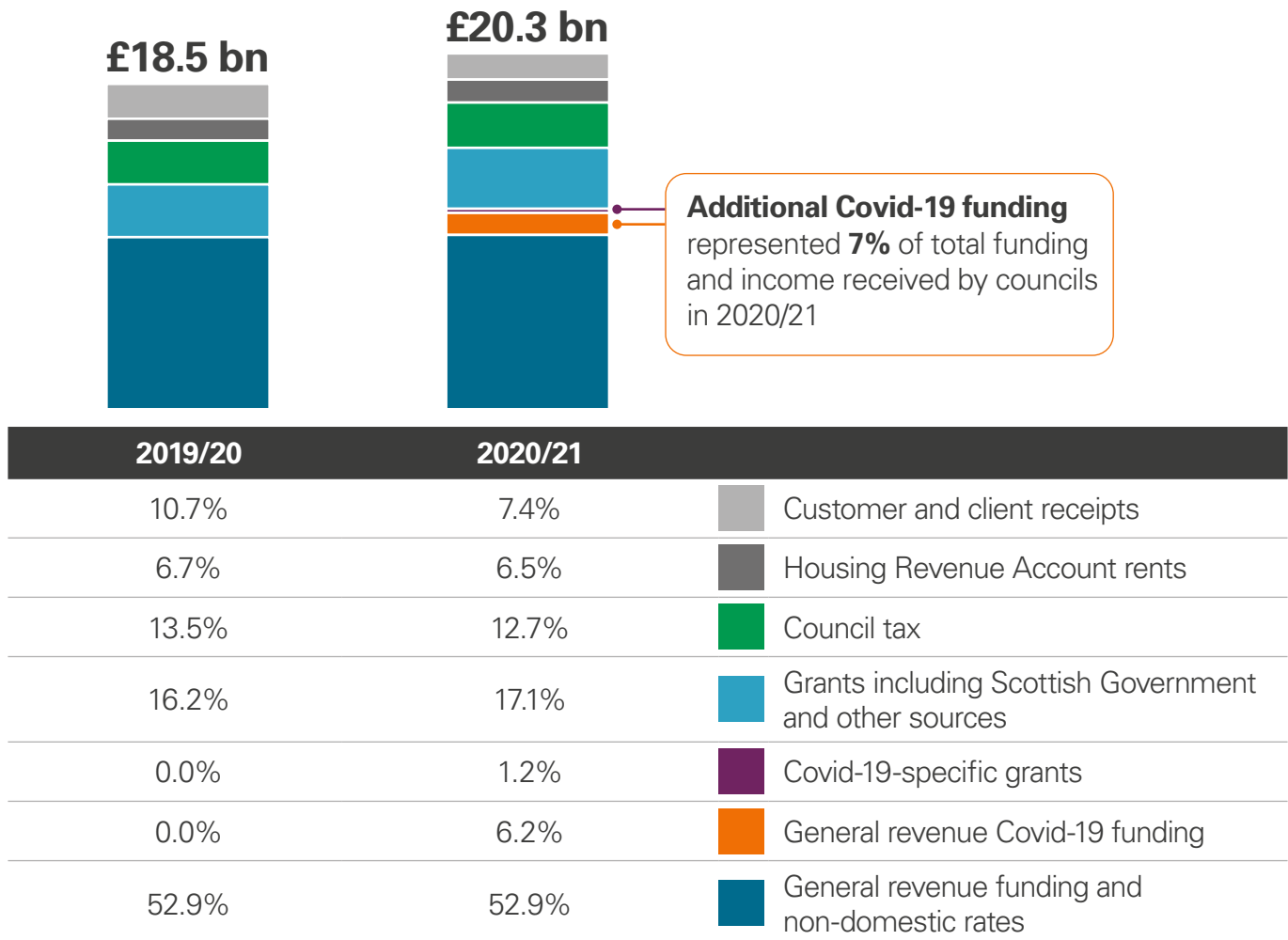
Council tax rates increased by 4.5 per cent in 2020/21

10. All councils raised council tax levels in 2020/21. The average rate increase across Scotland was 4.5 per cent. The lowest increase was 3 per cent in Clackmannanshire, Inverclyde and South Lanarkshire Councils. Twenty councils increased council tax by 4.8 per cent in line with the Scottish Government cap on council tax rate increases.

Exhibit 1.

Sources of funding and income, 2019/20 and 2020/21

Councils' total funding and income increased by £1.8 billion (10 per cent) in 2020/21, mainly as a result of additional Covid-19 funding of £1.5 billion.



Source: Audited financial statements 2019/20 and 2020/21

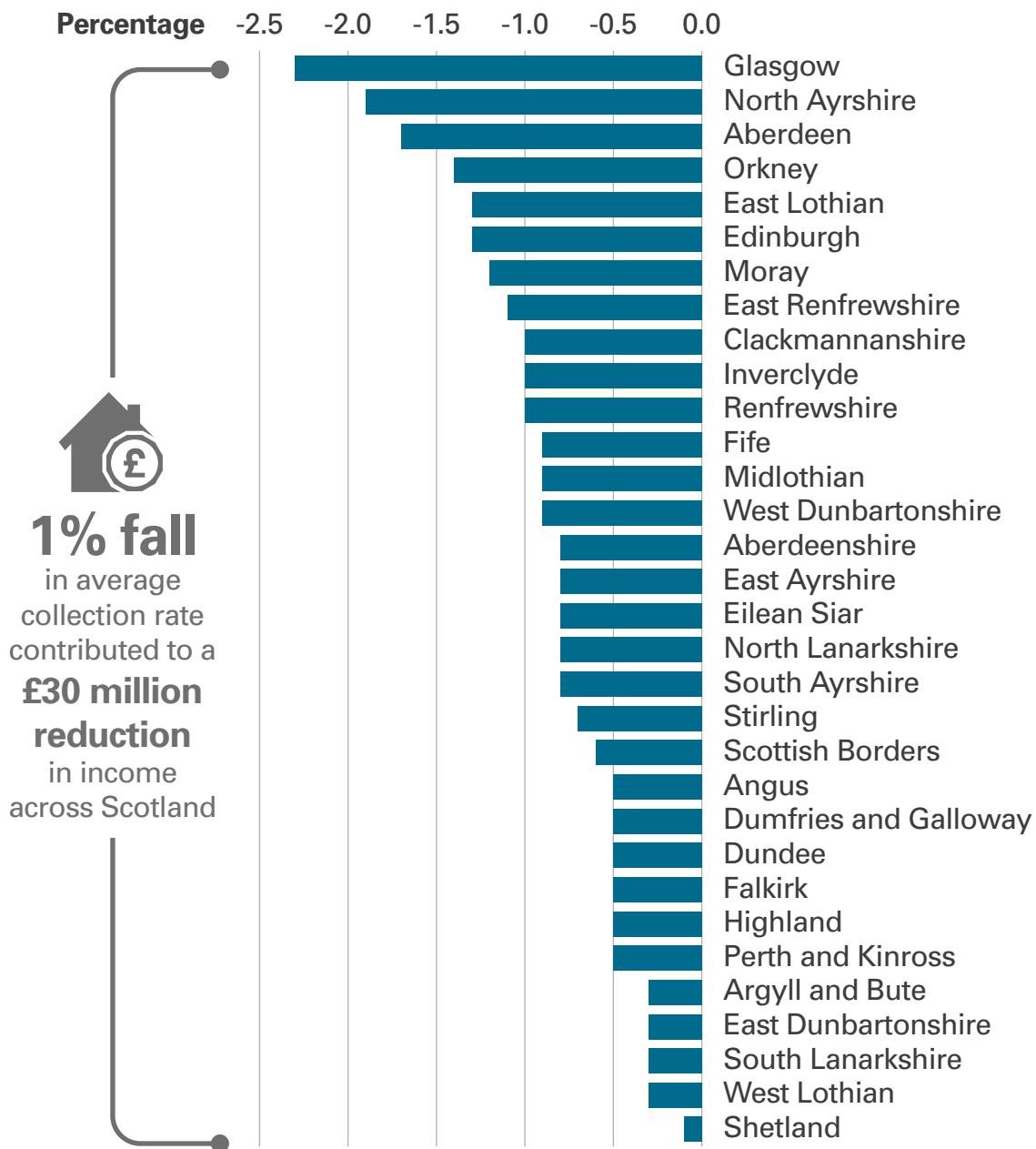
Council tax collection rates across Scotland fell by 1 per cent

11. Council tax debts accumulate over many years. The in-year collection rate (for 2020/21 charges) fell from an average of 95.8 per cent to 94.8 per cent. The 1 per cent fall in collection rate contributed to a reduction in income of £30 million. The total amount of council tax billed, taking account of council tax reductions, was £2.7 billion. Of this total, £2.5 billion was collected by 31 March 2021. Collection rates fell across all councils ([Exhibit 2, page 11](#)), with Glasgow City Council experiencing the largest reduction. Some councils chose to defer or reschedule debt recovery as part of their Covid-19 responses.

Exhibit 2.

Council Tax collection rates

The average Council Tax collection rate across Scotland fell by 1 per cent in 2020/21.



Source: Scottish Government Council Tax Collection Statistics 2020-21, Audited financial statements 2020/21

Scottish Government funding

Scottish Government revenue funding increased by 13 per cent in real terms in 2020/21. This was mainly due to Covid-19 funding of £1.5 billion

12. As noted in [paragraph 7](#), Scottish Government funding forms a significant proportion of the total funding available to local government. The proportion increased from 55.7 per cent in 2019/20 to 58.6 per cent in 2020/21.

13. In 2020/21, total revenue funding from the Scottish Government increased by 15.6 per cent in cash terms and by 13.0 per cent in real terms ([Exhibit 3](#)). Most of this increase was due to additional Covid-19 funding of £1.5 billion, including £1.3 billion of general revenue funding and £0.2 billion of specific grants.

Exhibit 3.

Changes in Scottish Government revenue funding in 2020/21

Scottish Government revenue funding increased by 13 per cent in real terms in 2020/21, although the increase largely relates to additional specific revenue grants and non-recurring Covid-19 funding.

	2019/20 £ million	2020/21 £ million	Cash change %	Real terms change %
General revenue grant and non-domestic rate income	9,811.4	9,967.5	1.6	-0.7
Specific revenue grants ¹	507.7	709.8	39.8	36.6
Non-recurring Covid-19 funding		1,253.5		
Total revenue funding	10,319.1	11,930.7	15.6	13
GRG + NDRI + SRG	10,319.1	10,677.2	3.5	1.1

Note: 1. Includes specific revenue grants for Covid-19.

Source: Finance Circulars 2/2020 and 5/2021 and Scottish Government budget documents.

14. Total revenue funding of £11.9 billion consisted of general resource grant (GRG) funding of £8.1 billion, non-domestic rates (NDR) distribution of £1.8 billion, specific grants of £0.7 billion and non-recurring Covid-19 funding of £1.3 billion.

15. The Scottish Government NDR relief, which was announced in March 2020 to help businesses deal with the impact of Covid-19, resulted in a significant change in the expected income collected from NDR, and this was reflected in the funding given to councils. NDR funding reduced from £2.8 billion in 2019/20 to £1.8 billion in 2020/21. A compensatory increase was given to councils as GRG, as part of a guarantee by the Scottish Government to ensure total funding.

Specific Scottish Government grants contributed to over half of the underlying increase in funding of 1.1 per cent in real terms

16. When non-recurring Covid-19 funding is excluded, the increase in funding from the Scottish Government is 3.5 per cent in cash terms and 1.1 per cent in real terms. The increase in underlying revenue funding was £358 million.

17. In previous overview reports, we identified that increasing amounts of the Scottish Government's total funding to councils is for specific purposes. This trend continued in 2020/21. Over half of the increase was accounted for by specific revenue grants, including an additional £201 million to fund expanding early learning and childcare services. However, the Scottish Government gave councils flexibility in 2020/21 to use the funding for early learning and childcare to support their responses to Covid-19.

18. Specific revenue grants made up 6.7 per cent of recurring revenue funding in 2020/21, up from 4.9 per cent the previous year.

There was a 7 per cent real terms increase in funding to councils in 2020/21, due to Covid-19. However, the underlying decrease is 4.2 per cent since 2013/14

19. Funding from the Scottish Government to local government between 2013/14 and 2020/21 increased by 7.0 per cent in real terms. The Scottish Government received Scottish budget increases for Covid-19 **Barnett consequentials** of £9.5 billion and £1.3 billion was given to councils to support services and Covid-19 responses.

20. Excluding the effect of Covid-19 funding, the underlying cumulative funding position for councils has fallen by 4.2 per cent in real terms since 2013/14 ([Exhibit 4, page 14](#)). This demonstrates that local government funding has been reduced by proportionately more than the rest of the Scottish Government budget over this period. The Scottish Government is committed to protecting the Health Budget which has a direct impact on all other areas of the Scottish Budget, including local government.

Barnett consequentials

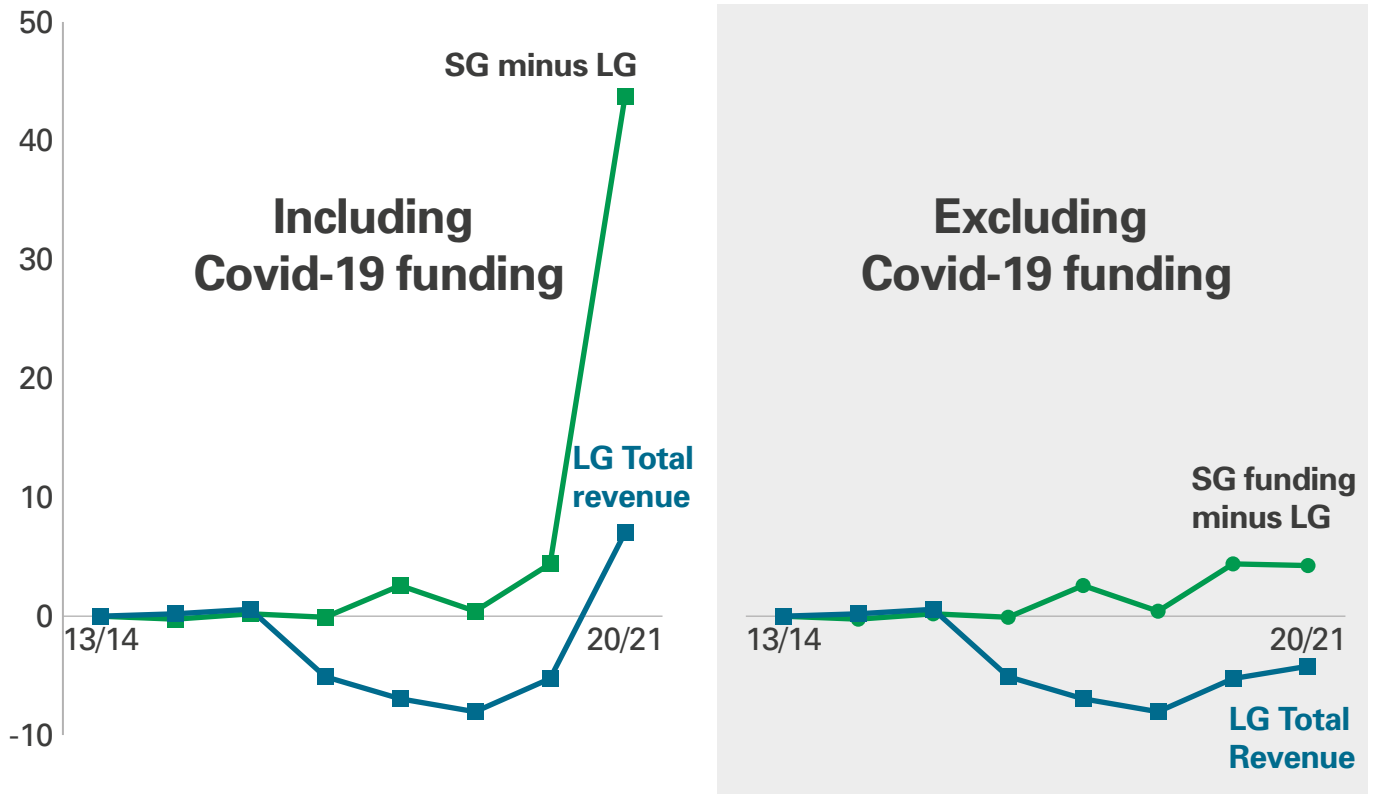
Throughout 2020/21, the UK Government introduced various spending measures to support households, businesses, and public services in recovering from the impact of Covid-19. Some of these spending measures resulted in Barnett consequentials. The Barnett formula is the way the UK Government ensures that a share of additional funding – allocated only to England – is provided fairly to Scotland, Wales, and Northern Ireland.

The formula delivers a fixed percentage of additional funding allocated in England to services which are devolved, but there is no requirement for this additional funding to be spent in the devolved administrations on the services which generated the additional funding. Each devolved administration can allocate these funds as it believes appropriate.

Exhibit 4.

A comparison of real-terms changes in revenue funding in local government and other Scottish Government areas (including and excluding Covid-19 funding)

The second graph shows that, funding from the Scottish Government to local government between 2013/14 and 2020/21 decreased by 4.2 per cent in real terms once Covid-19 funding is removed.



Source: Finance Circular 5/2021 and Scottish Government budget documents

2. Councils' financial position in 2020/21

Key messages

- 1** Savings plans were mostly delivered across councils, but with significant variation.
 - 2** All councils increased their usable revenue reserves, mainly due to late Covid-19 funding which was unspent at 31 March 2021. The total increase was £1.2 billion.
 - 3** Capital expenditure reduced by more than 20 per cent in 2020/21 due to Covid-19.
 - 4** Councils administered a further £1.4 billion of Covid-19 grants on behalf of the Scottish Government. The need to administer payment of these grants quickly to support the local economy put additional pressure on finance staff across councils.
 - 5** Covid-19 pressures contributed to greater and more frequent errors in councils' unaudited accounts. Auditors also reported wider issues relating to Covid-19, including the slowing of progress in some councils' transformation plans, the impact of reduced income on arm's-length external organisations (ALEOs) and what that means for their financial sustainability, identified weaknesses in internal control systems, and adverse impacts on long-term planning and capacity.
 - 6** In line with the recovery in global stock markets, pension fund investments performed well. In addition, the triennial funding position improved.
-

Council budgets and outturn 2020/21

In 2020/21, initial budget gaps were consistent with previous years

21. In 2020/21, councils identified net expenditure of £13.5 billion in initial budgets. These were budgets that were set before the Covid-19 lockdown in late March 2020. The budget gap at the time was £0.5 billion (1.7 per cent), which was consistent with the gap identified in the previous year.

22. Planned savings were the most common way of addressing expected budget gaps in 2020/21, although plans also included reference to income generating activities and reprofiling loan fund repayments to make savings.

Savings plans were mostly delivered across councils, but with significant variation

23. An analysis of a sample of 14 councils identified that, on average, 83 per cent of the planned savings were achieved. However, there was significant variation in how individual councils performed against their savings targets:

- **East Lothian Council** achieved savings of £3.1 million (99 per cent of those budgeted) in 2020/21. However, of this total, only £1 million (35 per cent) of savings were on a recurring basis. Council officers have recognised the risk of not achieving these savings annually and the council is reviewing its budgeted savings.
- **Angus Council** set a Change Programme saving target for 2020/21 of £9 million. The council achieved actual savings of £8.5million (95 per cent).
- **Comhairle nan Eilean Siar**, which planned to make £2.6 million of savings in 2020/21, achieved savings of £1.6 million or 62 per cent. The auditors note that service redesign savings of £1.0 million were not achieved, as resources were reallocated to the council's Covid-19 response.
- **Fife Council** planned to achieve efficiency savings of £13 million and achieved actual savings of £8 million (65 per cent). The shortfall was dealt with by in-year alternative savings, such as alternative cost reductions, unused contingency funding and a change in accounting treatment of loan charges.

24. Non-recurrent savings can include savings made as a result of delays in recruitment due to Covid-19; savings in budget provisions for energy and NDR costs; reduced operational costs arising from the Covid-19 impact on service delivery; and reductions in borrowing costs resulting from lower than anticipated capital spending.

All councils reported surpluses and increased their usable reserves in 2020/21. The total increase was £1.2 billion (46 per cent). This increase was mainly due to late Covid-19 funding, which is earmarked to be spent on Covid-19 recovery activity over the next two financial years

25. All councils increased their total usable reserves at 31 March 2021 to £3.8 billion. This represents an increase of £1.2 billion (46 per cent) on the previous year and includes revenue and capital reserves.

[Exhibit 5 \(page 18\)](#) shows increases in councils' usable reserves during 2020/21.

26. Most of the increase in 2020/21 is in general fund reserves (including Housing Revenue Account, HRA) of £1.1 billion. This is predominantly due to a significant element of Covid-19 funding that was issued to councils very late in the financial year. This contributed to about a 70 per cent increase in reserves held by councils at the end of 2020/21. However, the view of the Convention of Scottish Local Authorities (COSLA) is that this funding is fully committed and most will be spent in 2021/22, with an element carried forward to be spent in 2022/23.

27. The timeline of funding announcements made by the Scottish Government during 2020/21 ([Supplement: Covid-19 funding to Local Government – 2020/21](#)) illustrates the challenges faced by councils in receiving and spending this additional money.

Reductions in expenditure and savings achieved contributed to about 30 per cent of the increase in councils' reserves in 2020/21

28. COSLA notes that, during 2020/21, councils faced challenges arising from a combination of loss of income and additional expenditure and had to manage financial projections without any guarantee of any additional financial support from either the UK or Scottish Governments. As a result, councils took steps to reduce expenditure and achieve budgeted savings where possible to mitigate the impact of the pandemic. As financial support was announced later in 2020/21 some of the short-term measures taken during the year by councils, to manage their budgets, resulted in increases in council reserves due to service underspends. Around 30 per cent of the increase in reserves is attributed to service underspends.

29. Over the same period, it was not possible to progress spending in some policy areas, such as expanding early years services and employability programmes, adding to a short-term increase in the level of reserves held.

Supplement:
**Covid-19
funding to Local
Government
– 2020/21**

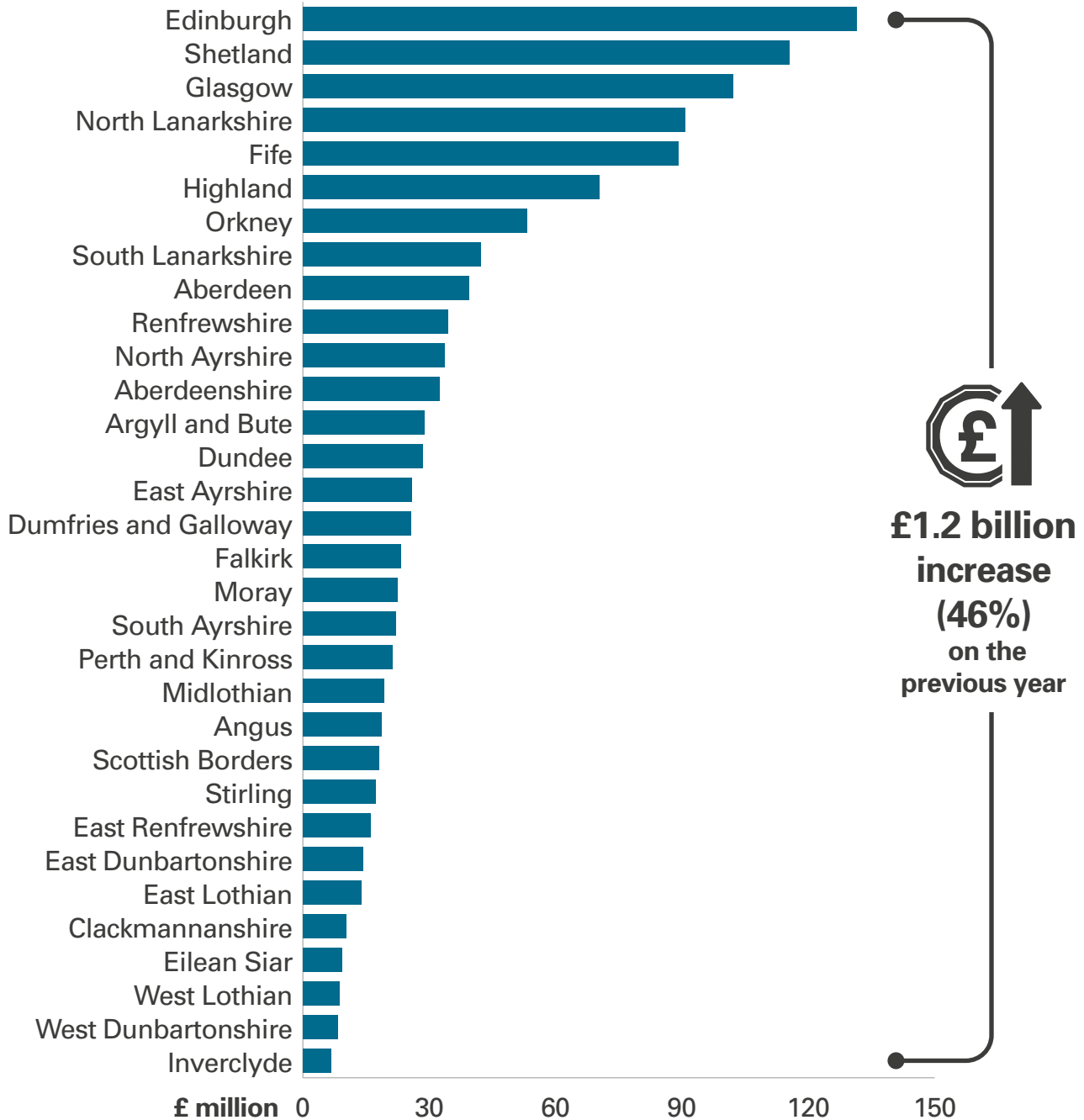
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Exhibit 5.

Increases in councils' usable reserves during 2020/21

All councils increased their usable reserves.



Note: [Exhibit 5 data](#) available to download on our website.

Source: Audited financial statements 2020/21

Reserves

Most of the increase in the general fund is committed to Covid-19 recovery

30. Exhibit 6 (page 20) shows the nature and value of usable reserves in 2020/21. Within the committed element of the general fund, councils' accounts have not always clearly identified the element arising from Covid-19 funding, but at least £650 million of the increased balance is identified for Covid-19 recovery, and we believe that the actual amount is much higher.

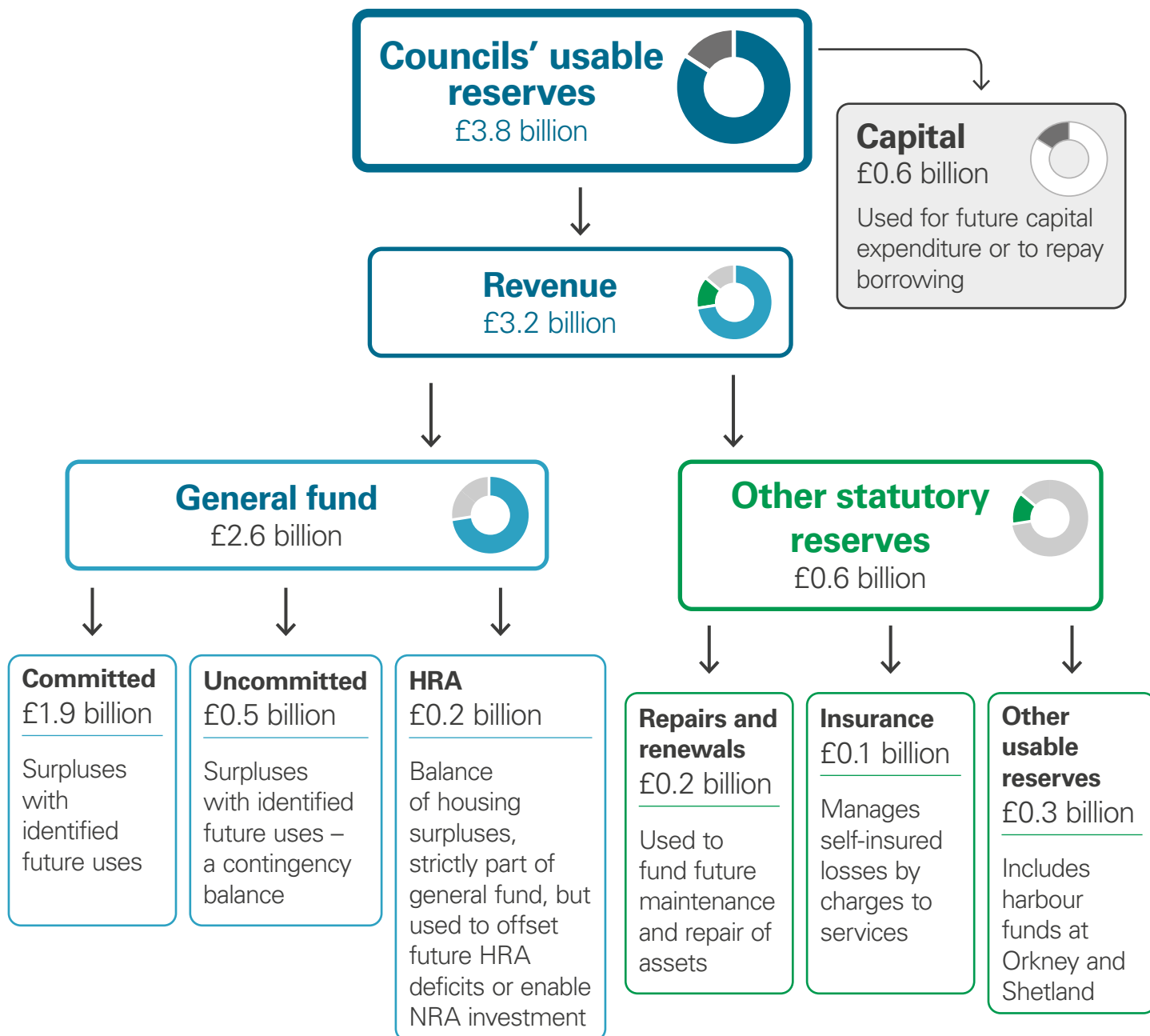
Recommendation

Elements of Covid-19 funding that are being carried forward in general earmarked and unearmarked reserves in the accounts should be clearly identified.

Exhibit 6.

The relative size and nature of councils' usable reserves

In 2020/21, usable reserves held by councils totalled £3.8 billion.



Source: Audited financial statements 2020/21

Capital

In 2020/21 underlying capital expenditure was reduced by more than 20 per cent due to Covid-19

31. Capital spending across Scotland fell by £1.2 billion in 2020/21, from £3.6 billion in 2019/20 to £2.4 billion. Glasgow City Council's **sale and leaseback transactions** in 2019/20, as part of its equal pay funding strategy, account for £0.5 billion of this reduction. The overall reduction in capital expenditure in 2020/21, net of Glasgow City Council, was still £0.7 billion (22 per cent, based on £3.1 billion underlying spending last year).

32. Auditors reported that Covid-19 restrictions had a significant adverse impact on the cost and delivery of capital projects in 2020/21. In many cases, capital plans were revised to reflect lockdown and the impact of social distancing and other suppression measures that contributed to delays in construction for a large part of 2020/21.

33. Twenty-six councils (81 per cent) reported reduced capital expenditure. Only six councils spent more on their capital programmes in 2020/21 than in 2019/20. The average decrease was 31 per cent. Significant slippage against capital programmes was also noted at some councils in 2020/21:

- **Dundee City Council:** Capital works of £47 million were completed during 2020/21, against an approved capital programme of £107 million (£75 million general fund projects and £32 million HRA projects). This represents slippage against the original plan of 56 per cent, but this is largely attributable to the impact of Covid-19 in the early part of the year. Multiple projects contribute to the significant slippage recorded and span all services areas, including housing, education, cultural and related services and environmental services.
- **East Lothian Council:** Total capital expenditure in 2020/21 was £56.9 million, relative to a budget of £98.1 million, of which £35.7 million related to general fund projects and £21.2 million to the HRA. This represents slippage against budget of 42 per cent. The underspend is almost entirely due to delays caused by Covid-19 lockdown periods and suspended construction projects.

The number of new houses completed fell by 92 per cent in the first quarter of 2020/21, because of Covid-19, but recovered over the year

34. Local authority housing completions fell by 92 per cent in the first quarter of 2020/21 to 34 from 446 in the first quarter of 2019/20. This was a direct result of the first lockdown and restrictions in response to the Covid-19 pandemic. This significant level of reduction was mirrored across all housing sectors in Scotland. Completions returned to pre-lockdown levels in the second quarter, once initial lockdown restrictions were removed, and continued to recover in the third quarter. In total, 537 completions were reported in 2020/21, an increase of 57 per cent on 2019/20 ([Exhibit 7, page 22](#)).

Sale and leaseback transactions

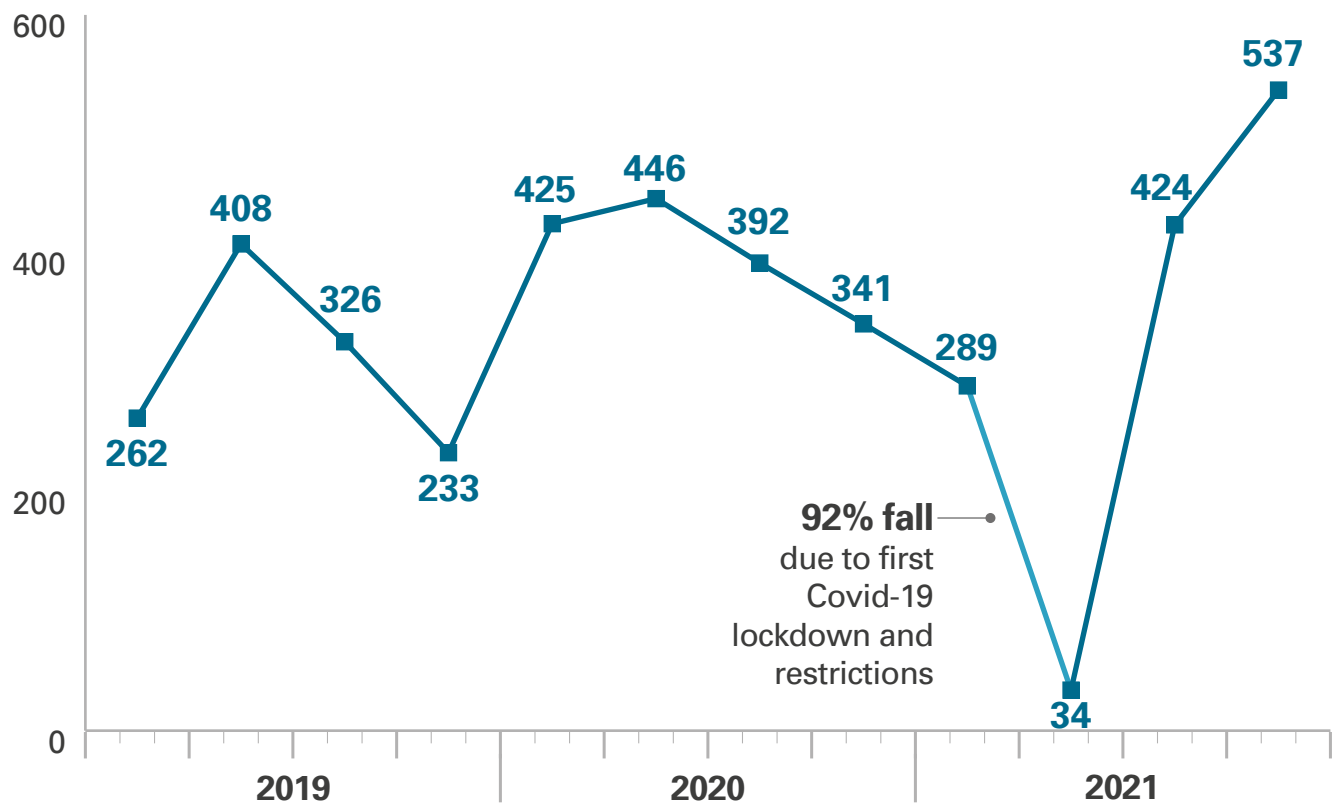
Glasgow City Council included a provision for equal pay costs in 2018/19 and during 2019/20 settled the majority of outstanding equal pay claims. The £500 million cost of settlement was met by a sale and leaseback funding strategy that raised £549 million. Our analysis in 2020/21 has been adjusted to reflect this artificial inflation of capital expenditure in 2019/20.

Exhibit 7.

Quarterly Local Authority Housing Completions

Local authority completions fell by 92 per cent in the first quarter of 2020/21.

Number of new houses completed by local authorities



Source: Scottish Government housing statistics quarterly update: December 2021

Capital costs increased in 2020/21, largely as a result of Covid-19

35. Fourteen of the 20 councils that we reviewed noted increased capital project costs in 2020/21, largely because of the impact of the Covid-19 pandemic. The key factors included increases in the cost of raw materials, supply chain delays and inflation associated with delayed contracts.

The main sources of capital financing are still government grants, but internal loan fund repayments from council services have reduced

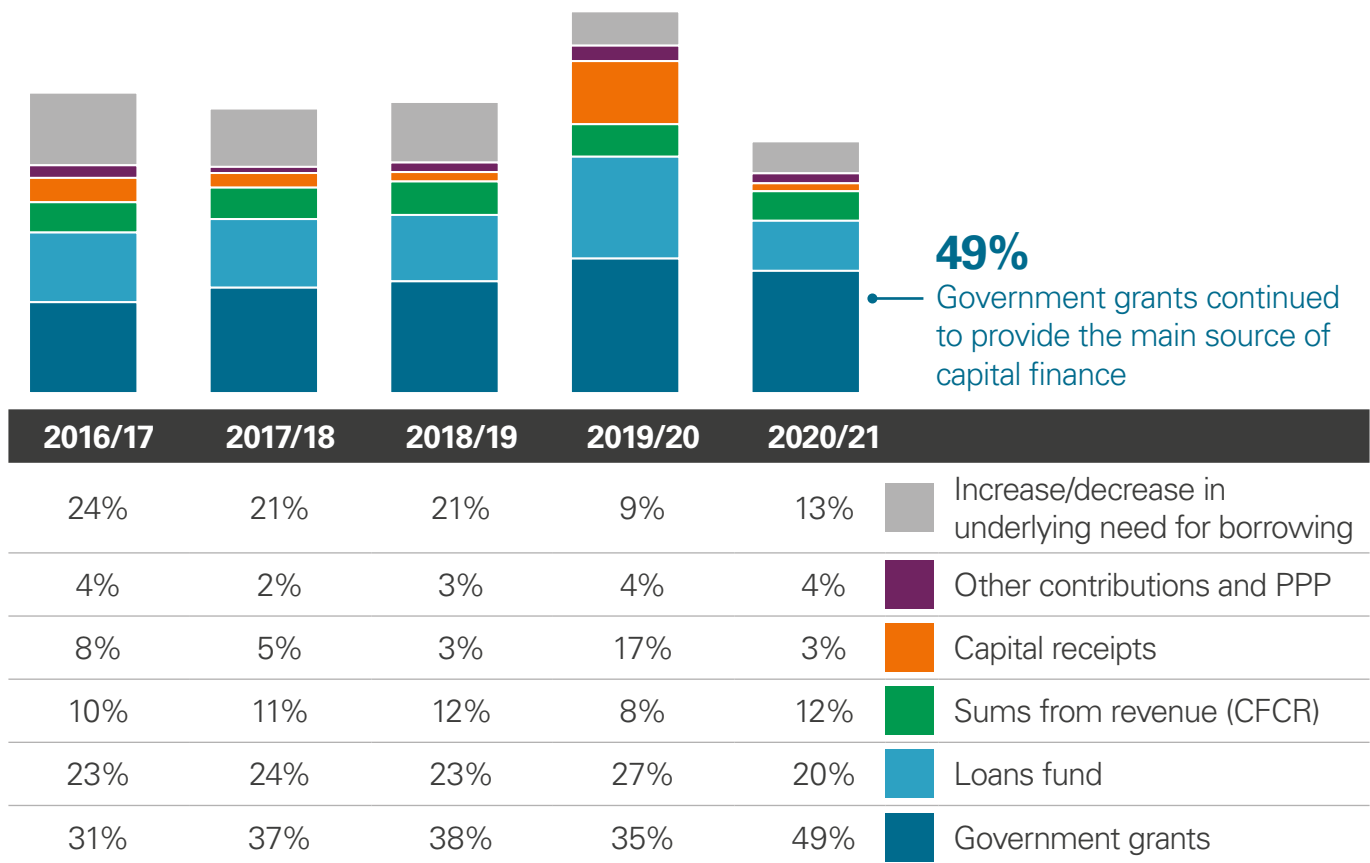
36. Government grants continued to provide the main source of capital finance (49 per cent). The amounts financed from internal loan fund repayments reduced from 27 per cent in 2019/20 to 20 per cent in 2020/21 ([Exhibit 8, page 23](#)).

37. The reduction in this internal source of capital finance might be the result of rescheduling loan fund repayments, reducing the amount available to reinvest in capital.

Exhibit 8.

Capital expenditure analysed by source of finance 2016/17 to 2020/21

Total capital expenditure fell and 49 per cent was financed by government grants.



Source: Audited financial statements 2016/17 – 2020/21

Net debt has fallen by £1 billion

38. Total net debt (total debt less cash and investments) fell across councils by £1 billion, or 5.7 per cent, between 2019/20 and 2020/21, to £16 billion. Only seven councils' net debt increased in 2020/21.

39. The most significant element of this change is the increase in cash and investment balances: unspent Covid-19 funding received late in 2020/21 contributed £720 million to the decrease in net debt.

The wider impacts of Covid-19

Councils did not use the additional financial flexibilities granted to respond to Covid-19

40. Councils were given an additional package of [spending powers](#) and financial flexibility to respond to Covid-19 in 2020/21. However, of a sample of 22 councils, none used them in 2020/21.

41. Ten of the councils in the sample intend to use funding flexibilities in 2021/22. Some councils intend to use multiple flexibilities. Our analysis indicates that nine councils plan to defer internal loan fund repayments, five councils intend to extend debt repayment periods and two councils plan to use capital receipts to meet one-off revenue pressures arising from Covid-19.

Councils administered a further £1.4 billion of Covid-19 grants on behalf of the Scottish Government in 2020/21

42. Councils administered a further £1.4 billion of Covid-19 grants on behalf of the Scottish Government in 2020/21 and acted as agents in administering and disbursing these grants to businesses and individuals. The income and expenditure relating to these grants was not included as income or expenditure in the accounts reflecting the councils' position as paying agents.

43. Some council auditors reported that the additional administrative burden put additional pressure on council finance staff. The auditors of Orkney Islands Council noted that managing the volume and complexity of the various Covid-19 support schemes was challenging for finance staff. Furthermore, the auditors of North Lanarkshire Council found that the council's second officer checks of council tax and NDR discounts and reliefs were paused for a period during 2020/21, as staff were diverted to process Covid-19-related business grants.

44. Across Scotland, councils were under pressure to administer payment of these grants within a very short period of time to support the local economy. Our report *Scotland's economy: Supporting businesses through the Covid-19 pandemic*, due to publish in March 2022, considers the work undertaken by the Scottish Government and councils to minimise fraud risk involved in making these payments. This included placing reliance on councils' existing internal control environments to ensure eligibility of applications. Council auditors did not report any weaknesses in control in relation to these payments in 2020/21 annual audit reports.

**Supporting local
government
recovery**

**Scottish
Government**

October 2020



Covid-19 contributed to greater and more frequent errors in councils' unaudited accounts

45. The Local Authority (Scotland) Accounts Advisory Committee (LASAAC) issued guidance on the accounting treatment and disclosure requirements expected for grants and for the accounting of personal protective equipment. This guidance was issued to councils in June, after unaudited accounts had already been prepared.

46. The majority of council auditors reported errors in the accounting treatment of these unusual transactions in the unaudited annual accounts, but councils made appropriate adjustments to reflect Scottish Government and LASAAC guidance.

47. Auditors also noted some wider issues including errors in asset valuations and the consolidation of group accounts. An increase in the number of errors identified may be linked to the challenges faced by council finance teams working remotely and faced with the additional responsibilities that arose during the Covid-19 pandemic.

Auditors reported issues with transformation plans, support for ALEOs, weaknesses in internal controls, and impacts on long-term planning and capacity due to Covid-19

- **Progress with transformation plans:** Covid-19 slowed progress in transformation and savings plans at some councils in 2020/21. For example, service redesign savings of £1 million were not achieved at Comhairle nan Eilean Siar because resources were reprioritised in response to Covid-19. Similarly, East Dunbartonshire Council's auditor noted that planned efficiency and transformation savings were not fully achieved in 2020/21, due to Covid-19, but that the shortfall was met by budget underspending. Fife Council's transformation programme has also been adversely affected by Covid-19.
- **Funding of leisure ALEOs:** East Dunbartonshire Council supported the East Dunbartonshire Leisure and Culture Trust (EDLCT) through its Covid-19 challenges to ensure the sustainability of its services. EDLCT experienced a significant drop in its income because its facilities were closed in response to Covid-19 and reported a loss of £4.7 million for 2020/21. The council provided additional funding to EDLCT in 2020/21 for vaccination costs (£0.3 million) and loss of income (£0.7 million), as well as letters of comfort to ensure the trust's financial sustainability. Other auditors reported similar support for leisure trusts.
- **Improvements required in internal controls:** The auditors of Glasgow City Council highlighted areas where improvements in internal controls are needed. These were in relation to journal authorisation, checks on discounts on council tax and NDR and on housing benefits, and key system user access. Changes in business operations and working circumstances because of Covid-19 are

likely to have contributed to the weaknesses identified. Covid-19 also had a significant impact on staff capacity and the control environment at Clackmannanshire Council. Auditors concluded that introducing remote working and additional duties and reprioritising tasks had a significant impact on staff capacity to undertake routine tasks on time. This affected the control environment, with several control weaknesses identified that needed a change in the audit approach. Substantive testing was increased to enable the auditors to obtain the required audit assurances.

- **Long-term financial planning:** Some councils have updated their long-term financial plans to reflect the ongoing impact of the Covid-19 pandemic. These plans cover a 10-year period and are in place at Argyll and Bute Council, Comhairle nan Eilean Siar, Inverclyde Council, North Ayrshire Council and West Dunbartonshire Council. The auditors of Dundee City Council note that, although a long-term financial strategy was approved in August 2019, this will now need to be revised to reflect the longer-term financial impact of Covid-19. Auditors note similar findings at Glasgow City Council, Orkney Islands Council and South Lanarkshire Council.
- **Workforce capacity challenges:** Auditors at nine councils reported issues relating to workforce capacity in 2020/21. For example, Angus Council's payroll team faced additional pressures because of staff absences; Comhairle nan Eilean Siar has faced challenges in recruiting a new director for assets, finance and resources; and Dundee City Council faced additional workload challenges caused by a number of changes in key finance staff, administrative problems presented by the Covid-19 support schemes, sickness absence and the impact of remote working.

Local government pension funds

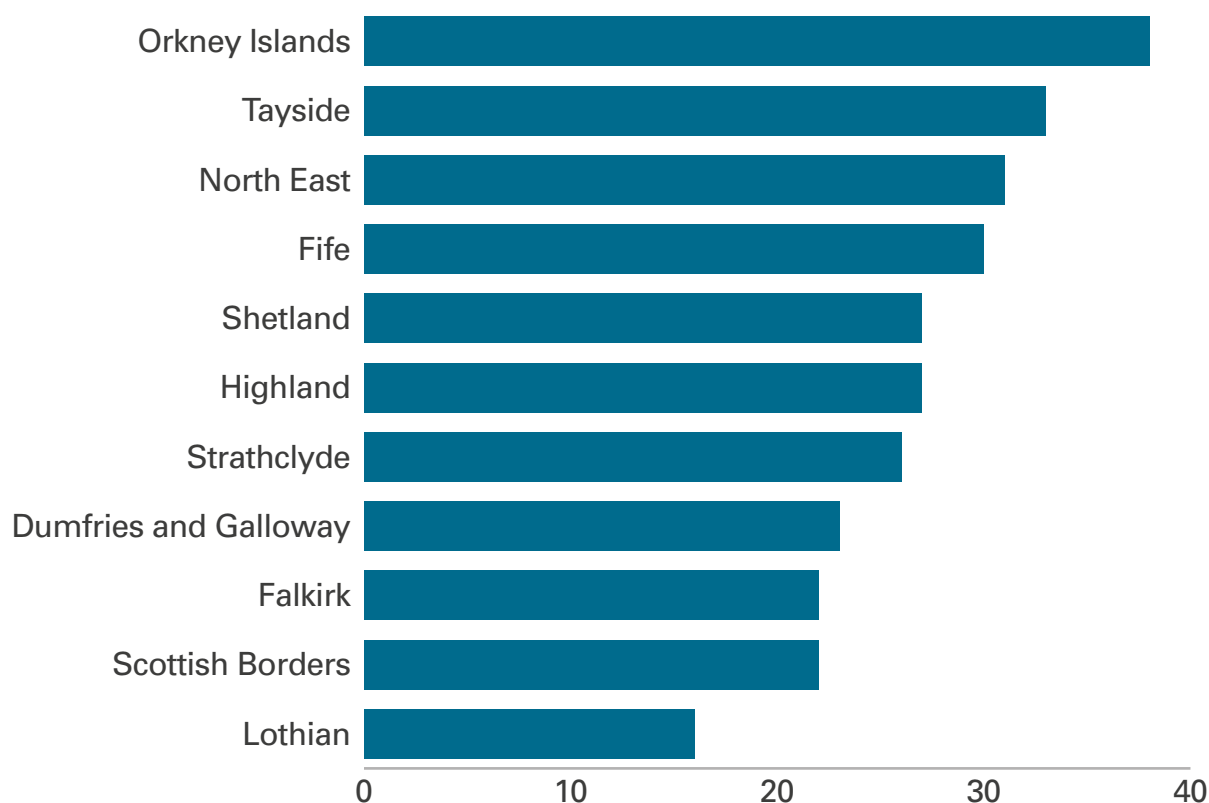
Pension fund investment returns improved in 2020/21 following initial market reactions to Covid-19 in the last quarter of 2019/20

48. The 11 main Scottish local government pension funds experienced positive investment returns in 2020/21. The annual return was between 15.6 per cent and 38.3 per cent in individual funds, based on the average assets position ([Exhibit 9](#)). The improvement in asset valuations during 2020/21 followed the global impact on investment values due to Covid-19 in the last quarter to 31 March 2020.

Exhibit 9.

Investment returns based on average assets in Scottish Pension Funds 2020/21

2020/21 investment returns were positive for all funds.



Source: Audited accounts of the Pension Funds 2020/21

Funds tended to outperform their benchmarks

49. In the majority of funds, the overall investment returns outperformed their individual annual benchmarks to 31 March 2021. Fund benchmarks and annual returns reflect the investment strategy of each fund. Funds' investment strategies and exposure to market volatility and risk will differ.

The triennial funding valuation at 31 March 2020 showed improved funding positions for most funds with a number showing funding levels of more than 100 per cent

50. The triennial funding valuation took place across Local Government Pension Scheme pension funds on 31 March 2020. The main purpose of the valuation is to review the financial position of each fund and to set appropriate contribution rates for each employer for the upcoming three-year period.

51. Overall, the funding position has improved across Scotland. Nine of the 11 pension funds showed an improved funding position compared with 2017, with the biggest increase noted at Lothian Pension Fund (98 per cent funded in 2017; 106 per cent funded in 2020).

52. Seven funds show funding levels of more than 100 per cent. These range from 118 per cent in Orkney Islands Council Pension Fund to 100 per cent at Highland Pension Fund. Not all pension funds were fully funded, however. Funding levels of 92 per cent were noted at Dumfries and Galloway Pension Fund and at Shetland Islands Council Pension Fund.

Financial management and transparency

Management commentaries in councils accounts have improved, but many are still not complying with previous recommendations on transparency

53. In previous Local government in Scotland: Financial overview reports we highlighted three key aspects in assessing whether financial reporting is transparent in the management commentaries:

- Is the outturn against budget position for the year clearly shown, and are the reasons for significant variances obvious?
- Is the outturn reported in the narrative reconciled to the movement in the general fund contained in the financial statements, and are major differences explained?
- Is progress against agreed savings reported?

54. Our review of 2020/21 management commentaries found that:

- Argyll and Bute Council, City of Edinburgh Council, Comhairle nan Eilean Siar, Fife Council, South Lanarkshire Council, Stirling Council and West Dunbartonshire Council included these key aspects of transparency in their management commentaries.
- Nearly all councils reported their year-end outturn, but six councils did not explain significant variances from budget.
- Only nine councils reported progress against agreed savings.

Recommendation

We recommend again that councils review and improve how they comply with these key expectations of transparency

Most councils identified the financial impact of Covid-19 in their management commentaries

55. We also considered the extent to which management commentaries for 2020/21 included detail of the impact of Covid-19 on councils' financial positions and governance arrangements. Most councils included good coverage of this in the management commentary, particularly on the total cost of Covid-19, additional funding provided and the distribution of business support grants on behalf of the Scottish Government.

3. Councils' financial outlook

Key messages

- 1** Uncertainty over the amount of funding available for Covid-19 recovery at the end of 2020/21 led to difficulties in setting budgets, and many councils established updated Covid-19 budgets in autumn 2021.
 - 2** Initial Scottish Government revenue funding in 2021/22 has increased by 1.1 per cent in real terms.
 - 3** Covid-19 resulted in revised medium-term financial plans, but longer-term planning will need to be updated as Covid-19 uncertainty diminishes.
 - 4** Scottish Government capital funding in 2021/22 is expected to fall again. This may have a significant adverse impact on councils' investment plans.
 - 5** The long-term funding position for councils remains uncertain, with significant challenges ahead as councils continue to manage and respond to the impact of Covid-19 on their services, finances and communities.
 - 6** In the longer term, uncertainty creates challenges for councils as they seek to address cost and demand pressures that existed before the impact of Covid-19, as well as develop long-term plans with their partners to address complex issues such as child poverty and inequalities, to improve economic growth and to deliver Scotland's net zero ambitions.
-

Budgets for 2021/22

The uncertainty over the funding position for Covid-19 at the end of 2020/21 led to issues in budget setting and many councils established Covid-19 budgets in autumn 2021

56. Councils approved net expenditure budgets of £13.8 billion for 2021/22, including a budget gap of £0.2 billion (or 1.5 per cent). Many budgets were set before the full impact of Covid-19 funding was known in 2020/21, and some councils set their budget over more than one meeting due to changing financial position on funding.

57. As Covid-19 funding was not incorporated into initial council budgets for 2021/22, many councils presented additional 'Covid-19 budgets' in autumn 2021. Of a sample of 22 councils, only five (or 23 per cent) reported that they have updated their reserves policy because of changes resulting from Covid-19.

Recommendation

We expect councils to agree spending plans and timescales for Covid-19 recovery reserves with the relevant decision-making committee.

All councils froze council tax for 2021/22

58. The Scottish Government made a grant offer conditional on all councils agreeing to freeze their council tax at 2020/21 levels. All councils agreed to accept this offer and froze council tax for 2021/22.

Many councils continue to present multi-year indicative budgets

59. Sixteen councils presented multi-year indicative budgets in 2021/22. In four councils (Aberdeen City, Aberdeenshire, Scottish Borders and Stirling) budgets cover the next five years, and the others cover two or three years.

Financial pressures in 2021/22 budgets

The 2021/22 budget papers contained some common themes in the pressures that councils identified

60. Councils consistently identified short- and long-term cost pressures in their initial 2021/22 budget papers, including:

- costs associated with restarting services after restrictions have ended
- inflation
- increased pay awards
- demand pressures, particularly population and demographic changes
- pressure on capital budgets
- financial sustainability challenges for ALEOs.

61. Further commentary on the future funding position of councils and the associated challenges is included at [paragraphs 70 to 73](#).

2021/22 funding settlement

Excluding Covid-19 funding, initial Scottish Government revenue funding in 2021/22 has increased by 1.1 per cent in real terms. However, when non-recurring Covid-19 funding is included, total revenue funding has fallen by 7.4 per cent in real terms

62. The initial local government revenue settlement from the Scottish Government in 2021/22, excluding non-recurring Covid-19 funding, increased by 3.4 per cent (cash terms) from 2020/21 to £11.0 billion. This was a real terms increase of 1.1 per cent ([Exhibit 10](#)).

63. Non-recurring funding related to Covid-19 has fallen from £1.3 billion in 2020/21 to £0.3 billion in 2021/22. As a result, total revenue funding has fallen by 7.4 per cent in real terms from £11.9 billion in 2020/21 to £11.3 billion in 2021/22.

Exhibit 10.

Changes in Scottish Government initial revenue funding in 2021/22

	2020/21 £ million	2021/22 £ million	Cash change %	Real terms change %
General revenue grant and non-domestic rate income	9,967	10,267	3.0	0.6
Specific revenue grants	710	776	9.3	6.8
Revenue funding excluding Covid-19	10,677	11,043	3.4	1.1
Non-recurring Covid-19 funding	1,254	259	-79.3	-79.8
Total revenue funding	11,931	11,302	-5.3	-7.4

Source: Finance circulars 05/2021 and Scottish Government Budget documents

Medium- and long-term financial planning

Covid-19 resulted in revised medium-term financial plans, but longer-term planning will need to be updated as Covid-19 uncertainty diminishes

64. Auditors have reported greater uncertainty in current financial planning arrangements at councils because of Covid-19. All councils will now need to revise medium-term financial plans to reflect additional financial pressures and updated funding arrangements and to account for updated savings requirements and financial assumptions.

65. Of a sample of 22 councils, all have a medium-term financial plan in place that covers a 3-5 year period. Only 19 councils review the plan annually.

66. Fifteen of the 22 councils sampled have a longer-term financial plan in place (covering a period of over five years), but many now need updated. The continuing uncertainty and related challenges created by Covid-19 mean that councils have concentrated on revising medium-term financial plans during the recovery from the pandemic. As the uncertainty created by Covid-19 diminishes, councils should update their longer-term financial plans to reflect this. It is also important that councils take account of their overarching recovery strategies in the longer term.

67. Most medium-term financial plans included in our sample contained details of savings and targets, cost pressures, updates on Scottish Government funding levels and scenario planning for the future. We noted gaps, however, in some medium-term financial plans in that key areas and risks, such as Scottish Government settlement updates, staff costs, demographics and inflation, are set out but not quantified.

Recommendation

All councils will now need to revise medium-term financial plans to reflect additional financial pressures and updated funding arrangements and to account for updated savings requirements and financial assumptions.

Councils should also review longer-term planning as Covid-19 uncertainty diminishes.

Capital funding

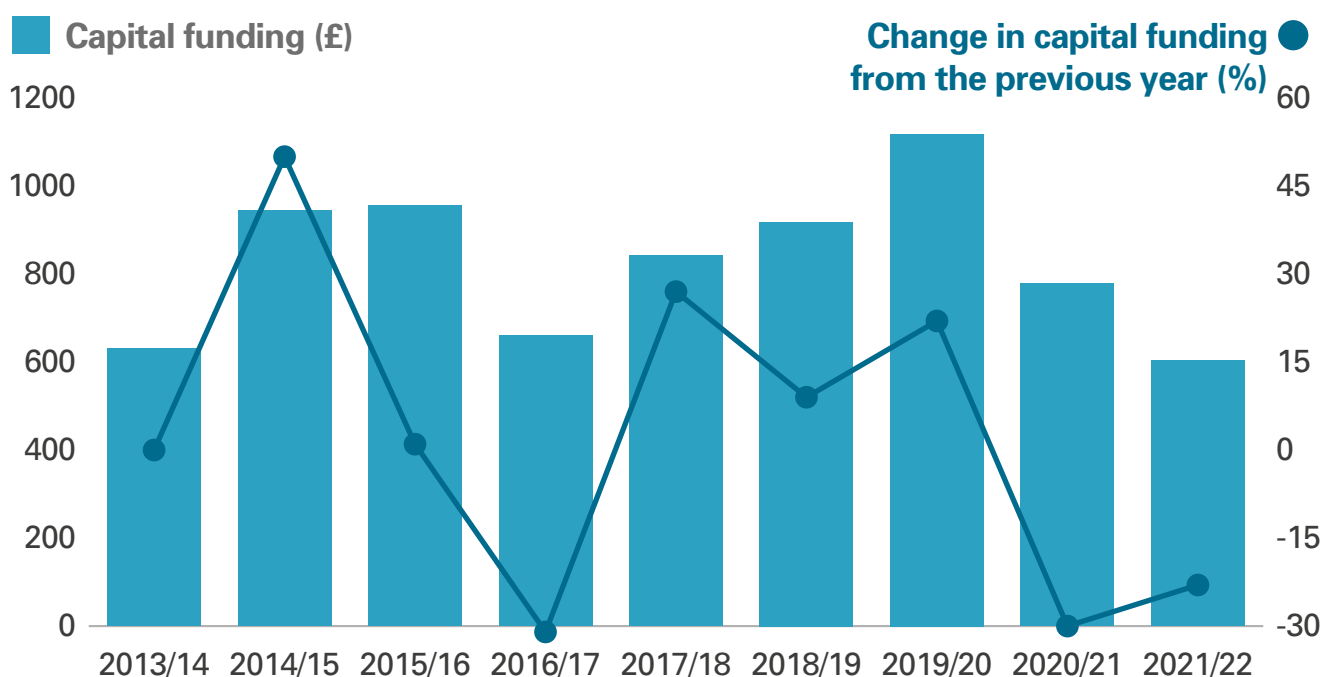
Scottish Government capital funding in 2021/22 is expected to fall again

68. The local government capital settlement in 2021/22 decreased from £0.8 billion in 2020/21 to £0.6 billion. Capital funding increased significantly up to 2019/20 before falling in 2020/21 and 2021/22 (33 per cent increase between 2017/18 and 2019/20 when capital funding was £1.1 billion). Total capital funding has fallen to a level below that in 2013/14 in real terms ([Exhibit 11](#)).

Exhibit 11.

Real terms capital funding between 2013/14 and 2021/22

Scottish Government capital funding in 2021/22 is decreasing by 23 per cent



Source: Finance circulars 05/2021 and Scottish Government budget documents

The fall in capital funding may have a significant impact on councils' investment plans

69. Reductions in capital funding may have a significant adverse impact on councils' investment plans. This may create a risk that the progress of crucial transformation activity will be restricted. This is of significant concern at a time when councils will face challenges in supporting communities and local economies to recover from the impact of Covid-19, as well as taking on other local priorities and national policy commitments.

Longer-term financial challenges

Councils' future funding position remains uncertain, with many challenges ahead

70. The funding settlement from the Scottish Government to councils continues to be provided on an annual basis. This makes it challenging for councils to plan and budget effectively for the medium and longer term and creates uncertainty over future funding. COSLA expects that the impact of the Covid-19 pandemic will last for many years and that continuing loss of income and additional expenditure will be a concern for all councils. Managing reserves and medium and longer-term financial planning will continue to be key to maintaining financial sustainability.

71. COSLA also expects that uncertainty over the continuity of Covid-19 funding in future years will bring substantial challenges to councils in developing effective medium and longer-term financial plans. As Covid-19 funding reduces, councils will need to accelerate progress with transformation programmes that have stalled, address issues in delivering recurring savings and bring forward proposals to reduce costs to maintain financial sustainability.

72. Although councils' reserves increased significantly in 2020/21, large parts have been earmarked for specific purposes, such as economic recovery, business transformation and, in some cases, balancing budgets, as part of a longer-term financial strategy. This therefore limits councils' flexibility to respond to unforeseen challenges and circumstances that may arise.

73. The requirement for councils to plan and deliver new ways of working across services, the need to meet carbon reduction targets to mitigate climate change and the potential impact of a national care service on councils' finances and service viability further exacerbate this challenge. We intend to comment further on this as part of our Local government in Scotland: Overview 2022 report, due for publication in May 2022.

The Scottish Government and COSLA are discussing the extent of ring-fencing in the local government budget

74. The provisional Scottish local government finance settlement for 2022/23 was published on 20 December 2021. This set out that a total of £12.5 billion will be distributed to local authorities in 2022/23. However, a final figure has yet to be established as the Scottish Budget process continues.

75. Almost £1.4 billion of the local government settlement is being transferred from other portfolios. As noted in our recent Scottish Budget 2022/23 briefing, the Scottish Government regards this funding as general revenue grant, available to allocate to local needs and priorities, and considers specific revenue grants the only element of the revenue

settlement that is ring-fenced. COSLA contests this view and claims that revenue funding transferred from other portfolios is ring-fenced for implementing a specific policy and comes with conditions setting out how it should be used.

76. The [Scottish Parliament Information Centre notes](#) that, if specific revenue grants are the only part of funding that is considered ring-fenced, then ring-fenced funds as a proportion of total revenue grew from 2.7 per cent in 2018/19 to 6.6 per cent in 2022/23. However, if COSLA's definition of ring-fencing is used, namely specific revenue grants plus revenue transferred from other portfolios, then ring-fenced funding as a proportion of total revenue grew from 4.0 per cent in 2018/19 to 17.9 per cent in 2022/23.

77. As we have noted earlier in the report, ring-fenced funding helps support the delivery of key Scottish Government policy initiatives but constrains a proportion of councils' total funding and removes any local discretion over how these funds can be used. The Scottish Government and COSLA continue to discuss this.

**Local Government
Finance: Budget
2022-23 And
Provisional
Allocations to
Local Authorities**

Scottish
Parliament
Information Centre

January 2022



Local government in Scotland

Financial overview 2020/21

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Local government in Scotland

Overview 2022



ACCOUNTS COMMISSION 

Prepared by Audit Scotland
May 2022

Who we are

The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

You can find out more about the work of the Accounts Commission on our website:

www.audit-scotland.gov.uk/about-us/accounts-commission

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Key messages



1. Councils have had a very difficult year

Alongside the ongoing response to the pandemic, councils have faced challenges in recovering services, dealing with increased demand and backlogs, and meeting community needs and expectations. This has taken place against a backdrop of long-standing pressures such as increased demand from an ageing population and rising poverty.



2. The challenging context means collaborative leadership is more important than ever

Councils are operating in a difficult and uncertain strategic context and face longer-term financial pressures, a lack of certainty and flexibility over long-term funding, and the prospect of major service reforms. This challenging context needs local government leaders skilled in effective strategic thinking, decision-making and collaborative working, and able to learn lessons from new ways of working. Collaborative leadership is more important than ever as councils work with partners, communities, and citizens to support recovery and improve outcomes.



3. Pressure on the local government workforce continues

Councils are continuing to experience high absence levels. Impacts on staff wellbeing and skills shortages, particularly in front-line workers, have also been noted. A resilient workforce is critical to the ongoing response to Covid-19 and the recovery of services. Workforce plans will need to be updated, considering lessons learned from new ways of working. Wellbeing support for the workforce must also continue.



4. The impact of the pandemic and service disruption have been felt most strongly by those already experiencing inequality

Councils have worked hard and adapted to maintain service delivery but not all services are back at pre-pandemic levels so those most in need of support are still being affected. Councils must evaluate these impacts so that recovery and renewal supports those most affected and addresses inequalities. Recovery and renewal should also reflect the wider ambitions of the public service reform agenda.



5. The early response showed what could be achieved by working closely with communities and the voluntary sector

This momentum may be lost if communities and the voluntary sector are not involved in shaping recovery. Flexible governance and decision-making structures will be needed, as will opportunities for more local participation.



6. Improvements are needed in data availability, tools and skills to support performance monitoring, strategic decision-making and planning service improvements

Data has been important in guiding the response to the pandemic but there are key areas where a lack of data could hamper recovery, such as unmet needs, service demands and backlogs. Data is a key tool in tackling inequality but there are gaps in equality data, particularly at a local level.

Key facts



32

Councils



5.5 million

People served by councils



213,000

Workforce

Local government workforce FTE Q4 2021. 2.4 per cent increase since Q4 2020



£13.8 billion

Budget

Net expenditure budget for 2021/22



1.3 million

Covid-19 cases

Cases between Mar 2021 and Feb 2022



£0.5 billion

Lost income

Estimated loss of income from customers and clients in 2020/21



Inequality

24 years less

Healthy life expectancy in most deprived areas compared to less deprived areas

24.3 per cent

Children living in poverty in 2019/20 (most recent year available)



Financial hardship

8.8 per cent

Rent arrears as a per cent of rent due at Dec 2021. Up from 7.3 per cent in 2019/20 (pre-pandemic)

132,435

Claimant count Feb 2022. Still above pre-pandemic levels



Support

30 per cent

Increase in Discretionary Housing Payment budget since 2019/20 (pre-pandemic)

£600 million

Value of business support grants administered 2021/22

56,205

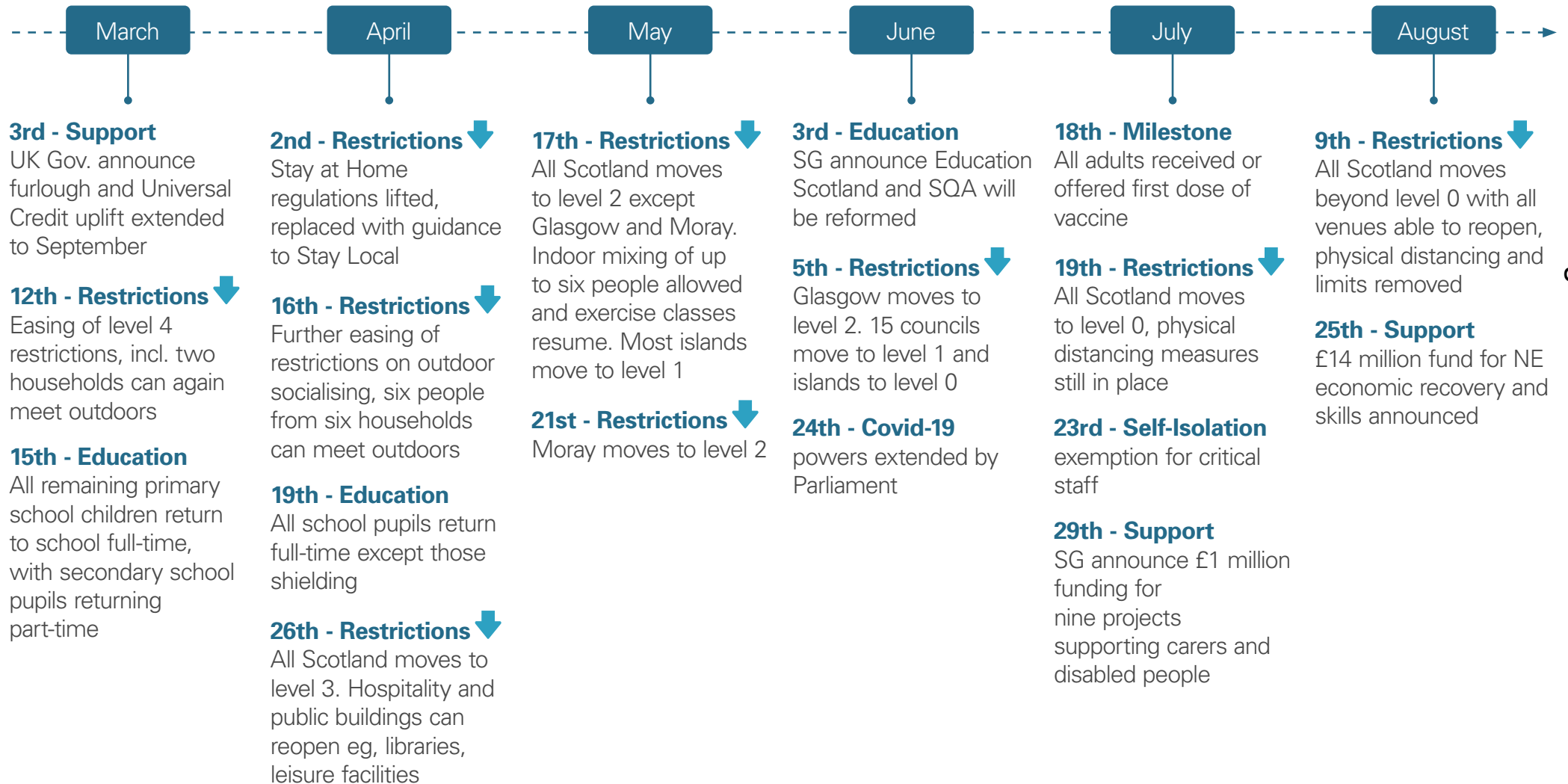
Self-isolation grants awarded at end Nov 2021 (started 12 Oct 2020)

491,016

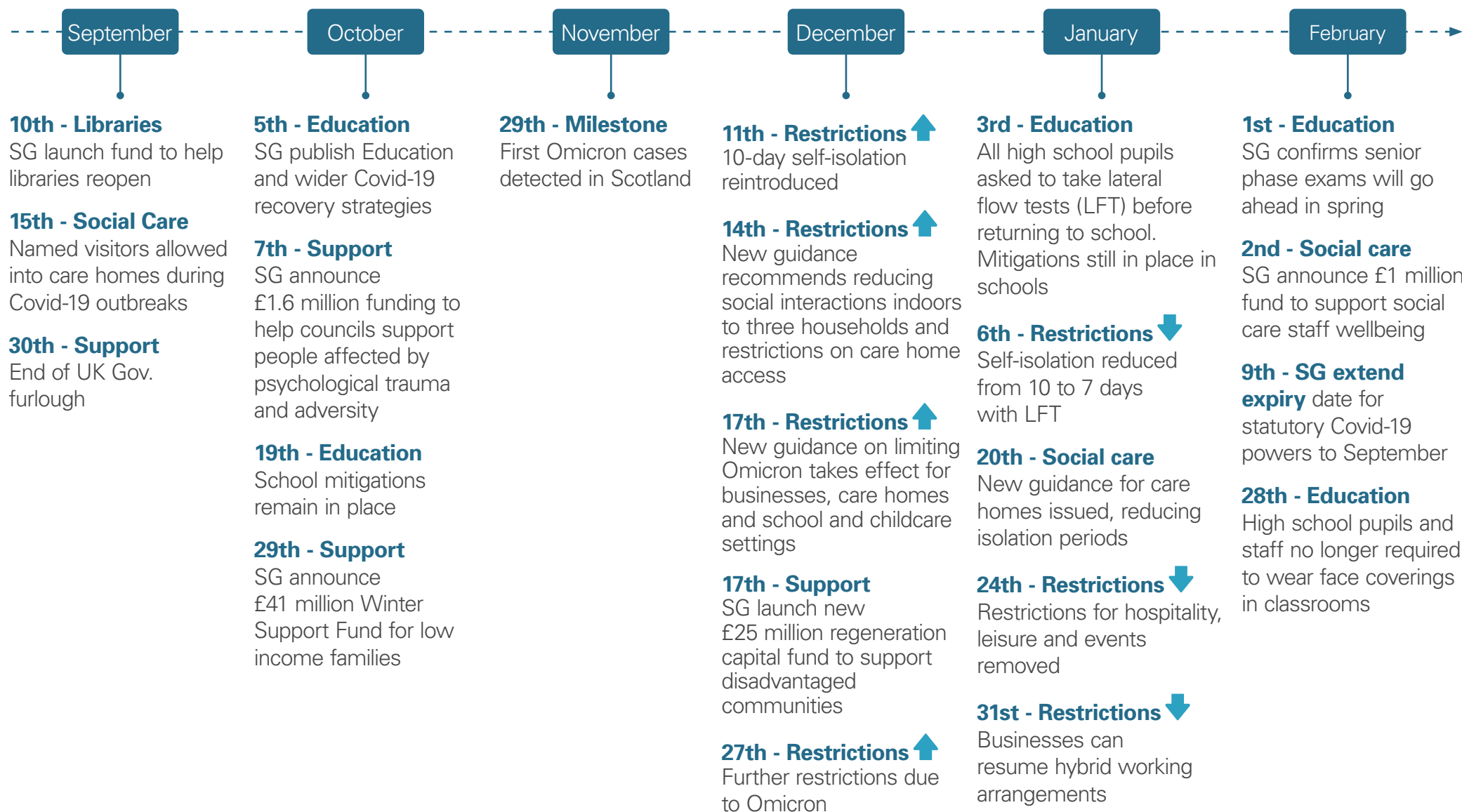
Number of Helpline calls and texts (includes Test and Protect), Mar 2021 to Feb 2022

Timeline

Covid-19 restrictions and key events between March 2021 and February 2022



Timeline continued



Source: SPICE (Scottish Parliament Information Centre), Scottish Parliament

Background

Reporting on the impact of Covid-19 on local government

Our strategic approach to covering Covid-19 in local government overview reporting

1. In August 2020, we set out a strategic medium-term approach to reflect Covid-19 in future local government overview reporting.
2. The first report in the series, [Local government in Scotland: Overview 2021](#), considered the initial response phase of the pandemic from March 2020 to February 2021. This included:
 - the initial emergency response and the impact on council services, how councils and their workforce were working in new ways, and how collaboration with communities and partners had been vital
 - the continued financial challenges councils face, and how councils were starting to plan for recovery and learn lessons from responding to the pandemic.
3. Future reporting will cover further progress towards recovery and renewal and examine the longer-term impact of the pandemic.
4. An in-depth financial overview of the sector complements each local government overview. This year's report, [Financial overview 2020/21](#), was published in March.

This report:

- is the second in the series of reports that reflects the evolving and long-term nature of the impact of the Covid-19 pandemic
- considers the second year of the pandemic from March 2021 to February 2022, with data and information correct as at the end of February 2022. We attempted to use this timeframe for all data but where it was not possible the most recent available was used instead
- builds on last year's overview report and assesses:
 - the ongoing impact of Covid-19 and councils' progress towards recovery and renewal
 - how councils are positioned to address long-term priorities including climate change, inequality and public service reform
 - how effectively council leadership is managing recovery and renewal
- includes exhibits and case studies throughout to illustrate issues and practice across councils
- The findings of this report are drawn from the range of local and national audit work carried out during the year as well as specific research and analysis of available data and intelligence.

Progress towards recovery and renewal

Councils have had a difficult year. Alongside continuing to respond to Covid-19 they have been planning and recovering services and renewal in an increasingly complex and uncertain environment.

5. As we began scoping this year's overview, we hoped that the second year of the pandemic would be about recovery and returning to normal. That has not been the case. Covid-19 has continued to have a significant impact on all aspects of daily life.

6. Councils too have had a difficult year. They have moved on from the immediate emergency response of year 1, but they have had to continue to respond to Covid-19 – managing restrictions and mitigation measures, providing support to communities, and operating differently – while also recovering services and planning renewal in a complex and uncertain environment. The [timeline \(pages 8 and 9\)](#) shows the complexity as councils moved in and out of restrictions throughout the year and different programmes of support were introduced.

7. Recovery and renewal are not about returning to the pre-pandemic status quo. The process of recovery and renewal includes directing resources to help ensure that services can restart and are reshaped to meet the new needs of the local area, to address the harm caused by the pandemic, to support economic recovery, to empower communities, to address inequalities, and to tackle key priorities including climate change, growing poverty, and the long-standing need for public service reform.

8. We have structured this report around three main themes on which progress towards recovery and renewal depends. Leaders need to consider how well their council is:

Responding to the external environment:

climate change, reform, financial pressures, Brexit, demographic change

Organising the council:

leadership, resources, workforce

Meeting local needs:

inequality

Shaped by engaging with communities and collaboration



Responding to the external environment

As councils continue to plan their recovery from Covid-19 and renewal they need to tackle key priorities including climate change, poverty, and the long-standing need for public service reform.

Councils have to respond to a large and complex programme of reform and the impacts of departure from the EU

Social care reform

9. The Accounts Commission together with the Auditor General for Scotland recently reported on the huge challenges that face the social care sector in Scotland in their [Social care briefing](#). Increasing demand, severe workforce pressures and limited progress in service improvement and reform are affecting the sustainability of services. Action is needed now to address these issues.

10. Scottish Government proposals for a new National Care Service are still at an early stage but will have a substantial impact on local authorities' responsibilities. Such a significant programme of reform brings challenges and risks. Reform in other areas of the public sector has shown that expected benefits are not always clearly defined, and even when they are, they are not always delivered.¹ Focusing on such a major transformation will also risk a diversion from tackling the immediate challenges within the social care sector. For local government there is uncertainty about the destination of the policy, and concern over a loss to local empowerment and funding for councils.

Brexit

11. The UK's departure from the European Union is exacerbating the challenges councils face. The Trade and Customs Agreement (TCA) between the United Kingdom and the European Union has imposed new tariff and non-tariff barriers in stages from 1 January 2021. This represents a further supply shock to the United Kingdom's economy in addition to Covid-19 and the rise in global energy prices. Councils are facing higher prices and shortages of key resources, for example construction materials and labour shortages particularly in the construction and care sectors. There is also uncertainty around the loss of EU structural funds and their replacement. There is a reported lack of understanding about how the Shared Prosperity Fund, due to launch in 2022, will work for councils, and what its relationship will be to the Community Renewal Fund and the Levelling-Up Fund.²

12. It is difficult to untangle the combined impacts of Brexit and Covid-19. Councils remain uncertain about the long-term effect of EU departure and are continuing to monitor impacts on the labour market including staff shortages, access to funding, and on business.

Climate change

13. Councils recognise that climate change is an urgent issue. They have committed to taking action to achieve net zero, but clearer plans are needed to achieve it.



Climate change – policy spotlight

Around two-thirds of councils have formally declared a climate emergency, and COSLA's Blueprint for Local Government states that climate change is a 'greater threat than COVID'.³ However, there is no universally shared understanding of what declaring a climate emergency means in practice and there is variation in policy and practice across councils. The Scottish Government has recently published guidance on public sector leadership on the global climate emergency to help public bodies in leading climate action.⁴

Councils' ambitions for how and when they will achieve net zero or other emissions reductions targets are varied, but all are either on or before the Scottish Government's national target year of 2045. Council recovery plans have climate change as a theme with commitments such as providing active travel routes in communities, installing electric car charging infrastructure, and pushing forward plans for low-emission zones.

Source: Audit Scotland

We, together with the Auditor General, set out our joint approach to auditing climate change in October 2021 in [Auditing climate change: An update \(audit-scotland.gov.uk\)](https://www.audit-scotland.gov.uk/publications/auditing-climate-change-an-update). It reported that while public bodies, including councils, have declared a climate emergency, there are questions around definitions of net zero and the robustness of plans. It also highlighted the importance for bodies in tackling adaptation and resilience to reduce the impact of climate change that has already taken place, the need for investment to achieve net zero, the critical role for the public, and the need for strong partnership working and public sector leadership.

Addressing the climate emergency and setting actions to achieve net zero will need to be a key element of councils' recovery and renewal from the pandemic. We will be reporting on the approach that councils are taking to meet their climate change ambitions in late summer 2022.

The impact of the pandemic sits against a backdrop of long-standing and growing demographic pressures and a growing cost of living crisis that will affect demand for council services

14. The overall population is projected to fall over the next 25 years.⁵ The trend is towards an ageing population and the proportion of those aged over 65 will increase. The latest data shows that overall life expectancy has fallen as has healthy life expectancy. Deprivation has a big impact on both.^{6 7}

15. Poverty rates have been rising in recent years, with the highest rates among children. The proportion of children living in poverty (after housing costs) has increased from 21.6 to 24.3 per cent since 2013/14, including a 1 percentage point increase in the most recent year in which data is available.⁸ This trend is seen across all 32 councils but in recent years poverty rates have increased at a faster rate in councils with lower levels of deprivation.

16. Increasing financial hardship is expected as the cost of living rises rapidly, with the greatest effects felt by those already experiencing poverty. Energy Action Scotland estimate that in 12 council areas over 40 per cent of households will live in fuel poverty after April's energy price rises. Eileanan Siar is forecast to be the worst affected area with an estimated 57 per cent of households living in fuel poverty.⁹

Challenges for councils

17. Planning to respond to these longer-term issues is difficult. Funding levels continue to be uncertain because of short-term funding cycles, ring-fenced funding and uncertainty over how long Covid-19 funds will remain in place.

18. It will be challenging for councils to find the capacity and resources to respond to, influence and shape this programme to their own contexts particularly while continuing to respond to Covid-19 and deal with service backlogs and increased demand and harms arising from the pandemic. This uncertain and challenging context needs effective strategic thinking, decision-making and collaborative working from local government leaders. It also needs a resilient workforce, and a culture that promotes collaboration, innovation and wellbeing.

19. Councils can learn from how they responded to the pandemic – through strong partnership working, engaging with communities and focusing on vulnerabilities.



Organising the council: leading recovery and renewal

Leaders in local government face a challenging context. As they plan for recovery and renewal it will be important that they collaborate with their partners and communities. This will need skilled leadership, learning lessons from the pandemic and working to make the best use of resources to improve outcomes.

Councils prepared recovery plans in response to the pandemic, and leaders are now starting to plan and set out their vision and strategy as their councils navigate the uncertainties and challenges they face

20. Local government leaders are operating in a complex, uncertain and volatile environment, and external pressures make it difficult to plan and deliver councils' recovery from the pandemic. These include:

- uncertainty about the course the pandemic will take and its impact on operations, pivoting between response and recovery
- the impact of major public service reforms, including the proposed National Care Service
- a lack of longer-term financial settlement and limited flexibility because of ring-fenced funding.

21. Councils have prepared recovery plans that vary in their approach from high-level strategic statements to more detailed short-term operational plans. They have been a helpful tool for managing the early recovery phase and reinforcing the need for councils to remain flexible in a changing and volatile environment. We expect that councils will continue to refresh and refine their plans to set out more clearly how they will address inequalities, mitigate the harm caused by the pandemic, improve outcomes and monitor progress.

22. Recovery plans include a focus on partnership working, but leaders have an opportunity to collaborate more widely with their communities in planning for the future. This could lead to more sustainable, community-focused renewal and innovative ways of delivering services in communities.

By **leaders** we mean elected members, chief executives and the senior management team.



Case study 1

City of Edinburgh Council



In response to the pandemic, the council quickly developed and implemented their Adaptation and Renewal Plan.

It realised that pre-pandemic working practices could not continue and might never return. It created the Now, Near, Far & Beyond programme linked to national guidance but with the ability to respond to any changes. The plan was regularly updated and aligned with the agreed City Vision 2050. Updates included a Covid-19 dashboard containing a range of public health, Covid-19 response and economic data, as well as details of decisions made at committee meetings. These were made available online to the public, via the council website, providing transparency of the council's decision-making and governance process.

Source: Audit Scotland using information from City of Edinburgh Council

23. Some councils have integrated their recovery plans into refreshed strategic plans, including Local Outcomes Improvement Plans, recognising the impact of the pandemic, lessons learned from the response, and the need to realign priorities. This can help councils move from response to renewal and set a roadmap for the future. Common themes in recovery plans that are being reflected in wider strategic plans include:

- New ways of working – digital technology, the workforce
- Addressing growing inequalities
- School education recovery
- Focus on health and wellbeing both in the community and workforce
- Economic recovery
- Climate emergency.

24. The Scottish Government published a national recovery plan in October 2021.¹⁰ While most councils' recovery plans were published before this, councils will have an opportunity to consider the priorities set out in the national recovery plan as they refresh their own plans. There is also an opportunity to consider the wider public service reform agenda and how to incorporate the principles of people, prevention, performance, and partnership into their plans.¹¹

Current recovery plans emphasise the negative effect that Covid-19 has had on inequalities but are not clear on how planned recovery actions will improve outcomes for those most affected

25. As outlined in [paragraph 77](#), there is a lack of data on the scale of service backlogs and increased demand, and evidence of the harm caused is still emerging.

26. Councils have struggled in the past to bring about the level of change that is needed to deliver public service reform, sustainable local government, and better outcomes. Transformation programmes have been disrupted by Covid-19 at the same time as new operating models and service delivery approaches have been presented.

27. There is a risk that councils are unable to deliver the level of recovery and transformation needed with their existing resources and will have to make difficult decisions about prioritising services.

There are good examples of councils showing leadership in tackling long-standing structural issues through new place-based initiatives such as community wealth building

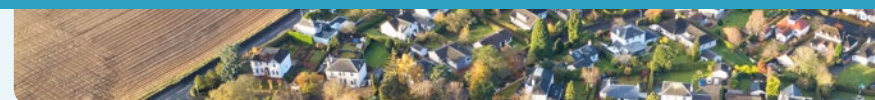
28. Following successes in England, North Ayrshire was the first council in Scotland to create a community wealth building strategy, in which the council, other public bodies and key organisations work with communities to support local economic development and tackle poverty.¹² Community wealth building has now been adopted by a number of councils and is part of the programme for government.

Collaborative leadership skills have been important during the response phase and need to be maintained to meet the complex challenges ahead

29. Collaborative leadership enabled the response to the pandemic as councils worked with partners, communities and across departments. [Exhibit 1. \(page 18\)](#) outlines key leadership principles that have been important in the response phase and could further support recovery and renewal. Recent Best Value Assurance Reports have shown that not all councils have the collaborative leadership needed to drive change, and so it is particularly important that they develop the leadership skills needed in this complex and uncertain environment.

Case study 2

Renfrewshire Council



Renfrewshire Council worked with partners to carry out a community impact assessment to gather information on how the pandemic has affected people in Renfrewshire.

This included analysis of all available data, a programme of community meetings and surveys, and engagement with local partnerships on key issues affecting local communities. The findings were used to develop a social renewal plan which sets out the work the council will do with other public sector and voluntary sector partners to tackle inequality and poverty and to support families and communities in the wake of the pandemic.

Source: Audit Scotland using information from Renfrewshire Council

Exhibit 1.

Principles of leadership that enabled the response to Covid-19



Communicative – being available, engaging, honest and open. The pandemic created uncertainty that demanded more frequent communication with staff, partners, and communities. This provides assurance, uncovers issues, and enables decision-making. The shift to remote and hybrid working also demands more frequent communication.



Collaborative – working with and empowering others. This was critical to the pandemic response and harnessing the resources of the community and partners. Complex problems need a ‘whole systems approach’ that works across organisational and functional boundaries and aligns objectives and outcomes.



Emotionally intelligent – showing empathy, understanding and dealing with the ‘whole person’. The impacts on the health and wellbeing of the workforce and communities demands greater emotional intelligence from leaders.



Data driven – using data and information to plan, make decisions, direct resources and monitor progress, as well as to learn from looking back. Data has been a vital tool, and leaders’ ability to use data will be important as we move into the future.



Agile and flexible – making decisions and working quickly to respond to emerging issues. Having a clear vision and purpose is important, but also being agile and flexible in an uncertain environment.



Culture focused – being open and honest, inspiring trust and respect, and having empathy are all important, as are encouraging learning, improvement, innovation and collaboration. Leaders need to focus on creating the right organisational culture.



Enables community empowerment – supports communities to take more control, builds effective relationships with communities, and shows strong public sector leadership on community empowerment. These can help improve outcomes and reduce inequalities.

Source: Audit Scotland

Changes and turnover in senior officer and political leadership present a risk to councils' capacity to maintain momentum and drive forward recovery

30. Turnover of senior officers has been high recently with half of all council chief executives coming into post within the past four years as well as other changes to senior leadership teams in some councils over the past year. Some councils are experiencing difficulties in filling vacant senior management positions. The pandemic is reported to have led to a surge in resignations, as senior leaders and management consider their work/life balance and overall position, potentially leading to further change in the sector. The local council elections may also bring in a new cohort of elected members and changes in political leadership in councils.

31. This turnover in officials and elected members could bring new ideas and energy to the challenges of recovery, but it could also risk a loss of momentum, organisational knowledge and capacity and disrupt decision-making. At this time, it is important that councils establish stability in their leadership to provide strong support and guide recovery and renewal. Effective succession planning arrangements are needed so that the skills required at a senior level are developed in new and emerging leaders.



Our **'Questions for elected members'** checklist has been developed to help elected members in their scrutiny and decision-making roles and in working with council executives. The Improvement Service has also worked with councils to prepare induction materials that will be available for the new cohort of elected members which will help them take up their role in leading and scrutinising recovery.

As governance structures are re-established, better information is needed on service recovery to support scrutiny and inform decision-making

32. Councils put in place emergency governance arrangements in the initial months of the pandemic. They have since re-established their full committee structures, albeit via online, virtual and hybrid meetings.

33. Public accessibility and therefore participation has changed following the shift to online and virtual meetings. All councils provide public access via either live streaming or a recording of council and committee meetings, and most councils offer both. As restrictions continue to be lifted, councils should review how their approach can best meet the needs of their citizens and make sure that no one is excluded.

34. Councils have taken a range of approaches to the governance of recovery and renewal, with some having recovery boards and other structures that can involve both elected members and senior managers.

35. It is not clear whether sufficient information on the status of, and changes in, council services is available to support scrutiny and inform decision-making. It is difficult to find update papers that clearly set out councils' progress on recovery and renewal, what demand and backlogs exist, and what changes to services are planned. Greater transparency is needed to provide assurance that proper scrutiny is in place.

Councils recognise that they have an opportunity to learn lessons from the new ways of working and approaches to service delivery that have been put in place in response to the pandemic

36. Leaders need to do more to learn the lessons from the pandemic response and use this to drive longer-term recovery and renewal. Key lessons learned include the benefits of:

- collaborative working with partners and communities to respond and reshape services
- having access to and making better use of data to understand needs and plan services
- the rapid use of digital technology in service redesign
- focusing on vulnerability and inequality, including taking a ‘whole systems’ and holistic approach
- new ways of working for staff
- focusing on physical and mental wellbeing – for communities and the workforce
- promoting shared values and a caring culture (kindness)
- the opportunity to reconfigure the estate
- adopting place-based approaches.

37. The Improvement Service is supporting councils by updating the Public Service Improvement Framework (PSIF) to capture learning from the Covid-19 response.¹³ It has developed several checklists and self-assessment tools that councils are starting to use.

38. South Lanarkshire Council pioneered the new PSIF checklists, resulting in its ‘New Ways of Working’ plan, which includes technology, maintaining the new networks and new volunteers, ‘agile’ working, and maintaining its work with partner organisations on information sharing.

Data has been important in guiding the response to the pandemic. But improvements are needed in data availability, tools and skills to support performance monitoring, strategic decision-making and planning service improvements

39. Council performance reporting has been affected by the pandemic and, while councils continue to report regularly, there have been delays and inconsistencies. Comparing performance over time is difficult given the disruption to council services during the pandemic.

40. The Local Government Benchmarking Framework (LGBF) 2020/21 shows increasing variation in performance across councils and a level of complexity that needs careful interpretation but offers councils a rich source of intelligence to evaluate how local factors (ie, different local restrictions, patterns of demand and need, and local response and solutions) affected their performance.¹⁴

41. Early in the pandemic the Improvement Service developed a Covid-19 data dashboard to provide councils with up-to-date council- and Scotland-level data across 22 measures. This helps councils to monitor key aspects of their Covid-19 response and supports more immediate data-driven decision-making. Alongside the Local Government Digital Office, the Improvement Service is working to create a local government data portal.

42. Research by the Urban Big Data Centre found that since the beginning of the pandemic councils have experienced a rapid increase in demand for 'on the ground' information to understand their local communities.¹⁵ But this is hampered by challenges including access to data, a lack of joined-up data, issues with data quality and a lack of analysts to generate intelligence from it.

43. The pandemic has introduced additional complexity into existing data sets, with data gaps and disruption of data collection, as well as the impact of service disruptions on data trends, making it more challenging to interpret the data. We know that councils were reporting data skills shortages before the pandemic.¹⁶ It will be important for leaders to collectively drive improvements in data, in terms of not only data quality and timeliness but also building data skills within councils. This will support councils to put a performance monitoring framework in place that allows them to make strategic decisions and to plan improvements, recovery, and renewal.



Organising the council: managing resources

Councils' finances have been significantly affected by Covid-19. The long-term funding position remains uncertain, with significant challenges ahead as councils continue to manage and respond to the impact of the pandemic on their services, finances, and communities.

Covid-19 significantly impacted on many aspects of councils' finances in 2020/21

44. Our report [Local government in Scotland: Financial overview 2020/21](#) is the first to capture the full year effect of Covid-19 on councils' finances and explains how the pandemic and the associated lockdowns have created significant financial challenges and uncertainty.

45. Councils experienced significant additional costs, loss of income and unrealised savings as a result of the pandemic. For example, councils experienced a drop in the income generated from customer and client receipts of approximately £0.5 billion in 2020/21, from the disruption of key income streams such as cultural and community activities, car parking, school meals and trade waste disposal.

46. In 2020/21, the Scottish Government increased funding to councils by £1.5 billion to support them to deal with the impacts of the pandemic.

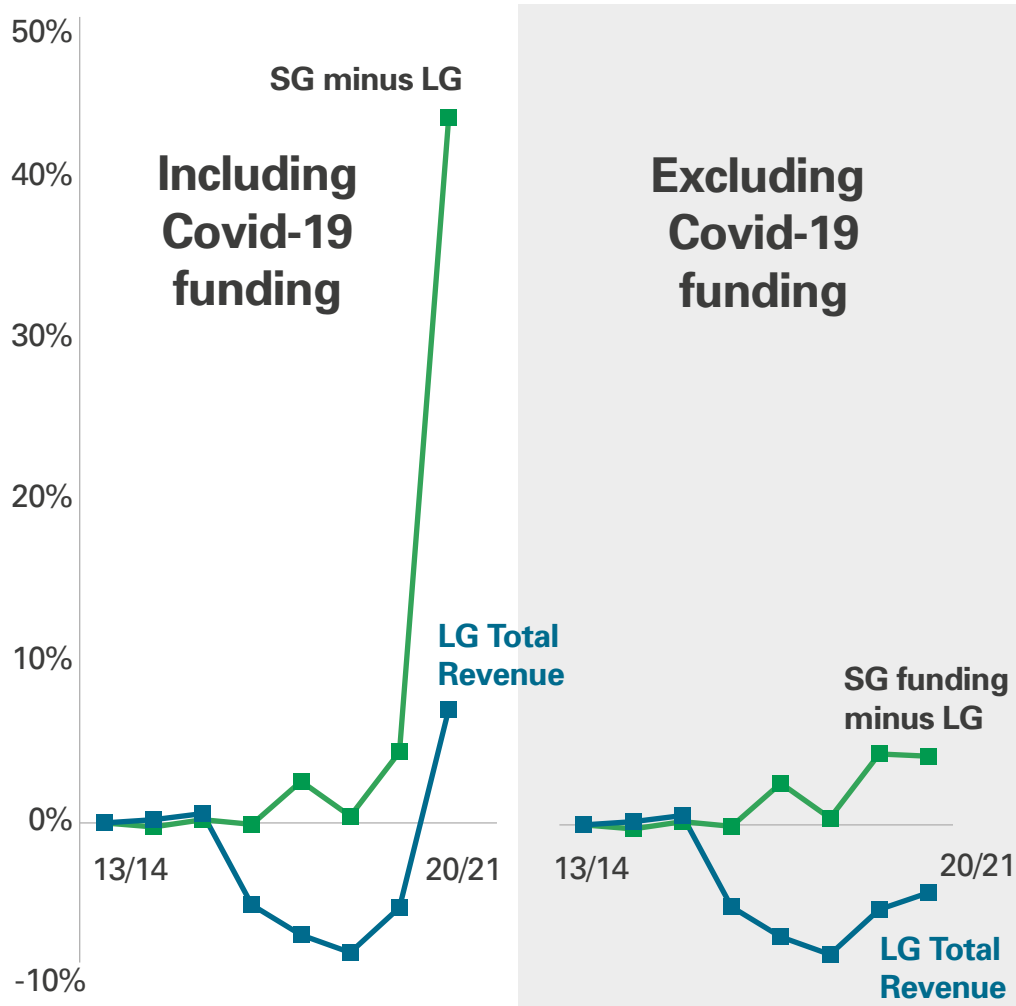
47. All councils reported surpluses in 2020/21, largely because of the additional funding received. Total usable reserves across Scotland increased significantly, from £2.6 billion in 2019/20 to £3.8 billion in 2020/21. However, this has artificially inflated the position. Councils are unlikely to have flexibility in how large elements of reserves can be used.

Funding to local government has been reduced in real terms since 2013/14. The rest of the Scottish Government budget has seen an increase in funding over the same period

48. Funding from the Scottish Government to local government increased by 7.0 per cent in real terms between 2013/14 and 2020/21. However, this was because of significant additional Covid-19 funding. When this additional funding is excluded, councils' underlying cumulative funding has fallen by 4.2 per cent in real terms since 2013/14. This is in contrast to an increase of 4.3 per cent in Scottish Government funding of other areas of the budget over the same period [Exhibit 2. \(page 23\)](#).

Exhibit 2.

A comparison of real-terms changes in revenue funding in local government and other Scottish Government areas (including and excluding Covid-19 funding)



Source: Finance Circular 5/2021 and Scottish Government budget documents

The ongoing absence of a multi-year financial settlement creates uncertainty for councils at a time when effective and robust financial management is crucial

49. The Scottish Government continues to fund councils on an annual basis. This makes it challenging for councils to plan and budget effectively for the medium and longer term, and work with partners to develop long-term plans to deliver better outcomes and address inequalities.

50. Managing reserves and having in place robust medium- and longer-term financial plans will continue to be key to maintaining financial sustainability.

51. The Scottish Government has indicated that a longer-term funding settlement for councils may be possible, however multi-year allocations were not included in the 2022/23 budget.

52. The Scottish Government and COSLA are currently developing a fiscal framework to determine future funding of local government. Work on the Local Governance Review also continues. These may result in additional spending powers for local government, giving communities and places greater control over the decisions that affect them most.¹⁷

Councils now need to review longer-term financial plans as Covid-19 uncertainty diminishes. They should ensure that financial plans are clearly linked to overarching recovery strategies

53. Auditors have reported greater uncertainty in current financial planning arrangements at councils because of Covid-19. Analysis of a sample of 22 councils found 15 with a long-term plan in place. However, many of these now need to be updated to reflect current circumstances.

54. As the uncertainty created by Covid-19 diminishes, councils should update their longer-term financial plans and take account of their overarching recovery strategies to ensure a cohesive approach to recovery and renewal of services, finances and communities.

As Covid-19 funding ends, councils will need to adapt and make difficult decisions to maintain financial sustainability

55. COSLA expect that councils will need to restart change programmes that have stalled, deliver savings and bring forward proposals to reduce costs. Transformation programmes will be important for councils in helping identify resources for priority areas.

56. Responding to the programme of reform outlined in [paragraph 10](#) further exacerbates this challenge. In addition, councils' financial outlook challenges are heightened by increasing inflation – data from the Office for National Statistics shows that this has risen to a level higher than has been seen for many years.¹⁸

While COSLA and the Scottish Government continue to discuss the extent of ring-fencing in the local government budget, it is clear that spending on priority areas have increased while other areas of the local government budget have faced spending cuts

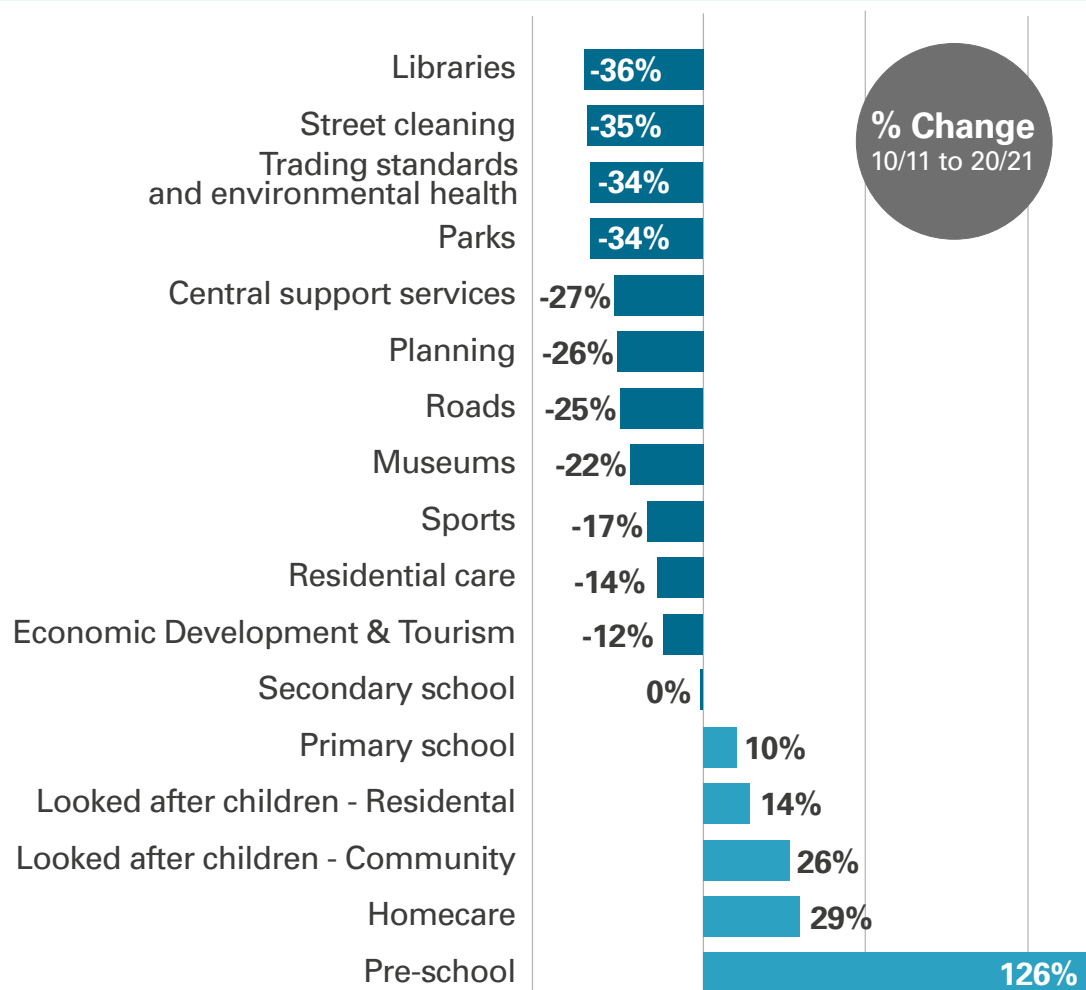
57. There is a significant difference between the view of COSLA and that of the Scottish Government on the extent of ring-fencing in local authority budgets.

58. While ring-fenced funding helps support delivery of key Scottish Government policies, such as expanding early learning and childcare services, it can constrain a proportion of the total funding and resources available to councils and removes local discretion over how these funds can be used.

59. [Exhibit 3. \(page 25\)](#) shows the change in revenue expenditure over the longer term 2010/11 to 2020/21 for protected and unprotected service areas. These longer-term spending reductions on areas including environmental services, culture and leisure, and corporate services, have placed these services under pressure as councils respond and recover from Covid-19.

Exhibit 3.

Percentage change in expenditure (real terms) by service from 2010/11 to 2020/21



Source: LGBF 2020/21 data, using Audit Scotland Covid-19 adjusted methodology for calculating real terms (page 7, [Local government in Scotland: Financial overview 2020/21](#) for further detail)

Covid-19 has impacted on capital projects and volatility in capital funding allocations could affect councils' recovery and investment plans

60. Auditors reported that Covid-19 had a significant impact on the delivery of capital projects in 2020/21. Capital project costs increased owing to increases in the cost of raw materials, supply chain delays and inflation associated with delayed contracts. CIPFA Local Government Directors of Finance Section notes that these cost increases have not been matched by an increase in the capital grant received.

61. At the same time most councils, 26 in total, reported reduced capital expenditure in 2020/21, with Covid-19 restrictions disrupting construction activity in many instances.

62. Capital investment is likely to play a key role in councils' recovery from Covid-19 and in particular address the impact of climate change. The local government estate, comprising buildings and vehicles, will need some modernising to deliver councils' carbon reduction targets and wider investment needed to mitigate and adapt to the impacts of climate change. Funding will need to be in place to support this.

63. Our [Local government in Scotland: Financial overview 2020/21](#) report notes that the local government capital settlement in 2021/22 decreased from £0.8 billion in 2020/21 to £0.6 billion, and capital funding received in recent years has been very volatile. Lack of longer-term funding settlements will again impact on councils' investment plans.



Organising the council: managing the workforce

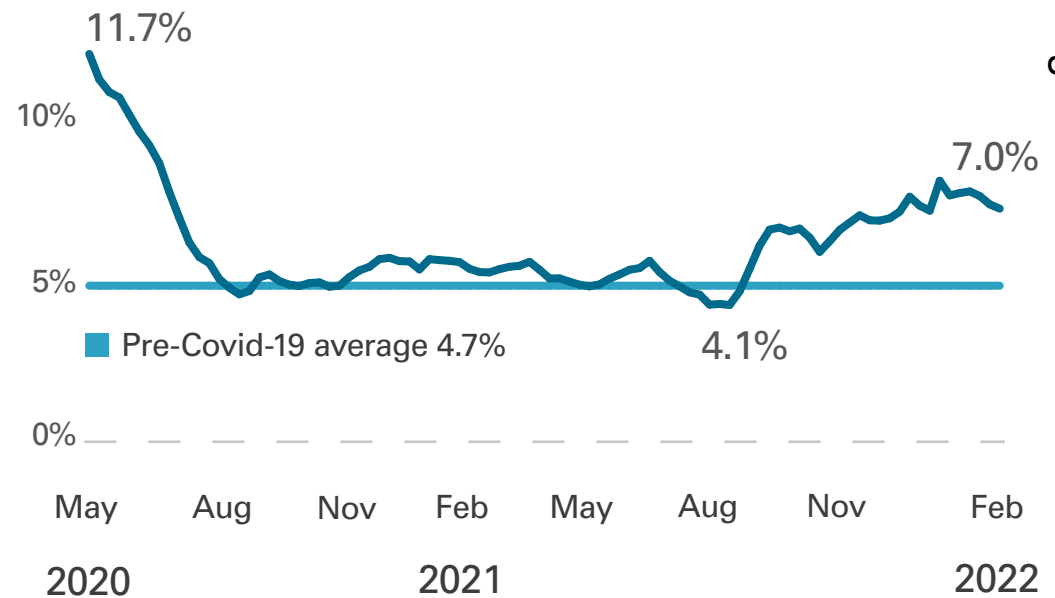
Pressure on the local government workforce continues, with high absence levels, impacts on wellbeing, particularly for front-line workers, and skills shortages in key areas. A resilient workforce is critical to the ongoing response to Covid-19 and the recovery of services. Councils will need to update workforce plans, learn lessons from new ways of working put in place, and provide wellbeing support for their staff.

The second year of the pandemic continues to have a negative impact on the workforce and staff wellbeing

64. Council services are facing high demand, high staff absence levels from new waves of the pandemic and staff burnout from the prolonged response and recovery phase. These impacts have been felt across the workforce but particularly so in front-line community-facing roles. [Exhibit 4. and Exhibit 5. \(page 27\)](#) show that teaching and education staff absence levels peaked in December 2021 and wider staff absences also rose in the last quarter of 2021.

Exhibit 4.

Average percentage of council staff absent during the pandemic



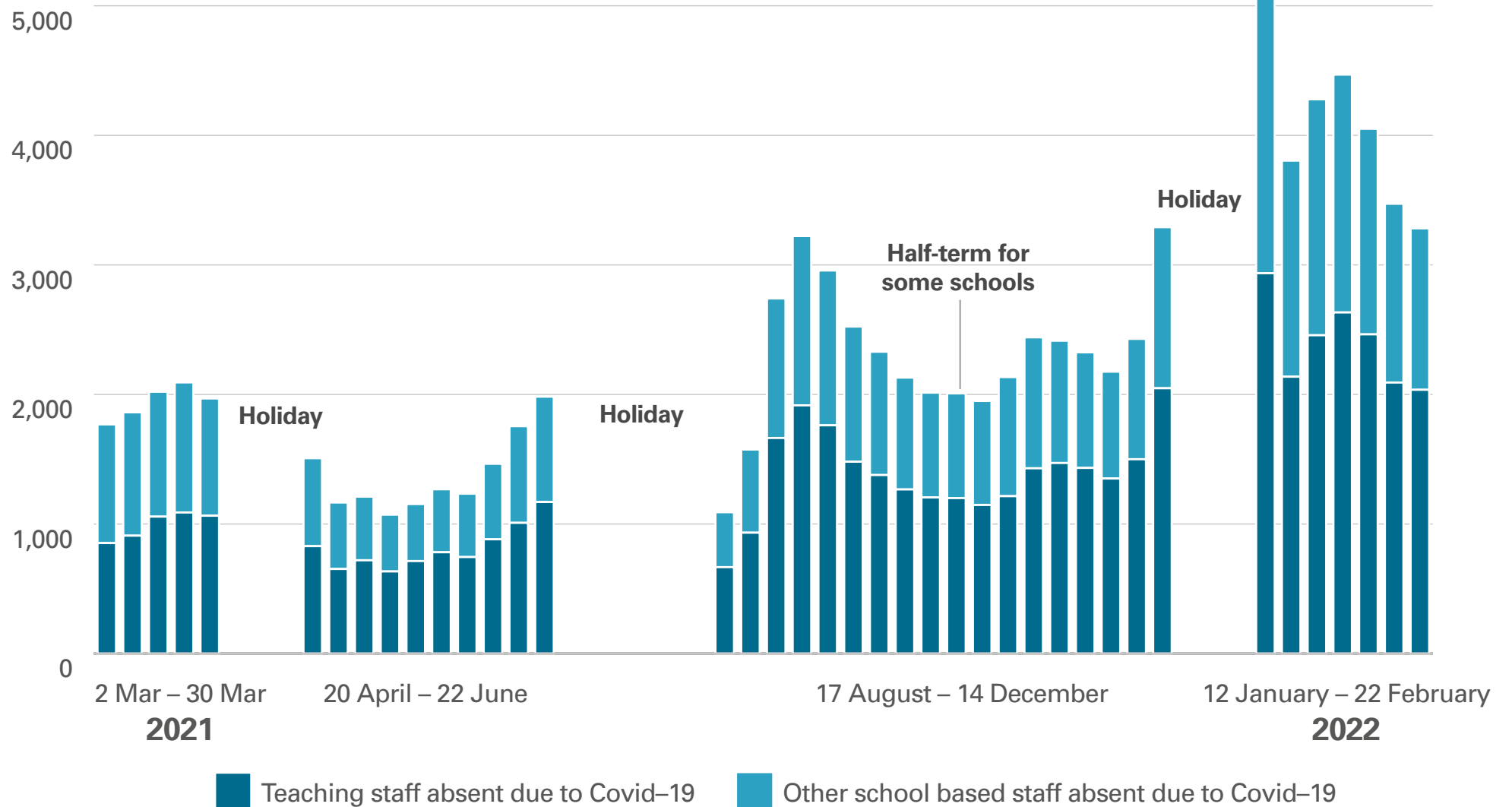
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Note: Pre-Covid-19 average is based on 2018/19 data.

Source: Improvement Service

Exhibit 5.

Number of school staff absent March 2021 to February 2022



Source: Scottish Government Education Analytical Services

65. Staff wellbeing, both physical and mental, has been a prominent theme within recovery plans. Councils are making efforts to understand these issues through staff surveys and other methods, provide confidential support services, and incorporate training for stress and mental health into council training programmes ([Exhibit 6.](#))

Exhibit 6.

Examples of council wellbeing initiatives



Dundee City Council launched a new wellbeing support service and also gives staff access to the intranet on their own devices.



Clackmannanshire Council integrated training on stress and mental health into its corporate training calendar to increase awareness.



Argyll and Bute Council launched 'Wellbeing Wednesday'.

Source: Audit Scotland using information from councils

Councils are facing skills shortages and recruitment difficulties in key areas

66. Covid-19, combined with Brexit, is exacerbating skills shortages, many of which were pre-existing ([Exhibit 7., page 29](#)). Covid-19 has had a particular impact on facilities management services because of the increased need for cleaners and a tighter labour market. HGV (Heavy Goods Vehicle) driver shortages have been affected by Brexit, as councils are unable to compete with private sector wages.

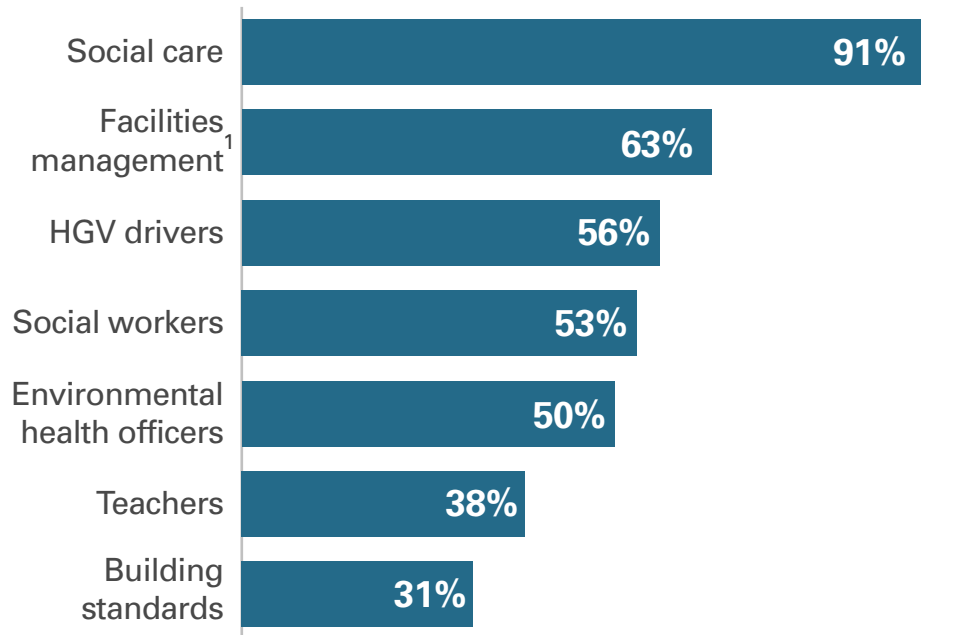
67. Social care faces the greatest skills shortages. Our [Social Care briefing](#) highlighted the considerable vacancy and recruitment problems facing the sector, with poor terms and conditions contributing to these issues. See [Exhibit 9. \(page 35\)](#) for further details.

68. Councils are changing their recruitment strategies in the face of these shortages, with more marketing, use of social media and local employability initiatives. The Scottish Government established a Fair Work in Social Care Group, in partnership with COSLA, which includes representation from local government, private sector provider groups, third sector, and trade unions. Since summer 2020 the group has been working to develop and implement recommendations regarding improving pay, terms and conditions, and effective employee voice for the social care workforce.

69. Councils are also seeing an increase in retirement and flexible working contributing to the skills shortage. Fifty-six per cent of councils report difficulties in recruiting to senior posts and leadership positions. Succession planning is important in this context.¹⁹

Exhibit 7.

Percentage of councils reporting skills shortage by occupation



Note: Facilities management includes catering and cleaning

Source: Society of Personnel and Development Scotland

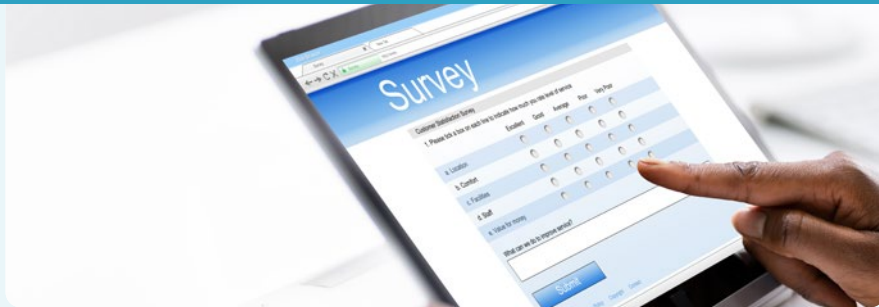
Councils have adopted new ways of working

70. Councils have shown considerable flexibility in redeploying staff to areas of greatest priority and demand and in adopting remote and hybrid working. The shift to home working brought about by the pandemic is likely to have a longer-term impact on how councils work. Wider evidence shows that it can bring benefits for both employers and staff, but individual circumstances should be considered.²⁰

71. Councils are considering how hybrid working can support their ambitions for a more flexible and adaptable workforce in future. For it to work well, councils need to provide staff with a wide range of support, including health and wellbeing support, a supportive workplace and management culture, and appropriate technology and equipment. The diverse roles in councils mean that not all staff can work remotely. It will be important for councils to continue to consult and engage with their employees, learn lessons from what has been done to date, and test new models of working as they move forward.

Case study 3

City of Edinburgh Council



The City of Edinburgh Council developed a new work strategy after receiving feedback from 6,400 employees via two surveys conducted in 2020. The surveys asked employees how the pandemic has changed the way they work and how they would like to work in the future. The responses made it clear that staff want to retain a more flexible approach to work in future.

'Our Future Work Strategy' outlines three trials to explore new ways of working. Two of the trials are about adapting current office space to best fit a future of hybrid working. The third trial is of a longer-term plan to develop local offices that would enable staff to work close to where they live, reducing the need for commuting. The council believes that investing in local working and following the principle of '20-minute neighbourhoods' will contribute to reducing emissions locally, and so help Edinburgh achieve its target of becoming a net-zero city by 2030.

Source: Audit Scotland using information from City of Edinburgh Council

The pandemic has made workforce planning both more difficult and more necessary

72. Workforce planning is developing in councils. Some have plans that are linked to wider strategic plans as well as individual service plans, while other councils' workforce plans are more limited.

73. As a result of the pandemic, councils have had to respond to short-term pressures, but they need to plan for longer-term resilience in the workforce. Some councils have started to update their plans to reflect more flexible and remote ways of working and to focus on wellbeing.

74. There are common recruitment pressures across councils, as detailed above, but these are changing more frequently as the pandemic affects the wider labour market. Some councils are 'growing their own talent' by improving modern apprentice programmes and creating new internal recruitment and movement of staff across the council or new talent programmes.

75. Councils report that they lack resources to support workforce planning and are collaborating and sharing practice to make improvements.²¹ Joint working through the Improvement Service and the Society for Personnel and Development Scotland is allowing common challenges and practice to be shared. The Improvement Service has provided tools for councils to develop workforce plans.²² It is vital for councils to share lessons learned and to use them to inform their revised plans.

Organising the council: recommendations



Actions for leadership

- **Councils together with their partners and communities should revise their strategic plans, including Local Outcomes Improvement Plans to realign priorities and provide a roadmap for recovery and renewal. They should also consider how this contributes to the national recovery strategy set out by the Scottish Government.**
- **Elected members and senior managers need to work together to drive change, make decisions and deliver recovery and renewal.**
- **Councils should consider the leadership skills needed for now and in future. This includes clear succession planning arrangements and a structured programme of induction for new elected members.**
- **Councils' governance arrangements should ensure that their elected members have sufficient information to support the scrutiny and decision-making needed for recovery and renewal.**
- **Councils need to clearly set out how they are evaluating new service models and learning lessons from the response to Covid-19.**
- **Councils should have a clear plan for developing the use of data in their councils, this includes data skills, data standards and data tools.**
- **Councils must ensure that financial plans and overarching recovery strategies and actions are clearly aligned, including funding to deliver on their duty to address inequalities.**
- **Councils must have clear plans for management of reserves.**
- **Councils should update their workforce plans to build on lessons learned, address skills gaps and build a resilient workforce for the future. This will include monitoring the wellbeing of the workforce, and the effectiveness of health and wellbeing initiatives.**



Meeting local needs: impact of Covid-19 on services and inequality

Covid-19 continues to disrupt council services, and those already experiencing inequality have felt the impacts of both the pandemic and service disruption most strongly. As councils focus their efforts on addressing these unequal harms, they need better local data and community engagement.

The Covid-19 pandemic continues to affect council service delivery, but a lack of clarity on demand, unmet need, and service backlogs makes the full extent of the effect unclear

76. Councils are still early in recovery, having moved on from the initial emergency response and operating under lockdowns. They report that the second year of the pandemic has been more difficult than the first. Ongoing restrictions, Covid-19-related staff absences and the non-linear nature and uncertainty of the pandemic, for example the emergence of the Omicron variant, mean that councils still need to adapt service provision and many services are disrupted.

77. The picture of service disruption is incomplete. A lack of up-to-date publicly available data makes it difficult to assess the extent to which council activities have returned to pre-pandemic levels, the level of demand for services and levels of unmet need.

78. Disruption has continued in those services we reported as most affected last year: education, social care, and culture and leisure. [Exhibits 8, 9](#) and [10 \(pages 34-36\)](#) provide more detail.

79. Alongside continued disruption, councils are also having to manage new pressures across services:

- from backlogs due to paused activity in the first year of the pandemic, such as repairs to roads and housing
- from an increase in demand, for example administering support grants, assisting with testing and vaccinations and in environmental health and trading standards. Increased levels of financial hardship are driving an increase in applications for discretionary housing payments and other support grants.

An inability to clear backlogs and meet new demands is a risk to wider recovery.

80. Public tolerance of service disruption and backlogs is declining, and communities have expressed their frustration in some cases. Councils are having to balance a growing expectation that services should be back to normal while still adhering to Covid-19 guidelines and facing absences that limit their capacity to deliver.

Councils have worked hard and adapted to maintain delivery of key services. Digital delivery has expanded but brings with it the risk – for some – of increased digital exclusion

81. As we found in our [Digital progress in local government report](#), the pandemic has brought about a change in the way in which many council services are delivered. Councils have expanded their digital service provision, to replace temporarily unavailable services, to respond to new needs, or to provide an alternative means of accessing services. Councils have introduced online booking systems for services such as recycling, created online learning hubs for parents and carers to support children’s learning, and developed more digital resources from libraries and leisure services.

82. The rapid shift to digital delivery allowed services to be delivered rather than stopped. It also highlighted how unequal access to the internet, devices and skills leaves those most disadvantaged without the same opportunities to learn, access services and remain socially connected as others.²³

The extent to which councils have assessed and can evidence the impact that Covid-19 related service changes and disruption have had on different groups and citizens in their local areas is unclear

83. Changes in service provision have offered an opportunity to learn lessons about how services are delivered in the future. But it is not clear that councils have carried out equality impact assessments or community consultation where they have made changes or plan to continue changes made to service delivery during the pandemic.

Exhibit 8.

Education services continued to be disrupted throughout the second year of the pandemic

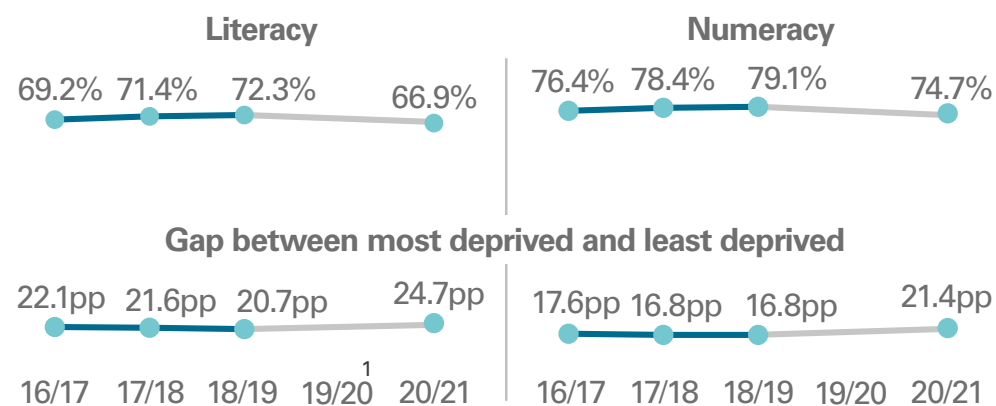
Disruption included:

- infection control measures in place, including masks, increased ventilation, 'bubbles' to limit contact and restrictions on school visitors
- the cancellation of S4-6 exams, which were again replaced by teacher assessment
- high levels of Covid-19-related pupil and staff absences ([Exhibit 5., page 27](#)) which made it hard for schools to offer continuity and stability to pupils.

Emerging data is now evidencing the adverse effect the pandemic has had on children and young people:

Educational attainment data is only available for primary school pupils. Attainment has fallen in both literacy and numeracy and more so for those pupils in the most deprived areas, meaning that the attainment gap has widened. For example, the attainment gap in literacy has increased from 22.1 to 24.7 percentage points.

Percentage of pupils (P1, P4, P7 combined) achieving the expected Curriculum for Excellence level in:



We talk more about the negative impact the pandemic has had on children and young people's social and wellbeing, including on their mental health, in [paragraph 86](#).

Risks and challenges

The pandemic has affected the comparability of education data for 2019/20 and 2020/21 when S4-6 exams were replaced with teacher assessed grades. Our joint report, [Improving outcomes for young people through school education](#), noted the difficulties and risk this could cause for councils in assessing and acting on the poverty related attainment gap.

Restrictions on school visitors have limited access for vital voluntary sector support services, including preventative youth work: 34 per cent of organisations that want access to school facilities do not have it. This has a particular impact on those with additional support needs, who need alternative supportive environments outside school.

Note 1. No data available for 2019/20

Source: See endnote [24](#)

Exhibit 9.

The pandemic has exacerbated ongoing challenges in social care

Our [Social care briefing](#) outlined the immense pressure the social care sector is facing. The pandemic has exacerbated the long-standing staffing challenges, compounded by Brexit. This has increased workloads, leading to staff burnout and high sickness absence levels, and risks limiting the capacity to provide good quality, consistent care to citizens.

There is evidence of ongoing disruption with:

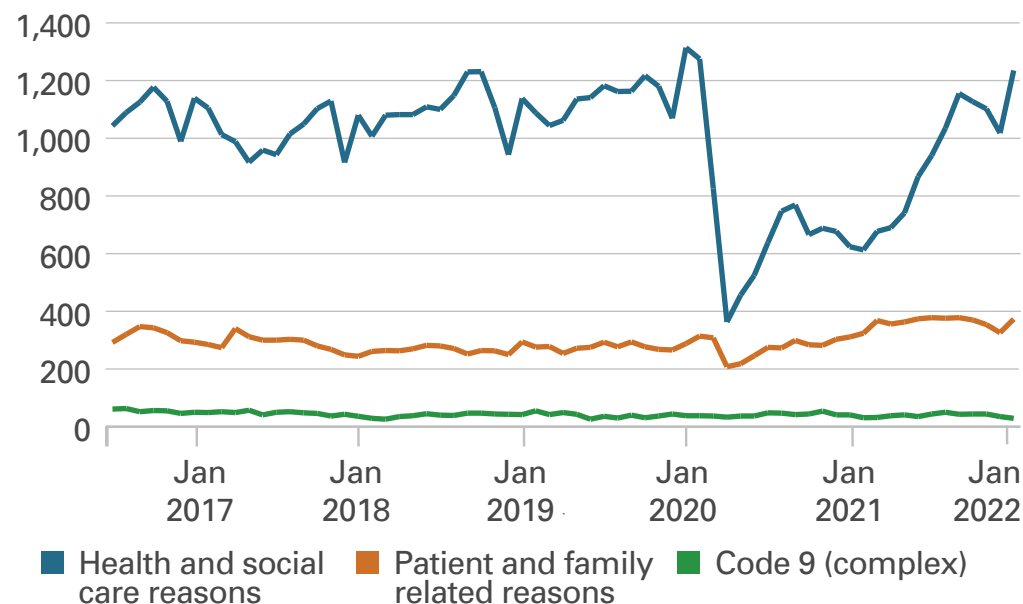
- reductions in home care packages because of staff shortages and tighter eligibility criteria for accessing care being applied to manage demand
- many day centres and respite services still closed.

Unmet demand puts additional pressure on unpaid carers, who are reporting increased feelings of anxiety, depression, and mental exhaustion.

Delayed discharges dropped significantly early in the pandemic, because of a marked reduction in non-Covid-19 related admissions along with a focused effort to get people out of hospital as quickly as possible. Delayed discharges returned to pre-pandemic levels in September 2021 and remain high reflecting the continued pressure in the system.

During strict restrictions, a rapid shift to digital tools allowed some staff to work in more flexible ways and to provide some services remotely including some online assessments and triage, and support and wellbeing check-ins through technology enabled care.

Delayed discharge Census by Delay Reason



Risks and challenges

The Scottish Government is planning significant reform of social care over the next five years ([paragraph 10](#)) but, as we state in our social care briefing, action is needed now to address critical issues and better meet the needs of people relying on care and support.

The ongoing disruption means that unmet demand continues, and older people, and adults and children with disabilities face a reduction in or

complete withdrawal of care and support in the home. The Scottish Human Rights Commission has expressed significant concern that this affects the human rights of these individuals. It highlighted the need to invest in a social care system, based on human rights, that meets people's needs and improves outcomes.

Source: See endnote²⁵

Exhibit 10.

Public library services continue to be disrupted following Covid-19 restrictions

Libraries could fully reopen in April 2021 with some social distancing measures in place. However, most library services were still operating a reduced service in early 2022, compared to pre-pandemic. During lockdown many councils adapted and found innovative ways to deliver library services to continue to support their communities. Librarians across councils shared ideas.



Examples of innovative service adaptations include:

- enhanced digital offer; click and collect and home delivery services; bespoke book selection; digital story-telling; online book groups and contact calls to socially isolated elderly users.



Research found that engagement with library services had a positive impact on wellbeing and building community connectedness.

Not all councils give reasons for continued reduced hours. Those that do cite:

- staffing issues including high sickness absence or redeployment
- access issues such as the building being used for covid-19 testing, restricted access arising from sharing space with schools or buildings undergoing refurbishment.

Change in total library opening hours, pre-covid-19 and at end Feb 2022

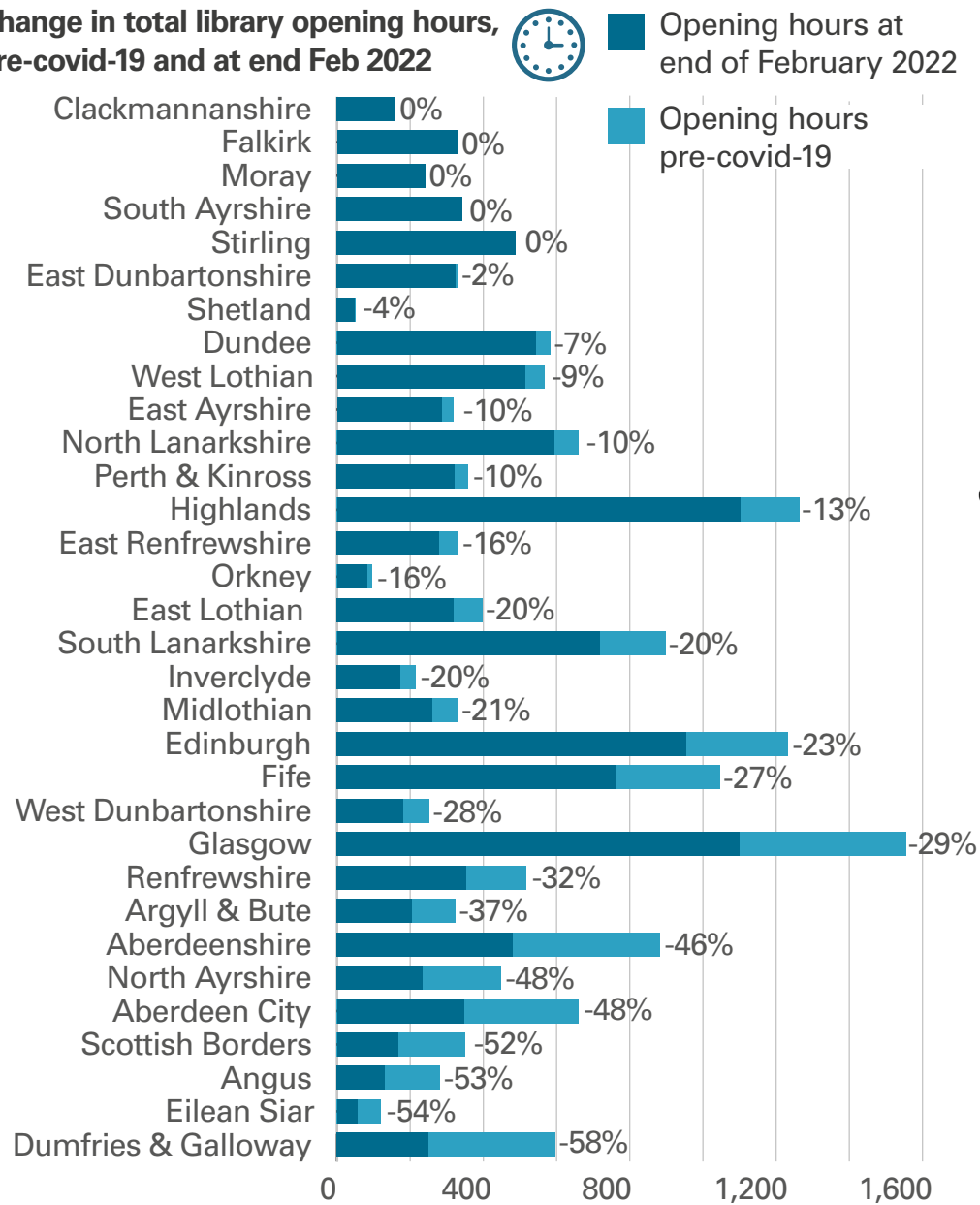


Exhibit 10. (continued)

Risks and challenges

Library services have faced declining investment. The ten years since 2010/11 saw a 29 per cent reduction in spend, yet the same period saw a 42 per cent growth in visit numbers (physical and virtual visits).

Some councils have plans to increase opening hours further. Other councils were already reducing hours and the level of service before the pandemic, and they have faced the most significant issues in recovering.

Library closures have shone a light on the extent of digital exclusion. It is not clear that councils have fully assessed the impacts of closures and reduced hours on communities and groups. And while the digital offer will shape the future of library services, research shows the buildings are vital as a safe, accessible, free, trusted and communal space in communities.

Source: See endnote²⁶

The impact of the pandemic and service disruption has been felt most strongly by those communities and citizens already experiencing inequalities

84. A substantial and growing body of evidence, mostly from research at a national level on the ‘four harms of Covid-19’ – the direct impacts of Covid-19, other health impacts, societal impacts and economic impacts – shows that particular groups have been most affected. For example:

- People with disabilities have faced increased clinical risk from Covid-19 as well as disruption to care services and social connections.
- Minority ethnic communities have faced high clinical risk from Covid-19 and increased risk of social and economic harm as a result of pre-existing inequalities in employment, income and opportunity.
- Those on low incomes and living in the most deprived communities have faced worsening social and economic inequalities, including digital exclusion, lower educational attainment and increased financial hardship.
- Older people have faced increased clinical risk from Covid-19 and are more likely to have experienced disruption to care services and social connections.

- Women have been disproportionately affected both economically and socially because of the increased childcare burden and because they are more likely to be front-line workers and have lower pay and insecure jobs.

85. For some, inequalities have worsened. Others are experiencing inequalities for the first time. Those with intersectional characteristics, that is people who fall into more than one group, and therefore experience several disadvantages at the same time, have suffered the most severe impacts. Councils’ recovery and renewal efforts need to take account of worsening, new and overlapping disadvantage.

86. Mounting evidence suggests that the pandemic has had severe social and wellbeing impacts on children and young people. This includes developmental delays seen in the very youngest because of increased social isolation, worsening mental health, a fall in educational attainment, and young people’s increasing concerns about their job prospects. Evidence also suggests that more children are presenting with additional support needs or behavioural issues and that these children are not always able to access services and get the support they need because of a lack of staff capacity. The impacts are greatest for children and young people in vulnerable groups and living in poverty.

87. Ongoing disruption to council services has meant that those most in need of support are still experiencing that unequal impact.

While councils recognise the disproportionate impact the pandemic has had on different groups, they need to learn lessons from taking early action and assess the impact of service disruption to address longer-term impacts

88. Early in the pandemic there was a huge collective effort to support the most vulnerable, with more collaborative working at a local level, a coordinated response with the voluntary sector and more place-based and holistic approaches. As we highlighted in our 2021 report, councils targeted their responses to support the most vulnerable. This included supporting families and children living in poverty through the provision of free school meals, distribution of digital devices, community food initiatives, fuel poverty and period poverty initiatives, action to prevent homelessness and eliminate rough sleeping, and online events and programmes to support mental health and wellbeing.

89. As we move into the recovery phase, some evidence suggests that councils are putting in place services to mitigate the impacts of the pandemic on the groups most affected by:

- supporting employment and improving economic prospects for women, minority ethnic groups and disabled people
- improving routes to employment and training for young people
- doing more to address the social isolation of older people and people with disabilities.

Some councils are using lessons learned from the pandemic to improve how they tackle vulnerability and inequality

90. The collaborative placed-based approaches, cross-council working and community engagement that enabled the early response is informing

new ways of tackling poverty and vulnerability. Several councils have since adopted or adapted these service models to put in place a more holistic approach to tackling inequality. ([Case study 4](#))

Case study 4

Dumfries and Galloway Council



In response to the pandemic four locality hubs were established in Dumfries and Galloway to coordinate partner and volunteer activity at the local level. Since then, the four hubs have developed to become the recognised model for local community planning in Dumfries and Galloway.

Another model that evolved from the council's pandemic response is the 'single access to services' model, known as the single access point. This brings together different council services and partner agencies in one multi-agency team to ensure an efficient, clear and streamlined approach to assist those who are vulnerable. The single access point model will continue to evolve and the council is reviewing other opportunities to develop this approach.

Source: Audit Scotland using information from Dumfries and Galloway Council

Data is a key tool in tackling inequality but there are gaps in equality data, particularly at a local level

91. While councils recognise the disproportionate impact of the pandemic on different groups, it is less clear how councils have assessed how their changes in the way services are delivered, and the pandemic more widely, have affected those most in need in their area.

92. There is still a lack of data and evidence at local level that would allow councils to fully understand the adverse impacts of the pandemic on different groups within their area and inform local plans. Most council recovery plans and reports on mainstreaming equality cite national report findings or increases in measures such as housing applications, unemployment or complex case work, rather than local equality data.

93. This problem is not unique to local government, and the Scottish Government's Equality Data Improvement Programme is working to improve equality data, in particular data on overlapping inequalities, ie intersectionality.

94. Some councils have used data well to understand the impacts of the pandemic on specific groups and the emerging needs.

[\(Case study 5\)](#)

Case study 5

Glasgow City Council



Before the pandemic Glasgow City Council had been gathering detailed data to enable it to better understand the extent of child poverty in the city. The Council's Centre for Civic Innovation (CCI) took a 'deep dive' into the data the council holds on recipients of Housing Benefit and Council Tax reductions, as well data on kinship care and education benefits. This work meant that the council was able to measure the levels of relative child poverty before the pandemic and in the middle of it.

The research found that in December 2020 at least 26 per cent of children in Glasgow were living in relative poverty compared with 24 per cent in February 2020. This equates to at least 2,510 more children living in poverty and 27,995 children overall. This data profiling and analysis is unique to Glasgow, and it provides a detailed 'snapshot' of families that will help the council to map and understand the impact of interventions to reduce child poverty.

Source: Audit Scotland using information from Glasgow City Council



Meeting local needs: collaboration and communities

The early response phase showed what could be achieved by working closely with communities and the voluntary sector. This momentum may be lost if they are not involved in shaping recovery.

Collaboration has enabled new relationships and more effective ways of working but communities and local partners need to be more involved in recovery

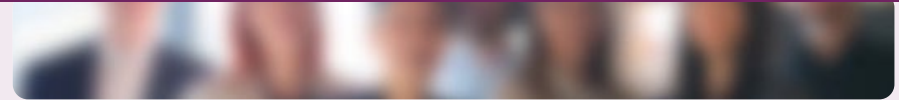
95. Our report [Local government in Scotland: Overview 2021](#) showed how communities and the voluntary sector were a vital asset in the response phase. Collaborative working enabled vulnerable citizens most in need to be speedily supported through initiatives such as community hubs.

96. In October 2021, Audit Scotland published [Community empowerment: Covid-19 update](#), bringing together the learning points from the community response to the pandemic to help public bodies develop their longer-term approaches to supporting and empowering communities. The briefing outlines key learning points under the five principles for community empowerment: community control, leadership on community empowerment, effective relationships, improving outcomes and accountability.

97. Assistance was most effectively provided in areas where local engagement and collaboration with local groups was already established before the pandemic. Greater flexibility, trusting relationships, relaxation of bureaucracy and autonomy in decision making enabled the public sector to work with communities and voluntary organisations and deploy support quickly. [\(Case study 6\)](#)

Case study 6

Fife Council



Fife Council introduced multi-disciplinary teams to respond to the pandemic. Teams composed of council staff and partners worked well together to respond quickly and effectively to meet the needs of Fife residents. The council is focused on learning from the success of these groups as it aims to 'build back better' and renew its public services. Reforming how it works collaboratively with partners and communities and focusing on people and place is seen as critical to sustaining the sense of common purpose brought about by the pandemic.

As part of the Plan for Fife, the council has established People and Place Leadership Groups across its seven areas. The council sees these groups as an initial step forward from the team working that evolved during the pandemic response. The council sees these groups as a fundamental part of driving community wealth building as the council aims to create a fairer, more socially just economy.

Source: Audit Scotland using information from Fife Council

There is limited evidence of direct community input driving recovery actions and more needs to be done

98. Some councils are seeking the views and experiences of citizens and communities to inform recovery and learn from their experiences ([Case study 2, page 17](#)) ([Case study 7](#)). But there is limited evidence of direct community input driving recovery actions or meaningfully reshaping services.

99. Councils need dialogue and involvement of communities and the voluntary sector in planning service priorities and delivering support to vulnerable groups. More flexible governance and decision-making structures will be needed to make community participation easier.

100. Some councils have set up models of co-production. There are examples of joint work with youth councils to develop services for young people.

Voluntary sector organisations are facing pressures that could threaten their ability to deliver services to vulnerable people who rely on them

101. Throughout the pandemic voluntary sector organisations have lost income, while demand for their services has increased. A Scottish Council for Voluntary Organisations (SCVO) report found that 57 per cent of surveyed organisations saw increased demand for their services while almost half faced financial issues, as uncertainty over annual funding makes it difficult to plan for the future.²⁷

Case study 7

Aberdeenshire Council



Aberdeenshire Council carried out a community impact assessment (CIA) in the summer of 2020. The CIA included an online survey of the local community asking about the impact of the pandemic and the council's response during its early stages. On reporting the findings, the council acknowledged that there was a need for further engagement and feedback from harder-to-reach, more vulnerable groups.

The council then engaged with several groups and individuals most likely to be affected negatively by existing inequalities. The final report, *Aberdeenshire Voices on the Pandemic: Same storm, different boats*, includes insight from low-income households, care home residents, the recovery community and New Scots and volunteers.

The themes covered in the report include digital exclusion, access to food, home-schooling challenges and impacts on mental wellbeing. Local voices from Aberdeenshire have also been included in the national report *If Not Now, When?*, published by the Social Renewal Advisory Board in January 2021.

Source: Audit Scotland using information from Aberdeenshire Council

102. Organisations providing support to children and young people, from early years to youth work services, are also facing barriers to delivering their services.²⁸ A lack of staff capacity, increased demand, and lack of access to premises to deliver services (of those voluntary sector organisations wishing to access local authority premises 65 per cent say they have no access) is affecting delivery of a range of services.

103. A collaborative, place-based approach has been essential in supporting communities during the pandemic and mitigating the harm caused. Voluntary sector organisations have been a vital component of this, and councils and the Scottish Government need to do more to make sure they can continue to deliver services to those that need them.

Councils worked well with their community planning partners in the response phase, but they need clearer plans for the future

104. Councils worked with their partners in planning, sharing data and information, and coordinating the response to the pandemic. Some of this joint working is continuing with community planning partnerships working together to revise their Local Outcomes Improvement Plans to take account of recovery, and this collaborative working should continue.

Case study 8

South Ayrshire Council



South Ayrshire Council worked with partners to provide support to vulnerable communities during the pandemic by creating the Ayrshire Resilience Partnership.

This group included the Ayrshire councils' chief executives, along with representatives from health, police, and fire services. It established close working relationships with business and local voluntary groups to deliver a range of services and support.

Source: Audit Scotland using information from South Ayrshire Council

Meeting local needs: recommendations



Actions for leadership

- While some progress has been made in improving the use of data in decision-making, councils need to have a clear sense of where increased demand and service backlogs exist so that they can identify areas of high risk and direct resources accordingly. This information also needs to be more transparent and publicly available.
- A key priority for councils' recovery and renewal is assessing the impact of the pandemic and service disruption on the most vulnerable and learning from this to inform how they support those most affected and address inequalities. This will need better local data to improve understanding.
- Where councils plan to continue with the changes made to services during the pandemic, they need to conduct impact assessments and consult the community. With the expansion of digital services, councils need to assess and mitigate the impacts of digital exclusion.
- Councils need to ensure that partnership working forged in the pandemic with their communities, partners and the voluntary sector remains in place. They also need to learn what made it work and harness this to transform future engagement. The momentum and energy from communities may be lost if public bodies don't capitalise on what has been achieved.

Endnotes

- 1 [Consultation response: A National Care Service for Scotland](#), Audit Scotland, Nov 2021
- 2 [What is happening with the new Shared Prosperity Fund? – SPICe Spotlight](#), Jun 2021
- 3 [Blueprint for Scottish Local Government](#), COSLA, Sep 2020
- 4 [Public sector leadership on the global climate emergency: guidance](#), Scottish Government, Oct 2021
- 5 [Projected Population of Scotland \(Interim\) 2020-based](#), National Records of Scotland, Jan 2022
- 6 [Life Expectancy in Scotland, 2018-2020: Infographic Summary](#), National Records of Scotland, Sep 2021
- 7 [Healthy Life Expectancy 2018-2020, Infographic Summary](#), National Records of Scotland, Feb 2022
- 8 [LGBF Benchmarking Overview Report 2020-21](#), Improvement Service, Mar 2022
- 9 [Energy Action Scotland news release](#), Mar 2022
- 10 [Covid Recovery Strategy: for a fairer future](#), Scottish Government, Oct 2021
- 11 [Audit Scotland blog: Christie - it really is now or never](#), Oct 2021
- 12 [Elected Member Briefing Note: Community Wealth Building](#), Improvement Service, Sep 2020
- 13 [Improvement Service - Public Service Improvement Framework](#)
- 14 [LGBF Benchmarking Overview Report 2020-21](#), Improvement Service, Mar 2022
- 15 [Scottish local government during Covid-19: Data needs, capabilities, and uses](#), UBDC, May 2021
- 16 [Digital progress in local government](#), Audit Scotland, Jan 2021
- 17 [Fiscal Framework and Local Government letter](#), LGHP committee, Scottish Parliament, Dec 2021
- 18 [Consumer price inflation, UK: Jan 2022](#), Office for National Statistics, Feb 2022
- 19 Society of Personnel and Development Scotland
- 20 [The longer-term shift to hybrid working: Implications for local government](#), LGIU, Oct 2021
- 21 Society of Personnel and Development Scotland
- 22 [Workforce Planning, Improvement Service](#)
- 23 [Report on the impact of the Covid-19 pandemic on equalities and human rights](#), Scottish Parliament, Mar 2021

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- 24 Audit Scotland using information from [Achievement of Curriculum for Excellence Levels 2020-21](#); the Improvement Service, [Minutes from the Coronavirus \(COVID 19\): Advisory Sub-Group on Education and Children’s Issues](#) and [Cross Party Group: Children and young people pandemic survey 2022](#), Scottish Parliament, Feb 2022
- 25 Audit Scotland using information from: [PHS delayed discharges census table, January 2022](#); [Briefing: Learning from changes to social care during the Covid-19 pandemic, The Alliance](#); [Covid-19, Social Care and Human Rights, SHRC Monitoring Report](#); [State of Caring report, Carers Scotland news release, Oct 2021](#); [BBC research, February 2022](#); [Health and Sport Committee evidence session, November 2021](#).
- 26 Audit Scotland using information from SLIC and additional data from councils; [LGBF Benchmarking Overview Report 2020-21](#), Improvement Service, Mar 2022 [Libraries in lockdown: Scottish public libraries and their role in community cohesion and resilience during lockdown](#)
- 27 [The Scottish Third Sector Tracker](#), SCVO, Nov 2021
- 28 [Cross Party Group: Children and young people pandemic survey 2022](#), Scottish Parliament, Feb 2022

Local government in Scotland

Overview 2022

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ARGYLL AND BUTE COUNCIL**AUDIT AND SCRUTINY COMMITTEE****CHIEF EXECUTIVE****23 JUNE 2022**

STRATEGIC RISK REGISTER

1.0 INTRODUCTION

- 1.1 This report provides members with an update on the Council's Strategic Risk Register (SRR).

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Audit and Scrutiny Committee endorse the updated SRR (Appendix 1).

3.0 DETAIL

- 3.1 The Council's Constitution requires the Chief Executive to attend one meeting of the Audit and Scrutiny Committee per annum to report on how the Council is addressing its key strategic risks and other matters of interest. Anne Blue, Interim Head of Financial Services will present the update on behalf of the Chief Executive.
- 3.2 The format of the SRR and the Operational Risks Registers (ORR) and the processes to monitor and update them were revised in 2018 and subsequent internal audit reviews have confirmed compliance with these procedures.
- 3.3 The Council's SRR continues to be updated by the SMT on a bi-annual basis on dates agreed with the Chief Internal Auditor (CIA) however it will also be updated if and when the Strategic Management Team (SMT) feel there is a specific requirement.
- 3.4 As required by the revised risk management manual, the SMT also review all risks in the ORRs which have been classified as 'red' by the Departmental Management Teams (DMT) to determine whether they should be escalated to the SRR.
- 3.5 The CIA performs an annual strategic risk register assurance mapping exercise which enables the Committee to assess the levels of assurance it can take over the activity undertaken by the Council to manage its strategic risks. This, alongside the annual Internal Audit plan including a three year cycle providing audit coverage across all the identified risks, provides assurance that the Council continues to proactively manage its risks.

- 3.6 Appendix 1 to this paper provides a copy of the current SRR and demonstrates how the Council are treating the identified risks in terms of the mitigations currently considered to be in place and the action being taken to further reduce the residual risk

4.0 CONCLUSION

- 4.1 The SRR is subject to regular review by the SMT as are the red risks highlighted in ORRs by the DMTs. Risks are actively managed to reduce their impact upon the Council and the likelihood of them being realised.

5.0 IMPLICATIONS

- 5.1 Policy – None
- 5.2 Financial - None directly from this report however effective risk management assists with effective governance and stewardship of Council resources
- 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 – The report sets out the strategic risks facing the Council
- 5.8 Customer Service - None

Pippa Milne
Chief Executive
27 May 2022

For further information please contact:

Moira Weatherstone, Interim Chief Internal Auditor (01546 604146)

Appendices:

- 1. Strategic Risk Register**

No	Risk	Corporate Outcome	Consequences	Gross Risk			Current Mitigation	Residual Risk			Approach	Key Actions and Deadlines	Last Reviewed	Risk Owner
				Imp	Lik	Sc		Imp	Lik	Sc				
1	<p>Population and Economic Decline</p> <p>Failure to identify relevant factors contributing to the decline and failure to develop strategies and actions targeting these factors.</p>	Our Economy is diverse and thriving	<p>Population decline reduces available funding impacting on Councils capacity to deliver services.</p> <p>A circle of decline with reduced employment, lower earning and failing businesses and poor perception of the area.</p> <p>Combined population and economic decline may increase the need for and cost of services.</p> <p>Insufficient people of working age with appropriate skills and experience to fill vacancies across CPP.</p> <p>Residual impact of withdrawal from EU.</p>	5	4	20	<p>1. Local outcome improvement plan targets population and economic recovery</p> <p>2. Maximise external funding opportunities</p> <p>3. Economic Strategy</p> <p>4. Strategic infrastructure plan</p> <p>5. Area economic development action plans</p> <p>6. Promote and Market Argyll and Bute</p> <p>7. Maximise social-eco benefits via effective partnership working</p> <p>8. Single Investment Plan</p>	4	4	16	Treat	<p>1. Lobbying activity in pursuit of regional immigration policies and related strategies</p> <p>2. Rural Growth Deal Outline Business Cases and Final Business Cases to be developed in 2022/23 and Deal to be signed late 2022 or early 2023.</p> <p>3. Preparation of bid to Levelling Up Fund – preparing for April 2022 in time for submission date which is still to be confirmed.</p> <p>4. Settlement Officer post agreed to be funded 50:50 from HIE/Council focusing on barriers to people living in communities, housing and others.</p> <p>5. Preparation of a pipeline of projects across Argyll and Bute in order to be able to react to any other bid funding as and when it is announced.</p>	SMT 14 February 2022	Kirsty Flanagan
2	<p>Condition and suitability of Infrastructure & Asset Base</p> <p>Infrastructure and asset base does not meet current and future requirements and is not being used or managed efficiently and effectively.</p>	Our Infrastructure supports sustainable growth	<p>Infrastructure and asset base does not support or is not aligned to business outcomes and does not aid effective service delivery.</p> <p>Infrastructure and asset base is allowed to deteriorate resulting in cost, lost opportunities and wasted resource.</p>	4	4	16	<p>1. Asset management board</p> <p>2. Robust capital planning and monitoring</p> <p>3. Asset management work plan</p> <p>4. Business case modelling including sustainability, development and strategic change</p> <p>5. Intelligence and best practice sharing via Heads of Property Group.</p> <p>6. Community Empowerment and Community Asset Transfer – Arrangements in place to evaluate and determine requests.</p> <p>7. Roads Asset Management Plan</p> <p>8. Status and Options Report</p> <p>9. R&A Services control hub and joint operations team</p> <p>10. One Council Property Approach</p>	4	3	12	Treat	<p>1. Development of capital strategy in 2022.</p> <p>2. Modern Workspace Programme will review, engage and rationalise property portfolio for future needs of the Council. Changes will take place on phased and town by town basis. Programme will be running for 3 years - April 2024</p>	SMT 14 February 2022	Kirsty Flanagan and Douglas Hendry
3	<p>Financial Sustainability</p> <p>Insufficient resource to meet current and future service requirement. Budget not aligned / does not support business outcomes.</p>	Enablers	<p>Unable to deliver Local outcome improvement plan.</p> <p>Reduction in performance.</p> <p>Reputational damage.</p>	4	4	16	<p>1. Longer term financial planning and financial strategy</p> <p>2. Income generation activity</p> <p>3. Robust budget preparation and budget monitoring protocols</p> <p>4. Maintaining adequate contingency with reserves.</p> <p>5. Digital transformation</p> <p>6. Effective workforce planning model</p> <p>7. Business Outcomes</p> <p>8. Financial Services resilience building project including knowledge sharing and development of guidance notes</p>	4	3	12	Treat	<p>1. Discussions are continuing in respect of a change programme that will include ensuring that the Council can operate within its budget (2022 for year 2023/24).</p> <p>2. Rural Growth Deal Outline Business Cases and Final Business Cases to be developed in 2022/23 and Deal to be signed late 2022 or early 2023.</p> <p>3. Implementation of new general ledger system with enhanced budget planning and forecasting capabilities (July 2022)</p> <p>4. Investment in professional training through Grow Our Own Activity.</p>	SMT 14 February 2022	Kirsty Flanagan

No	Risk	Corporate Outcome	Consequences	Gross Risk			Current Mitigation	Residual Risk			Approach	Key Actions and Deadlines	Last Reviewed	Risk Owner
				Imp	Lik	Sc		Imp	Lik	Sc				
4	<p>Governance and Leadership</p> <p>Governance and leadership arrangements are not conducive to effective working and lead to a lack of strategic direction.</p>	All Corporate Outcomes	<p>Poor decision making, lack of strategic direction.</p> <p>Lack of operational direction.</p> <p>Confidence in, and reputation of, the Council harmed.</p> <p>Deterioration in performance</p>	4	4	16	<p>1. Administration in place with working majority</p> <p>2. Members Seminar programmes</p> <p>3. Mentoring and Coaching Support for policy leads and Senior Management</p> <p>4. Priorities agreed by Council</p> <p>5. Corporate Plan sets out objectives</p> <p>6. Performance Improvement Framework and Service Planning.</p> <p>7. Leadership development programme.</p> <p>8. Council constitution regularly reviewed and updated.</p> <p>9. Established partnership governance arrangements</p> <p>10. Scrutiny arrangements in respect of Police, Fire and Health.</p> <p>11. Governance arrangements for scrutiny established</p>	4	2	8	Treat	<p>1. Monitor delivery of BV action plan (ongoing date)</p> <p>2. Induction training for new Members following May elections (May/June 2022)</p>	SMT 14 February 2022	Pippa Milne
5	<p>Engagement and Understanding the needs of the Community</p> <p>The Council fails to understand service user needs and emerging demographic trends and does not align service delivery to meet these.</p>	<p>People live active, healthier and independent lives</p> <p>Enablers</p>	<p>Prioritisation of services may not be aligned to community needs/views</p> <p>Gaps between community needs and Council services.</p> <p>Ineffective partnership working</p> <p>Services not configured to meet user/citizen requirements</p>	3	4	12	<p>1. Community Planning partnership</p> <p>2. Community Engagement Strategy</p> <p>3. Customer Service Board</p> <p>4. Operation and development of panels and forums. Young people's plan, citizens panel</p> <p>5. Budget Consultation</p> <p>6. Comprehensive Complaints Protocols</p> <p>7. Demographic and end user analysis</p>	3	3	9	Treat	1. Deliver agreed actions in BV3 action plan relating to Work with Communities and Community Groups to improve engagement - March 2022	SMT 14 February 2022	Pippa Milne
6	<p>Service Delivery</p> <p>Insufficient resources to ensure effective service delivery</p>	Enablers	<p>Services fail to achieve agreed performance levels and as a result are not contributing fully to Council objectives</p> <p>Resources are poorly managed with result that agreed outcomes and objectives are not fully achieved.</p> <p>Unable to achieve continuous improvement and improve effectiveness and efficiency</p>	3	3	9	<p>1. Performance Improvement Framework</p> <p>2. Service Improvement plans</p> <p>3. Argyll and Bute Manager programme</p> <p>4. Customer needs analysis Protocols</p> <p>5. Demographic and end user analysis</p> <p>6. Workforce Planning</p> <p>7. Internal and External Scrutiny Arrangements</p> <p>8. Complaints process</p>	3	2	6	Treat	1. Monitor progress of performance mgt project and implement recommendations (Ongoing from Oct 2020 to June 2022)	SMT 14 February 2022	Kirsty Flanagan and Douglas Hendry
7	<p>Health and Social Care Partnership</p> <p>Failure to deliver strategic objectives and integrate Health and Social Care services in an efficient and effective manner exposes the Council, as a key partner, to unacceptable financial and reputational risk.</p>	<p>People live active, healthier and independent lives</p>	<p>Partnership viewed as having failed or not achieved strategic objectives Partnership Failure or weakness exposes Council to significant Financial liability</p> <p>Confidence in, and reputation of, the Council harmed</p>	5	4	20	<p>1. HSCP integration scheme approved by Scottish government</p> <p>2. Strategic Plan in place</p> <p>3. Performance and Financial reporting arrangements in place</p> <p>4. Independent audit arrangements in place.</p> <p>5. Integrated Joint board with elected member representation including Council Leader</p> <p>6. Chief Officer member of ABC Senior Management Team with co-location of officers</p> <p>7. Tripartite leadership agreement</p> <p>8. Monitoring of HSCP financial position.</p>	4	3	12	Treat	<p>1. Develop options to deliver sustainability of future years budgets (ongoing)</p> <p>2. Completion of Strategic Plan which was delayed due to COVID.</p> <p>3. Assessment on impact of COVID on services in short, medium and long term.</p>	SMT 14 February 2022	Fiona Davies

No	Risk	Corporate Outcome	Consequences	Gross Risk			Current Mitigation	Residual Risk			Approach	Key Actions and Deadlines	Last Reviewed	Risk Owner
				Imp	Lik	Sc		Imp	Lik	Sc				
8	Civil Contingency & Business continuity arrangements are not effective.	People live in safer and stronger communities	Ineffective management of major emergencies affecting Council services and communities in Argyll and Bute. Incident and recovery phase of an emergency lead to greater inconvenience and hardship and a longer timescale for return to normal. Council unable to effectively deliver its own services	2	4	8	1. Emergency Planning Test events 2. Critical Activity Recovery Plans 3. Roll out of Community resilience partnership programme 4. Peer review of major exercises undertaken to provide external validation of planning process 5. West of Scotland local resilience partnership 6. Cross sector expertise and partnership working 7. Emergency Management Support Team (EMST) meetings 8. Training 9. EU Withdrawal Tactical Working Group with arrangements for reporting to the West of Scotland Resilience Partnership	2	3	6	Treat	1. Develop long term test schedule for DRPs to be presented to the SMT (December 2021) - UPDATE?	SMT 14 February 2022	Douglas Hendry
9	Welfare Reform Implementation of welfare reform is not managed well resulting in increased poverty and deprivation or short term crisis	People live active, healthier and independent lives	Financial crisis and hardship for individuals Increase in demand or costs for Council Services	4	3	12	1. Financial Inclusion and Advice Group established 2. Joint working with DWP, CPP and other agencies 3. Child Poverty Planning Group set up and active 4. Flexible Food Fund created. Supporting householders in our area with funds and advice to address food and fuel insecurities	3	2	6	Tolerate	1. Extend Flexible Food Fund Contract for a further year to March 2023. 2. Council, HSCP and third sector deliver range of 20 Covid related support projects under the Flexible Fund banner by March 2023. 3. Deliver sustainable school clothing bank across the Argyll and Bute area by December 2022. 4. One-off top-up payments of £75 per child issued to School Clothing Grant recipients by end of February 2022. 5. Argyll and Bute centric anti-poverty training delivered to 600 Council, NHS and third sector staff by March 2022. 6. "Worrying about money" leaflet to be issued with Council Tax bills containing advice and support for people with money worries in March 2022. Update website with information and support.	SMT 14 February 2022	Douglas Hendry
10	Waste Management Unable to dispose of waste in landfill sites due to the implications of the biodegradable municipal waste (BMW) landfill ban in 2025	Our infrastructure supports sustainable growth	Alternative delivery models would be likely to be more expensive than the current one which would result in cost pressures having to be accommodated by other services and service provision reduced	5	4	20	1. Helensburgh and Lomond waste solution available via third party offtakers 2. Waste strategy	4	4	16	Treat	1. Progress on developing delivery models to be reported to EDI Committee (ongoing)	SMT 14 February 2022	Kirsty Flanagan

No	Risk	Corporate Outcome	Consequences	Gross Risk			Current Mitigation	Residual Risk			Approach	Key Actions and Deadlines	Last Reviewed	Risk Owner
				Imp	Lik	Sc		Imp	Lik	Sc				
11	<p>Service Delivery - Cyber Security</p> <p>Unable to deliver services to customers because of failure of ICT systems following major cyber security breach</p>	Our Economy is diverse and thriving	<p>Threat of ransomware attacks. Data corruption of ICT system caused by malware and/or loss of confidential data.</p> <p>ICT Systems unavailable for considerable period whilst recovery from uncorrupted backups takes place.</p> <p>Meanwhile Services fail to achieve agreed performance levels and as a result are not contributing fully to Council objectives.</p> <p>Reputational damage to Council and potential financial losses (fines, loss of income).</p>	5	4	20	<p>1. ICT Security & compliance officer in post, producing weekly threat analyses, member of CiSP</p> <p>2. PSN and Cyber Essentials Plus accreditations for corporate network</p> <p>3. Regular patching regimes in place</p> <p>4. ICT Disaster recovery plans tested regularly</p> <p>5. All critical activities have recovery plans developed (CARP's)</p>	5	3	15	Treat	<p>1. Review all contingency plans with updated knowledge from SEPA and UHI Cyber Attacks.</p> <p>2. Work with Scottish Government Cyber Resilience Team to test ICT response</p> <p>3. Issue regular communications to raise awareness of importance of cyber security and awareness</p> <p>4. Enforce password changes when found to be weak</p> <p>5. Cyber Security Resilience Exercise planned for late February 2022.</p> <p>6. Continued close review of disaster recovery plan and associated tests, finalise and test incident response procedure, and review of mirroring between the 2 data centres (monthly at ITMT) and backup</p> <p>7. Review and progress requirements for Education Network to achieve CE+ accreditation</p>	SMT 14 February 2022	Kirsty Flanagan
12	<p>Impact of COVID -19</p> <p>The Council are unable to deliver core services as a result of the Covid 19 virus with adverse impact to community and the economy</p>	Our Economy is diverse and thriving	<p>1. Unable to meet national and Scottish Government guidance in terms of control of the virus</p> <p>2. Inability to deliver core services</p> <p>3. Not engaged in national and regional resilience groups with partner agencies</p> <p>4. Disruption of flow of goods, services and supply chains</p> <p>5. Adverse impact on workforce, communities with regards to economy and population.</p>	5	5	25	<p>1. Establishment of Strategic and Tactical Groups with links to HSCP, NHS and national/regional resilience groups</p> <p>2. Tactical team via the Civil Contingencies Manager liaising/ collaborating with Regional Resilience Partnerships and other resilience partners.</p> <p>3. Development and delivery of an integrated approach to deliver decisions and mitigations</p> <p>4. SITREP reporting thorough contingency planning structures in place</p>	4	3	12	Treat	<p>1. Development and regular review of Economic Recovery workstream with input from representatives across the organisation and the Health and Social Care Partnership.</p> <p>2. Assessment of COVID on wellbeing and service capacity/sustainability.</p> <p>3. P&R Committee in December 2021 agreed funding of £110k from the Recovery and Renewal Fund to aid delivery of critical areas of the Recovery Strategy and Action Plan which will create 2 temporary posts for a 12 month period.</p>	SMT 14 February 2022	Pippa Milne

ARGYLL AND BUTE COUNCIL**AUDIT AND SCRUTINY
COMMITTEE****CHIEF EXECUTIVE****23 JUNE 2022**

COUNCIL 6-MONTH PERFORMANCE REPORT – OCTOBER TO MARCH 2022

1. SUMMARY

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

This paper presents the Council's 6-month Performance Report and Scorecard for October to March 2022 focussing on key performance indicators.

It is recommended that the Audit and Scrutiny Committee:

- 1.2 Note that this report presents Council performance on strategic activities across all services;
- 1.3 Review and scrutinise the Council's 6-month Performance Report and Scorecard;
- 1.4 Note that the Strategic and Area Committees have responsibility to scrutinise operational performance;
- 1.5 Note the planned activity for Performance Management and Reporting during 2022/23 onwards.

Pippa Milne
Chief Executive

ARGYLL AND BUTE COUNCIL

**AUDIT AND SCRUTINY
COMMITTEE**

CHIEF EXECUTIVE

23 JUNE 2022

COUNCIL 6-MONTH PERFORMANCE REPORT – OCTOBER TO MARCH 2022

2. SUMMARY

- 2.1 The Performance and Improvement Framework (PIF) sets out the process for presenting the Council's performance reports.
- 2.2 The paper identifies the strategic activities across council services that have occurred during the reporting period along, reports on key performance indicators and outlines the planned activity for Performance Management and Reporting commencing 2022/23

3. RECOMMENDATIONS

It is recommended that the Audit and Scrutiny Committee:

- 3.1 Note that this report presents Council performance on strategic activities across all services;
- 3.2 Review and scrutinise the Council's 6-month Performance Report and Scorecard;
- 3.3 Note that the Strategic and Area Committees have responsibility to scrutinise operational performance;
- 3.4 Note the planned activity for Performance Management and Reporting during 2022/23 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 Whilst Covid-19 placed an unprecedented level of demand on staff and resources, the Council has continued to ensure that performance management, reporting and scrutiny has continued throughout, in line with Audit Scotland recommendations. This performance report covers a period when Covid-19 was still impacting on services.

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 were identified as Council-wide Key Performance Indicators (KPIs) for 2021/22. The Council 6-Month Performance Report for the Audit and Scrutiny Committee contains all 28 KPIs.

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-target with 7 off-target. Six KPIs are both off-target and performance has decreased since the last reporting period (FQ3 2021/22). Appendix 3 lists these seven KPIs and detailed commentary.

It should be noted that all Public Sector Bodies have a statutory duty to comply with Accessibility Legislation. The report format presented enables the Council to comply with the above legislation changes.

The KPIs were also reported to the appropriate Strategic Committees during 2021/22. These Strategic Committees are responsible for the scrutiny of operational performance within their remits.

- 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 7 are Green, 10 are Amber, 0 are Red.

Our Business Outcomes deliver our Corporate Outcomes as illustrated in Appendix 5. This is the final period in which we will use Business Outcomes, which are being removed as part of our Performance Improvement Project.

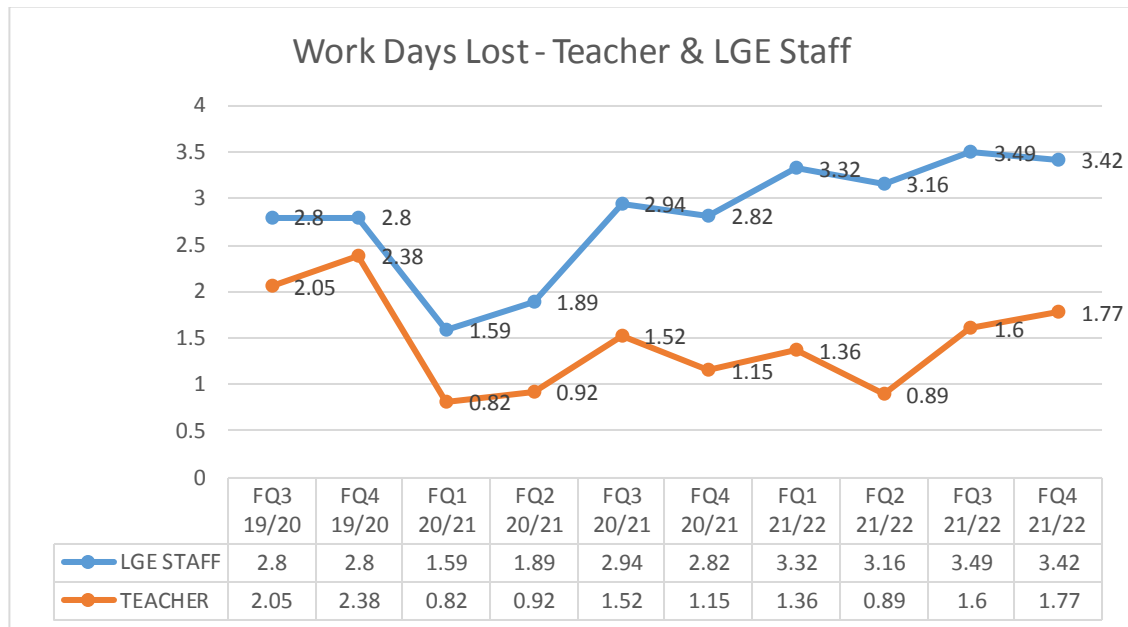
- 4.4 The Management Information shows areas of high-level cross cutting information such as absence, risks and complaints. Supporting commentary is provided below.

4.5 **Absence**

At the start of the pandemic (FQ1 2020/21) we saw a dramatic reduction in the number of work days lost. It is understood that this is due to employees shielding, working from home, service shutdowns, decreased socialisation, which reduced exposure to infection and increased sanitation measures. As predicted absence levels rose in 2021/22 once safeguards and lockdowns eased. LGE staff absence levels are now above pre pandemic levels. For Teachers absence levels have increased but remains below pre pandemic levels.

It should also be noted that sickness levels are always lowest in FQ2 for both LGE and Teachers due to the summer holiday period.

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



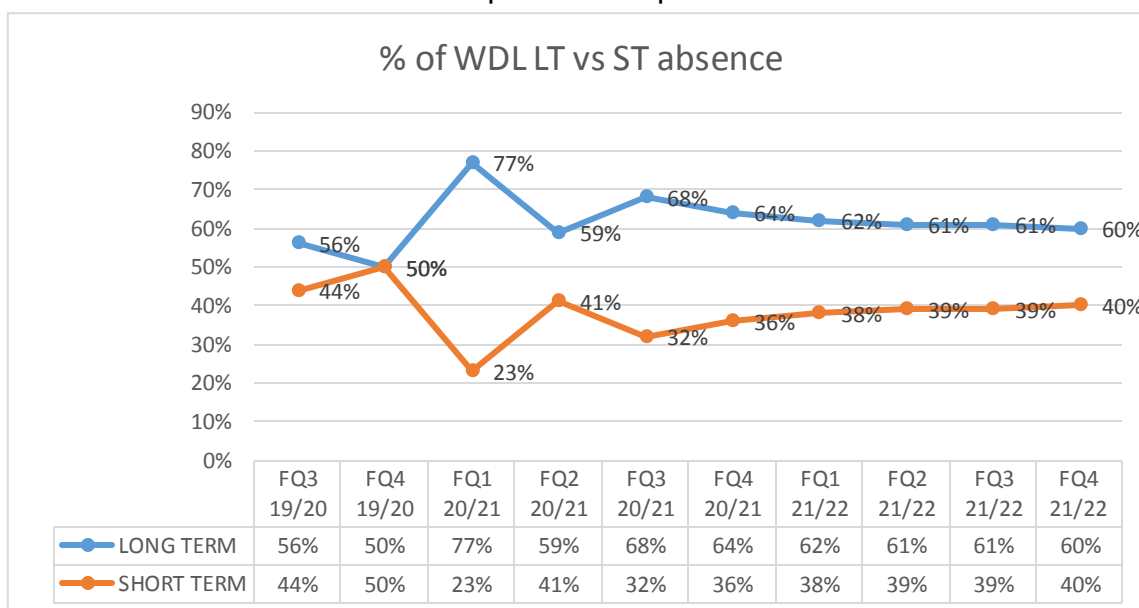
With regards to the split between long and short term absence it remains that more days are lost to long term than short term, with a gradual decrease in long term mirrored by a gradual increase in short term but frequent absences.

FIGURE 2: LONG AND SHORT TERM OVER TIME

There has been no change to the top 3 reasons for absence. They remain as follows: 1. Stress/Mental Health/Depression; 2. Other Musculoskeletal problems and 3. Stomach, Liver, Kidney and Digestion.

As Covid restrictions have been removed we anticipated absence figures would rise to be closer to pre pandemic levels and for LGE staff they have now exceeded pre pandemic levels. National trend data points towards a lasting impact, especially with mental health related absences. We expected that the rate of infections would rise as social distancing and isolation were removed although it is possible that they will not rise to pre pandemic levels with increased awareness of infection control. As the NHS get back to business as usual with planned operations we expect to see an ongoing rise in our absences due to medical treatment. Both statistically and anecdotally those services that have offered working from home have seen a bigger decrease in the number of work days lost and we would expect this to continue, as working from home has remained the norm. However, employees' habits and overall wellbeing have changed as a result of Covid therefore there may be other impacts on wellbeing that have not yet been seen.

The Council introduced new Supporting Attendance Procedures in October 2021 and revised its Stress in the Workplace procedures in November 2021, both of which are intended to have a positive impact on reducing absence. These were amended following consultation with staff and managers and have been simplified and improved. The Wellbeing team's focus has continued to be on supporting managers to deal with long term absence, particularly within the Health and Social Care Partnership. We anticipate a related reduction in



absence in this area, although the full impact of the Covid-19 pandemic on health and wellbeing is still to be fully understood. The Council also introduced a

number of new leave types in July 21 which is also intended to impact on absence, by, for example, extending bereavement leave will reduce the likelihood of employees being signed off work with bereavement related stress. The Wellbeing team have remained in place and this forthcoming year their focus will be on targeted, proactive wellbeing initiatives as identified by the Executive Leadership Team and in turn it is hoped this will also improve attendance. The team continues to monitor good practice across other Councils on attendance, particularly through the Society of Personnel Development Scotland Wellbeing Group.

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

PRDs traditionally tended to occur in FQ4 as managers aligned the setting of employees' objectives with the outcome of budgetary processes and decisions.

As referred to in the last report, as a result of feedback from managers we used the opportunity to review the PRD process. PRDs were replaced by Quality Conversations in FQ4 2021/22. The Quality Conversation process covers all employees of the Council, whereas the PRD process did not include non-networked employees – i.e. those employed in former manual roles.

The subject areas covered during a Quality Conversation include performance, wellbeing and aspirations, supported by flexible online learning resources available to every employee.

A series of webinars for both managers and employees took place to guide participants on this new approach.

Not only will Quality Conversations reduce the burden on all staff but it is in line with the aim of simplifying our processes whilst improving value, engagement, skills, performance and agility

We will be surveying employees annually to gain insight on the conduct and outcomes of these conversations. Additionally, we will be surveying managers on their handling of Quality Conversations, this is a perspective we have not had to date from PRDs. The first surveys will take place in FQ1 2022/23 and the results will be available in the next report to committee.

4.7 **Complaints**

The last 2 quarters of 2021/22 saw the number of complaints rising slightly compared with the first 2 quarters of 2021/22. During FQ3 and FQ4 there were 232 stage 1 complaints and 76 stage 2 complaints received. Roads and

Infrastructure Services continues to receive the majority of complaints. Performance within timescale has increased over the recent 2 quarters and the Compliance and Regulatory team will continue to support services to improve this further.

The table below provides a breakdown by Department. A detailed Annual Complaints Report will be submitted to this Committee in September 2022.

	Stage 1			Stage 2		
	Total number	Number in time	% in time	Total number	Number in time	% in time
Financial Services	28	28	100%	3	3	100%
Education	9	8	89%	22	13	59%
Legal and Regulatory Support	2	2	100%	2	2	100%
Commercial Services	0	0	-	0	0	-
Customer Support Services	4	4	100%	1	1	100%
Roads and Infrastructure	169	145	86%	40	29	73%
Development and Economic Growth	19	17	89%	8	7	88%
Live Argyll	1	1	100%	0	0	-
Totals	232	205	88%	76	55	73%

4.8 Audit Recommendations

Internal and External Audit Reports are presented at this committee meeting. Audit recommendations are reported quarterly to the Strategic Management Team and actions to complete them are recorded and allocated to the responsible officers.

4.9 Finance

The performance against budget for financial year 2021-22, after adjusting for automatic and proposed earmarked reserve proposals, was an overall underspend of £1.630m, 0.59% (2020-21 underspend of £0.188m, 0.07%). There was a net underspend of £0.815m in relation to Council services departmental expenditure, a net overspend of £0.432m in relation to other central costs and a net over recovery of funding of £1.247m.

Social Work, managed by the Health and Social Care Partnership, were underspent by £1.738m this included repayment of outstanding debt to the

Council of £2.759m therefore clearing the balance of any debt owed to zero. This is consistent with the Scheme of Delegation.

There have been a number of underspends and overspends within departmental budgets which have contributed to this overall net favourable position including over recovery of vacancy savings, reduced catering in schools due to less demand as a result of Covid-19, reduced running costs within Early Learning and Childcare, an underspend in NPDO and Hub Schools arising from insurance savings and the settlement of historic disputed cost reductions, additional income within Environmental Health and one-off income in Housing and additional planning fee income. These being partially offset by overspends related to external residential placements within Education, under recovery of building warrant fees and transportation project costs.

The main reason giving rise to the overspend in central costs was due to insurance costs being higher than budget.

The overall favourable position for Departmental and Central Expenditure Budgets has provided the opportunity to earmark unspent budget for specific purposes aligned to the objectives, priorities and targets of the Council.

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 Strategic Management Team.

The reported SRR has twelve risks in total. Three are red, six are amber and the remaining three are green. The three red risks relate to population and economic decline, Waste Management, and Cyber Security.

4.11 **Operational Risks**

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

Executive Director Kirsty Flanagan has six 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 and associated attack.

Executive Director Douglas Hendry has five red risks which relate to delivery failure of school kitchen supplies, capital investment to keep buildings safe and operational, the availability of resources and funding to delivery capital projects, compliance with the conditions of externally funded projects.

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

Other Strategic Activities

4.12 Covid 19

The Scottish Government announced April 2022 that there is no longer a legal requirement to physically distance or wear a face covering in most indoor settings. This is an encouraging sign and new national guidance strongly recommends wearing a face covering indoors in crowded spaces.

Due to the Council still experiencing infection and absence from Covid-19, the Council has continued to encourage employees to work from home where possible, meetings to be held remotely and observe positive hygiene practice to minimise the risk of spread of infection.

In December the Council committed an additional £110,000 towards ongoing recovery measures including the recruitment of two temporary posts. The posts will focus on building back stronger communities and supporting economic recovery. The roles include:

- Assisting funding providers to distribute support to community organisations
- Helping community groups access funding including the Council's Micro-Grant Fund
- Working with charities and third sector partners to ensure volunteer needs are met
- Ongoing business support with Covid-19 funds and initiatives
- Supporting tourism, hospitality and creative businesses
- Ongoing support for the increase in staycations

Working with partners, multiple public agencies, the third sector and community groups, the Recovery Strategy outlines key initiatives including:

- Financial help and support to community groups and businesses
- Restoring public health services
- Re-instating the full range of council services

4.13 Budget

The Council agreed a balanced budget for 2022-23 on 24th February 2022 and an estimated forecast budget gap of £7.77m for 2023 – 2024 (increasing up to over £25m in the following 3 years) and an estimated gap of up to £30m+ in the 3 years after that. Council tax was increased by 3% and the Council also agreed investment in the following;

- Keeping Argyll and Bute Connected: £3.153 million to increase investment in roads reconstruction to £8 million in 2022/23, and develop active travel improvements
- Investing in our places: £0.537 million for street lighting, more litter bins, keeping public toilets open all year round, free parking at Christmas, and developing staycation benefits.
- Safeguarding our future: another £1 million in schools and the wider learning estate strategy, and £0.5 million in climate change initiatives
- Supporting growth in partnership: £0.165 million for tourism, culture and youth development initiatives.

The Council also agreed to represent to the Scottish Government the challenging circumstances it faces in relation to capital infrastructure needs, and call for commensurate capital funding to help meet significant pressures.

4.14 Education

Empowering our Educators

In December the Council launched a website to communicate the proposals on the way schools in Argyll and Bute are led. The website invited parents, carers and residents in Argyll and Bute to examine the proposals, understand them and have their say. It included a short film and provides detailed information for download.

Schools in Argyll and Bute face falling pupil numbers, challenges in recruiting staff, and Scotland-wide education reform is on the way. Argyll and Bute Council proposes a new ‘collective’ model for school leadership in the authority, empowering schools to work more effectively together and share resources for the benefit of all pupils.

These proposals have been developed with ongoing input from Argyll and Bute Head Teachers and education professionals. The changes are proposed to protect local schools, build a stronger team of educators and enhance the education of pupils.

This public consultation has now finished and proposals will be brought forward to members as per the planned programme.

Attainment

In December the Council's Community Services Committee reviewed a breakdown on attainment for secondary schools. The results analysis for attainment shows that:

- All 10 of the area's secondary schools maintained their 100% pass rate for National 4, outperforming the national average;
- Six schools were above the 2021 national average for National 5 (85.8%).
- Nine were above the 2021 national average for Higher (87.3%), and;
- Four secondary schools were above the 2021 national average for Advanced Higher (90.2%).

On top of these successes, young people in Argyll and Bute gained 1,067 Wider Achievement Awards at SCQF levels 4-7 (National 4 – Advanced Higher) in more than 50 topics including:

- Bee keeping
- Journalism
- Horse care
- Computer game design
- Legal studies
- Hair and beauty
- Personal finance
- Construction skills

4.15 Place

There remains significant regeneration and investment activity ongoing within our towns and below are examples of specific projects and initiatives.

Community Renewal Fund

In November the Council was successful in securing over £2 million from the UK Government's Community Renewal Fund as part of the Levelling Up agenda. The award is one of the largest in Scotland from a total allocation of over £18m. The Council submitted the bid on behalf of organisations and services investing in skills, place making, community and supporting people into employment and supports the following;

- A new Seaweed Academy – help to create the UK's only dedicated seaweed industry facility, near Oban, offering training, education and business development - £407,715.
- MACC Hydrogen Futures – a feasibility and design project to help establish a green hydrogen production and distribution facility - £184,793.

- Driving economic growth through a bounce back curriculum that includes employer focused education and training in remote and rural areas. - £275,253.
- West Coast UAV Innovation Logistics and Training Hub – after successfully trialling unmanned aircraft vehicles (UAVs) or drones to transport medical supplies to islands. Funding will commission a business case to support the further use of drones - £173,400.
- Access to ethical and responsible means of carbon sequestration will be made available to organisations looking to offset their carbon emissions - £265,200.
- The Dunoon Project Stage 2 – Funding will help expand the project team looking to develop a nearby forest into a world class tourism offering - £359,652.
- Curriculum development for Science, Technology, Engineering and Maths (STEM) Hubs projects - £102,000 towards the production of materials to deliver learning via a new council project.
- Tarbert recovery and regeneration - £262,395 to establish a team to complete business plans and planning applications as a prelude to a £13 million transformation project to regenerate Tarbert.

Separate to this fund, the Council has actively developed a competitive bid for the UK Government's Levelling Up Fund and this will be submitted in the summer.

Conservation Area Regeneration Scheme (CARS) Projects

There are four CARS projects in Argyll and Bute which receive funding from Historic Environment Scotland (HES) and National Lottery Heritage Fund (NLHF), with match funding from the council and private owners. The schemes provide grants to property owners to help them repair and safeguard historic buildings. An update to the Council's Environment, Development and Infrastructure Committee in March 2022 included the following update:

- Rothesay Townscape Heritage Phase 2 - this is year four of a £2.75m, five year programme. Of the five priority building repair projects, three are complete, one is awaiting a start date, and the final project will shortly go to tender. Three shopfront restorations have also been completed, with another nearing completion, and a series of window repair grants have been provided for restoration of traditional timber sash and case windows.
- Dunoon CARS - this £1.95m project is in its final year. The restoration of three priority buildings and 22 shopfronts has been completed with a further two projects currently out to tender.
- Helensburgh CARS – this is the first year of a £1.8m, five-year project. Four buildings have been identified as priorities for grant assistance and two

expressions of interest have been submitted by owners of properties for smaller grants.

- Lochgilphead CARS – this is the second year of the project with the first building project set to begin in April and development underway for a second building.

Other significant activity led by the Council's Transformation and Regeneration Team includes the following:

- Hermitage Park, Parks for People – this £3.7m project is in its final year. Current activity includes creating a new volunteer bothy in the park's demonstration garden with the garden itself now under development. An agreement with the University of the Highlands and Islands is now in place to allow the Park to be used as a venue for practical activities for students' NC Horticulture courses.
- Tarbert/Lochgilphead Regeneration Fund – four projects are complete and current projects include Lochgilphead Front Green, Ardrishaig North Public Realm and phase two of former Gleaner oil site.
- Regeneration Capital Grant Funding - three projects secured funding: Obair Ùr Thirodh – Tìree Community Business Hub (£565k), Kerrera Old School - Community Hub Final Phase (£285k), and Ulva Ferry Shore Facilities Building - Doras Caolas Ulbha (£603k). Current projects include Kilmartin Museum, Mid Argyll Community Pool, Storas Ulbha Heritage project, Ulva, Port Ellen Community Hub on Islay, Scalasaig business units on Colonsay and Kilmory Business Park, Lochgilphead.
- Scottish Government Town Centre Fund 2019-2022 - 28 projects using the full £1.686m allocation have now been delivered, focusing on making key town centres more attractive, healthier, and easier to navigate places, as well as strengthening the area as a tourist destination.

Scottish Government's Place Based Investment (PBI) Programme

In March, the Council's Environment, Development and Infrastructure Committee confirmed plans to direct the £821,000 from the Scottish Government's Place Based Investment (PBI) Programme into supporting eight new regeneration and restoration projects. These are all at various stages of development and delivery. These include:

- A region-wide (excluding CARS or BID towns) shopfront improvement scheme (£80,000)
- Rothesay Townscape Heritage priority building (£100,000)
- Public realm enhancements in Bowmore town centre (£80,000)

- Improvements to Castle House Gate Lodge, Dunoon (£70,000)
- Landscaping grant to Dunoon Burgh Hall Trust (£50,000)
- Enhancing the surface of Helensburgh masonry pier (£163,000)
- Public realm improvements in Gibraltar Street, Oban (£250,000)
- Helensburgh Hermitage Park, Greening The Bothy project (£28,000)

Lismore Ferry

A new replacement ferry for Lismore was delivered after successfully completing sea trials. Islanders and primary school pupils chose the name 'Lady of Lismore' following a poll organised by the Community Council. The Council awarded the contract to Mainstay Marine Solutions at a cost of £620,000, with funding support of £500,000 to date from Transport Scotland.

The new all-steel vessel, designed by Keel Marine is 39ft accommodates 23 passengers all year round and will have a crew of two.

Rothesay Pavilion

At its meeting on 9 December 2021 the Council's Policy and Resources Committee took the decision to pause the development project to seek national funding support to meet pandemic and EU exit costs of completing Rothesay Pavilion's transformation as a national center for arts and popular culture. It is anticipated that the project will require an estimated additional £11 million to be completed.

The total budget set aside for the project is £20.586m with £11.560m externally funded leaving the Council's commitment at £9.026m. Rothesay Pavilion Charity is set up to run the building as a thriving concern once complete. Construction work was progressing until the original contractor went into administration in 2020.

The council now has another construction company in place to complete the Pavilion's transformation, but cost increases, resulting in large part from the pandemic and global supply chain challenges, labour shortages in the construction sector and EU exit, mean the council must seek further additional funding sources.

The council established a cross-party group to lead a programme of targeted lobbying activity, to include both the Scottish and UK Governments (who have provided assistance and investment to similar projects elsewhere, including the Glasgow School of Art, V&A in Dundee and the Tate Modern project in St Ives),

and any other agencies or organisations which can assist.

Other Activities

4.16 Performance Management Project

Following on from previous updates the Council has embarked on a highly ambitious initiative to explore centralising some data from across various systems into a single 'data platform' using self-service tools. A 'data platform' is a standard generic name for the integrated set of technologies that collectively creates the data in an accessible format (i.e. dashboards). This links to an action within the Council's Best Value Improvement Action Plan to develop data analytics/business intelligence as a tool to inform transformation and improvement.

In relation to the above, the ELT also agreed to create an internal Data Advisory Group consisting of senior officers from across the organisation (both Council and HSCP). Accountable to the Executive Leadership Team, the group will facilitate a corporate approach to directing the development of data platforms.

The objective is to harness our data to ensure an evidence led approach to performance management, service design, policy development, strategies and other decisions that impacts on outcomes for our communities and stakeholders. This internal initiative has and will maintain close links with the Scottish Local Government Digital Office data initiative.

It will take time to develop the proposal and any subsequent system and in the interim a decision has been made to retain Pyramid for a further year.

4.17 PIF Activity

The data cleanse of Pyramid is continuing, simplifying where possible and removing old 'archived' data. This not only improves the user experience but helps to ensure the move to a new method of performance reporting is as smooth as possible. Pyramid will continue to remain 'live' with all Success Measures aligned to Service Plans and updated as agreed.

From 2022/23 financial year the Council will no longer align success measures through the Business Outcomes. To monitor the delivery of our Corporate Outcomes a suite of 47 Indicators has been identified. These are known as Corporate Outcome Indicators (COIs) and will all align directly to our Corporate Outcomes. These are attached for information, however work is in progress to finalise the wording for some indicators (Appendix 6).

By nature the majority of COIs are longer term in nature with the data collected

annually and will be reported on annually to the relevant Strategic Committees. Fourteen COIs can be reported on quarterly. These will be reported to the Area Committees each quarter.

Service Plans are not being renewed for 2022/23. A Council-wide Business Plan will be developed during 2022/23 which will align to our Corporate Plan, the Argyll and Bute Outcome Improvement Plan (ABOIP). Only the [Corporate Outcome Indicators](#) and those indicators that feature within the Area Committee Scorecards will be reported to committee.

The 6-monthly ASC report will continue to present performance on cross-cutting strategic themes currently on the Council Scorecard such as Absence, Complaints and Risks. Additional information relating to strategic activity will also be reported.

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

5.0 CONCLUSION

This report updates the Audit and Scrutiny Committee 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 to these.

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: October to March 2022
- Appendix 5 - Seventeen Business Outcomes aligned to the Corporate Plan
- Appendix 6 – Suite of 47 Corporate Outcome Indicators

Pippa Milne, Chief Executive – Argyll and Bute Council

1 June 2022

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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.
		EDU106_04	Ensure there is a completed transition plan in place when a care experienced young person changes school / establishment
BO107	The support and lifestyle needs of our children, young people, and their families are met	EDU106_05	Increase the percentage of our care experienced young people that have the recommended additional tracking and monitoring plans in place.
		COM107_01	Provide quality meals within cost margins to all pupils.
		EDU107_01	Support the increase in the uptake of available Grants, Allowance and Entitlements.
		EDU107_02	Increase from 2018/19 baseline Clothing Grants Free School Meals Education Maintenance Allowance
		EDU107_03	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.
BO108	All our children and young people are supported to realise their potential	EDU107_04	Maintain the percentage of 16-19 year olds in Argyll and Bute participating in education, training or employment.
		EDU107_05	Maintain the percentage of all young people leaving school achieving a positive destination into further education, training or employment.
		CSS108_01	The percentage of Modern Apprentices that go on to a positive destination after completing the Argyll and Bute Council Modern Apprentice Programme.
		EDU108_01	Increase the uptake of wider achievement opportunities which complement traditional SQA awards and offer alternative ways to develop learning, life and work skills.
		EDU108_02	The percentage of children that achieve their appropriate developmental milestones by Primary 1.
BO109	All our adults are supported to realise their potential	EDU108_03	Maintain the percentage of primary pupils that become digital leaders.
		EDU108_04	Digital technology is used to deliver the curriculum wherever necessary as a cover for teacher vacancies or low rolls.
		EDU108_05	All secondary establishments have a minimum of two (local community) business partners.
		EDU109_01	Maintain the number of adults engaged in community learning and development (CLD) employability programmes.
		EDU109_02	Increase the number of adults with Individual Learning Plans that identify and address employability barriers such as training needs and skills gaps.
BO110	We support businesses, employment and development opportunities	DEG110_01	REMOVED FROM SERVICE PLAN-The 12 month survival rate of new small and medium sized businesses.
		DEG110_02	The number of new business start-ups supported.
		DEG110_03	The time it takes to determine 'local' planning applications is no longer than 10% above the National Average.
		FIS110_01	Increase the total value of rates (NDR) relief awarded.
		FIS110_02	Maintain the percentage of suppliers that are paid within 30 days.
		LRS110_01	Maintain the percentage of all Council spend that is either under a contract or a Service Level Agreement (SLA).
LRS110_02	Maintain the percentage of local suppliers that benefit from the awards of contracts via the procurement portal.		

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_01	The information provided to our community groups, individuals and partners is easy to understand.
				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 FQ4 2021/22	DESCRIPTION
G	↑	FIS102_01	Maximise distribution of Scottish Welfare Fund. but cannot compare
R	↓	FIS102_04a	All new benefit claims are processed promptly. decreased slightly on last report
G	↓	FIS110_02	Maintain the percentage of suppliers that are paid within 30 days.
G	→	FIS115_01	The agreed audit plan is delivered.
R	↑	FIS115_02	Maintain the high rate of collecting Non-Domestic Rates [NDR].now RED, was G last period but it cumulative
G	↑	FIS115_03	Maintain the high rate of collecting Council Tax. This was RED last report
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. cumulative
R	↓	LRS110_02	Maintain the percentage of local suppliers that benefit from the awards of contracts via the procurement portal. Decreased since last report
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 Centre's 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 .still decreased
G	↓	RIS114_01	The percentage of waste that is recycled, composted or recovered. Decreased since last report
G	↑	RIS114_03	Percentage of street cleanliness. Improved since last report
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. Still improved on last report
		28	TOTAL KPIS

SUMMARY OF OFF-TRACK PERFORMANCE

The following six KPIs are currently off-track and performance has decreased since the last reporting period. All four KPIs were noted in the previous performance report as off Track and Decreasing.

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

Target: 95.0%

Actual: 93.5%

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.

Target: 20.0%

Actual: 13.5%

FQ4 saw a performance of 13.5%. This is a decrease from the previous quarter due to the nature of the contracts. However, of the 6 bids made by local contractors, 5 were awarded the contract (83.3%) with a total value of over £911k. A summary of all contracts awarded in FQ4 is available on Pyramid. The Procurement, Commercial and Contract Management Team (PCCMT) continue to support local suppliers by providing useful information on the Council's website, ie: 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. The YTD % is 26.1% (above target).

FIS102_04a-All new benefit claims are processed promptly.

Target: 21 Days

Actual: 25.19 Days

Performance at an average processing time of 25.19 days to process as at 31 March 22 does not meet the target of 21 days in the service plan. From August to March 2022 the increase in Self Isolation Support Grant (SISG) applications aligned with staff shortages has meant an increase to monthly processing times to between 26 and 27 days per month on average.

This has caused the increase in the cumulative average processing times for the full year to 25.19 days. Benefit Assessors were redeployed to support the administration of the Scottish Government's Self Isolation Support Grant programme. We have tried to recruit Benefit Assessors to temporary posts using admin funding provided by the Scottish Government but have been unsuccessful. Some staff are currently working overtime in order to limit the delays in processing new claims.

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

Target: 75%

Actual: 28%

The Street lighting Team were affected by Covid absences in the final quarter with all staff being off at some point due to Covid. This has been reflected in the performance figures which has dipped to 28% of faults being repaired within the 10 day period across the ABC area. A total of 241 faults are still outstanding at this time with staff prioritising where appropriate. In prioritising faults, staff will review the timescale of reported faults (i.e. clear oldest ones first) and review sections where there may be more than one light fault reported (i.e. a stretch of 5 lights as opposed to 1 light outage)

Early indications show that the backlog of outstanding faults is being addressed for FQ1 2022/23 however this continues to be monitored.

FIS115_02-Maintain the high rate of collecting Non-Domestic Rates [NDR].

Target: 97.30%

Actual: 96.37%

As at 31 March 2021 Non Domestic Rates collected is 96.37% which is slightly less than the council target of 97%. This is mainly attributed to changes in legislation for certain reliefs, mainly Small Business Bonus Scheme Relief (SBBS) which was previously available to unoccupied properties who now no longer qualify for 100% relief.

Coronavirus Retail, Hospitality and Leisure Relief (RHL) which had previously been automatically granted now requires business to make an application and eligibility has been tightened. Therefore the net NDR due increased and additional work is required to collect the monies due.

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

Target: £2,750,000

Actual: £2,728,847

Although the year to date figure is below target, the figure for income generated by Welfare Rights in FQ4 is £993,251. This figure is in excess of the quarter target as there has been an increased number of closed cases.

The volume of referrals received overall has reduced due to Covid-19 as there was an uplift in Universal Credit.

Appendix 3

The following KPI is currently off-track however performance has improved since the last reporting period.

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

Target: 11.0 Weeks

Actual: 15.5 Weeks

The Development Management Team continues to operate with reduced resource. During FQ4 several legacy applications were finalised and determined, the majority of which were in the OLI team, a team which has carried vacancies and experienced staff turnover in posts over a prolonged period.

The headline performance figure of an average of 15.5 weeks to determine these applications is badly skewed by 6 applications which took between 1 and 3 years to determine. Those taking in excess of a year can be broken down into areas, as follows:- OLI 3 applications varying between 1 year and 3 years; H&L 2 applications which took between 1 and 2 years; BAC 1 application which took 1.5 years.

Steps are being taken to address vacancies across the Service and attempts are being made to recruit to vacant posts. The Service has also identified the likelihood of additional pressure on staff resource/capacity arising during 2022/23 through a significantly higher than normal caseload of major planning applications and consultations with many of these items being delayed as a result of the pandemic but are now ready to be progressed.

The Service will shortly be seeking to increase its professional staff resource by 2fte in response to expected demands upon the Major Applications Team.

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FINAL Council Scorecard – October to March 2022

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

	Council Scorecard 2019-22	Scorecard owned by: Pippa Milne	Oct-Mar22
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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	5	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	8	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	7	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	11	BO116: We Engage And Work With Our Customers, Staff And Partners
		BO117: We Encourage Creativity And Innovation To Ensure Our Workforce Is Fit For The Future

Chief Executive

Ex. Director Douglas Hendry

Ex. Director Kirsty Flanagan

Management Information



Council Scorecard 2019-22

Scorecard owned by: **Pippa Milne**

Oct-Mar22

[Back to Full Council Scorecard](#)

Management Information

RESOURCES

<i>People</i>		<i>Actual</i>	<i>Trend</i>		
Sickness Absence ABC		6.91 Days	↓		
<i>Benchmark</i>	<i>Target</i>	<i>Actual</i>	<i>Status</i>	<i>Trend</i>	
PRDs % complete ABC	90 %	13 %	R	↓	
<i>Financial</i>		<i>Budget</i>	<i>Forecast</i>	<i>Status</i>	<i>Trend</i>
Finance Revenue totals ABC	£k186,591	£k 184,533	R	↓	
<i>Customer Relations</i>					
Customer Service ABC					
Stage 1 Complaints	88%	G ↑	Stage 2 Complaints	73%	R ↓

IMPROVEMENT

Strategic Risks

Strategic Risk Register **R 3** **A 6** **G 3**

	R	Overdue	Due in future	Future - off target
A&B Council Audit Recommendations	R	4 ↑	55 ↑	8 ↓

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	3	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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Appendix 6

Corporate Outcome	Corporate Outcome Indicator	Reporting Frequency
CO1: People live active healthier independent lives	Maximise distribution of Scottish Welfare Fund	Quarterly
	The percentage of clients satisfied that they are better able to deal with their financial problems	Quarterly
	Maximise distribution of Discretionary Housing Payment (DHP) fund	Annually
	Proportion of care services graded 'good' (4) or better in Care Inspectorate Inspections	Annually
	Total % of adults receiving any care or support who rated it as excellent or good	Every 2 Years
	Total combined % carers who feel supported to continue in their caring role	Every 2 Years
CO2: People will live in safer and stronger communities	The percentage of groups who say their effectiveness has increased as a result of capacity building by the community development team	Annually
	The information provided to our community groups, individuals and partners is easy to understand	Annually
	The total value of compensation settlements for vehicle damage / driver injury as a result of road / bridge faults	Annually
	Percentage of adults residents stating their neighbourhood as a 'very good' place to live (CSS – survey owner)	Annually
CO3: Children and young people have the best possible start	Provide quality meals within cost margins to all pupils	Quarterly
	Increase the percentage of our care experienced young people that have the recommended additional tracking and monitoring plans in place	Quarterly
	Percentage of children living in poverty (After Housing Costs)	Annually
	Support the increase in the uptake of available Grants, Allowance and Entitlements	Annually
	A counselling service is available in all secondary schools	Annually
	The percentage of children with a healthy weight in primary 1	Annually
	The percentage of children with no concerns across all domains at 27 to 30 month assessment	Annually
	95% of schools that have a suitability rating of A or B	Annually
CO4: Education, skills and training maximise opportunities for all	Increase positive destinations for our looked after children in Argyll and Bute	Annually
	Maintain the percentage of all young people leaving school achieving a positive destination into further education, training or employment	Annually
	Increase the percentage of successful examination presentations in levels 4 and 5 for Literacy and Numeracy by our senior phase pupils	Annually
	Increase the uptake of wider achievement opportunities which complement traditional SQA awards and offer alternative ways to develop learning, life and work skills	Annually
	The percentage of Modern Apprentices that go on to a positive destination after completing the Argyll and Bute Council Modern Apprentice Programme	Annually
	The percentage of children that achieve their appropriate developmental milestones by Primary 1	Annually
	Attainment of national qualifications Meet with education	Annually

Appendix 6

CO5: Our economy is diverse and thriving	Percentage of procurement spend spent on local enterprises	Quarterly
	Increase the number of community benefits that are delivered through the contracts we award locally	Quarterly
	Number of business and industry planning applications submitted annually	Quarterly
	The percentage of homeless applicants who required temporary accommodation this period	Quarterly
	Number of new affordable homes completed per annum	Annually
	The total number of visitor trips to Argyll and Bute	Bi-Annually
	The total visitor spend in Argyll and Bute	Bi-Annually
	Gross Value Added (GVA) per capita	Annually
	Unemployment rate - Claimant Count as a %age of working age population	Annually
	Unemployment rate - Claimant Count as a %age of the population (16-24)	Annually
	The number of business gateway start-ups per 10,000 of population	Annually
	Geographical percentage coverage of 4/5G mobile phone connectivity	Annually
CO6: We have an infrastructure that supports sustainable growth	The percentage of waste that is recycled, composted or recovered	Quarterly
	The number of tonnes of waste sent to landfill	Quarterly
	Percentage of adults satisfied with street cleanliness	Quarterly
	The percentage of roads in need of maintenance as defined by the annual survey	Annually
	CO2 emissions per capita (per head of total population) – Wording to be agreed with Ross	Annually
Getting it right	Increase the percentage of all Self-Service and automated contacts	Quarterly
	Sickness absence days per employee (non-teacher)	Quarterly
	Sickness absence days per Teacher	Quarterly
	Level of employee satisfaction	Annually
	Level of customer satisfaction	Annually
TOTAL NUMBER OF COIs		47
TOTAL FOR COMM SERVICES COMMITTEE		
25		
TOTAL FOR EDI COMMITTEE		
15		
TOTAL FOR P&R COMMITTEE		
7		
ALL COIs ARE REPORTED TO THE ASC ANNUALLY		

ARGYLL AND BUTE COUNCIL

AUDIT AND SCRUTINY COMMITTEE

CUSTOMER SUPPORT SERVICES

23 JUNE 2022

**LOCAL GOVERNMENT BENCHMARKING FRAMEWORK 2020/21 – ANALYSIS
AND COMMENTARY**

1.0 EXECUTIVE SUMMARY

1.1 This paper presents the final Local Government Benchmarking Framework (LGBF) 2020/21 data for Argyll and Bute which includes our 'How We Performed' and 'Expected Future Performance and Impact of Policy Decisions' commentary from Heads of Service.

It is recommended that the Audit and Scrutiny Committee:

- 1.2** Considers the contents of the report for scrutiny activity and performance reporting purposes.
- 1.3** Notes that the completed LGBF 2020/21 is published on our website as part of the Council's statutory Public Performance Reporting duty.

ARGYLL AND BUTE COUNCIL

AUDIT AND SCRUTINY COMMITTEE

CUSTOMER SUPPORT SERVICES

23 JUNE 2022

LOCAL GOVERNMENT BENCHMARKING FRAMEWORK (LGBF) 2020/21

ANALYSIS AND COMMENTARY

2.0 INTRODUCTION

2.1 This paper presents a selection of indicators from the Local Government Benchmarking Framework (LGBF) 2020/21 and the Council's performance.

2.2 The indicators for analysis have been identified by the Executive Management Team (ELT) for analysis. The analysis includes 'How We Performed' and 'Expected Future Performance and Impact of Policy Decisions' commentary from Heads of Service. The completed LGBF 2020/21 is published on our website as part of the Council's statutory Public Performance Reporting duty.

3.0 RECOMMENDATIONS

It is recommended that the Audit and Scrutiny Committee:

3.1 Considers the contents of the report for scrutiny activity and performance reporting purposes;

3.2 Notes that the completed LGBF 2020/21 is published on our website as part of the Council's statutory Public Performance Reporting duty.

4.0 DETAIL

4.1 All Scottish Councils participate in the Local Government Benchmarking Framework (LGBF) which is managed and produced by the Improvement Service (IS). The purpose of the LGBF is to improve performance through Benchmarking and sharing good practice between councils.

4.2 The final data is normally received at the end of March / early April each year. There are some indicators for which there is no data available yet and these are listed at the end of Appendix 1. These have been removed from the report and will be reported once they are available. The available data has been analysed and is now presented in a more user friendly way. It should be noted that the base year differs for some indicators.

- 4.3** The Framework consists of 101 indicators which includes an additional 4 indicators included this year to cover Economic Development and Child Poverty. The data is collected through various means during the year. For example directly to the IS, CIPFA, the Scottish Government or the Scottish Household Survey (SHS). Many of the indicators have data from 2010/11.
- 4.4** The LGBF is a key element of our Performance and Improvement Framework (PIF). The PIF enables the Council to deliver its statutory duty to ‘make arrangements to secure Best Value (continuous improvement in the performance of functions)’ as required by the Local Government in Scotland Act 2003. In the past the LGBF has been criticised for using measures that many councils felt were not relevant, or the SHS size was too small a sample. We actively engage with the IS and other Scottish Councils to improve and strengthen the measures to support a more strategic use of the LGBF and for the framework to be more outcome focused.
- 4.5** Geography and demography impact on indicators in a variety of ways. For some we recognise we cannot change the performance and will always be for example, high in cost, which in turn impacts on the performance of particular LGBF indicators, such as the cost of primary and secondary school pupils.

However, the indicators that we can influence through improvements and those that matter to our communities have been identified for detailed analysis and are directly mapped to our Corporate Outcomes.

- 4.6** To help put performance into context and support improvement the LGBF groups Councils with similar characteristics into two sets of Family Groups

The characteristics for Family Groups are the type of population that they serve (e.g. relative deprivation and affluence) and the type of area in they cover (e.g. urban, semi-rural, rural).

The two sets of Family groups are centred around:

- People’s Services: Children; Social Work and Housing.
- Corporate Services: Environment; Culture & Leisure, Economic Development; Corporate and Property.

Our membership of these two sets of family groups are different.

Within People's Services we are part of a family group with: Angus; East Lothian; Highland; Midlothian; Moray; Scottish Borders; Shetland.

Within Corporate Services we are part of a family group with: Aberdeenshire; Dumfries and Galloway; Eilean Siar; Highland; Orkney Islands; Scottish Borders; Stirling.

- 4.7** In January 2022 the ELT identified 61 indicators for analysis. Analysis was performed on 47 indicators as data was not available for 14 of the identified indicators. Where possible these have been linked by subject matter. Analysis has been performed on our Family Group of councils and are presented in Appendix 1 by Corporate Outcome in the following order:

- People Live Active, Healthier And Independent Lives
- 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
- Getting It Right

Currently there are no indicators aligned to the Corporate Outcome *People Will Live In Safer And Stronger Communities*.

This mapping is part of our performance improvement activity, which seeks to better align the measures that we report on for scrutiny purposes to our Corporate Outcomes. The full list of LGBF 2020/21 indicators is presented in Appendix 2. It should be noted that the order of presentation is that of the LGBF and not by Corporate Outcome.

- 4.8** Some of the LGBF indicators are used strategically in our Service Plans and Scorecards while others are used operationally for Benchmarking. Going forward some indicators will be used as Corporate Outcome Indicators (COIs).

The following LGBF indicators are currently used within our Service Plans and therefore directly mapped to our Corporate Outcomes.

- CHN 21: Participation Rate for 16-19-year olds
- CORP 8: Percentage of invoices sampled that were paid within 30 days
- CORP ASSET 1: Proportion of operational buildings that are suitable for their current use
- ENV 7b: % of adults satisfied with street cleaning services
- CORP 7: Percentage of income due from Council Tax received by the end of the year

However, we do not just use the LGBF to monitor and present our performance or aid our improvement journey. It is important to note that other indicators which are similar to those in the LGBF are used and mapped to our Corporate Outcomes, for example:

- RIS113_02: The percentage of roads in need of maintenance as defined by the annual survey. (This captures and presents the overall condition of all our road network).
- RIS114_02: The number of tonnes of waste sent to landfill. (This captures all landfill waste, not just domestic)
- EDU106_01: Increase positive destinations for our looked after children in Argyll and Bute. (We work to ensure that our looked after young people have the best transitions possible to equip them for post school life).

- 4.9** The LGBF uses a rank structure to illustrate performance, from 1st to 32nd with the Scotland average also shown. The rank structure should only be used in context of the actual performance. For example, our performance may have improved but our rank position has worsened, this can occur if other Councils have also improved. The rank structure is not made public by the Improvement Service,

therefore this approach has been maintained for the purposes of this report.

4.10 To illustrate our performance for all of the LGBF indicators analysis by quartile has been performed on 84 indicators within the LGBF that there is data for. This is excluding the 6 Housing and 11 indicators with no data. This is presented as follows:

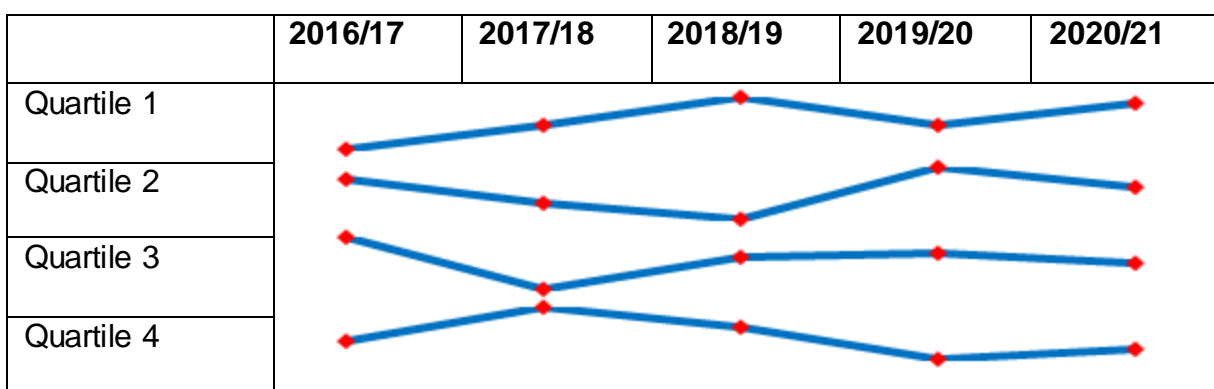
Table 1. Presents analysis of 84 indicators by quartile and as a percentage.

	84 Indicators
Quartile 1 (Best)	21%
Quartile 2	26%
Quartile 3	23%
Quartile 4	30%

Table 2. Presents our performance over the past 5 years of the LGBF analysis by quartile as a percentage. It should be noted that the LGBF dataset has grown over the years and for the 2020/21 dataset there are 11 indicators that have no data. Although a direct year-on-year comparison cannot be made it provides an indication of our performance.

	2016/17	2017/18	2018/19	2019/20	2020/21
Quartile 1	13%	17%	22%	17%	21%
Quartile 2	28%	22%	18%	31%	26%
Quartile 3	28%	18%	24%	25%	23%
Quartile 4	32%	42%	36%	27%	30%

Table 3. Presents our past 5 years of LGBF performance by quartile as above as a simple trend line.



4.11 To further help present a simple overview of our performance over the past years' Quartiles have been combined to present the trend in our performance by the Top 50% of performance and the Bottom 50% of performance.

As can be seen in Table 4 the percentage of all indicators within the top two quartiles over the past 5 years has improved, while the percentage of all indicators within the bottom two quartiles has decreased. This aligns with the Council's approach to focussing on our priorities.

Table 4. Illustrates overall trend in performance for Quartiles 1&2 combined and Quartiles 3&4 combined over the past 5 years.

	2016/17	2017/18	2018/19	2019/20	2020/21
Quartiles 1 & 2	41%	39%	40%	48%	47%
Quartiles 3 & 4	59%	61%	60%	52%	53%

4.12 HROD have analysed the data, which is presented in the 'How We Performed' section. Rather than simply analyse the data Heads of Service have added narrative that helps us understand future performance. This is presented in the 'Expected Future Performance and Impact of Policy Decisions'. The Head of Service narrative can put into perspective some of the challenges and achievements that have occurred, align policy decisions to performance and any expected impact on delivery which helps address the findings from Audit Scotland in our recent Best Value 3 audit.

4.13 Points for noting that relate to the complete LGBF 2020/21 report are:

- The Mid-Year Population Estimates (MYE) used for this LGBF 2020/21 report are 2020. For 2020 MYE for Argyll and Bute was 85,430
- Detailed analysis was performed on the reduced suite of indicators from our Family Group and Scotland rather than all Scottish Councils.
- We are not reporting the indicator Rankings. This is in line with the Improvement Service practice whereby they do not publish the Ranking data.
- Of the 101 indicators in total in the LGBF, 6 refer to Housing which we do not submit data for; due to Covid – or changes in methodology current data is not available for 11 other indicators. Where these are for indicators identified for analysis this is noted individually.
- Of the indicators identified for detailed analysis five are survey satisfaction measures. This Data comes from the Scottish Household Survey. The surveys cover a mixture of periods varying from a 3 year period to annual however, for most indicators the period is 2017-20. The data is a rolling 3-year average with a 5.5% confidence tolerance. Due to a change in methodology there is no satisfaction data available.

However, the sample and response sizes are both very small, this should be borne in mind when reviewing the LGBF satisfaction results. To complement these findings a local survey is planned for 2022/23. The findings will be presented once available.

		be supplied in a different format.
6.5.2		Socio-economic Duty: None
6.5.3		Islands: None
6.6	Climate Change	None
6.7	Risk	None
6.8	Customer Service	None

Executive Director Kirsty Flanagan with responsibility for Customer Support Services

23 May 2022

For further information contact:

Jane Fowler, Head of Customer Support Services
Sonya Thomas, Performance and Improvement Officer

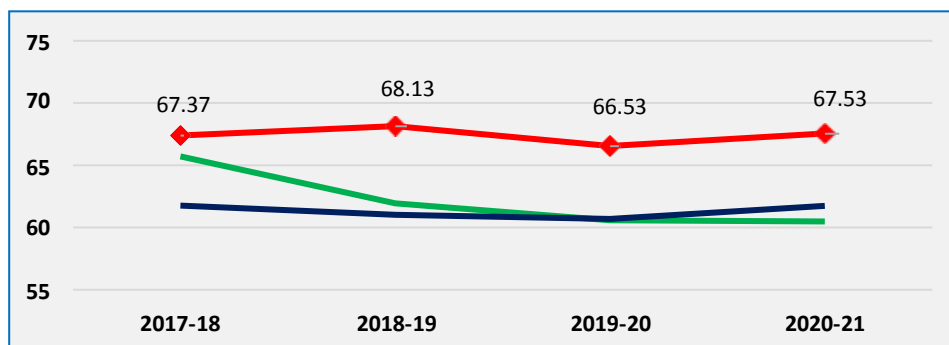
Appendices

Appendix 1 – LGBF 2020/21 by Corporate Outcome
Appendix 2 – LGBF 2020/21 – All Indicators

Corporate Outcome - People Live Active, Healthier And Independent Lives

Adult Care

Percentage of people aged 65 and over with long-term care needs who receive personal care at home (SW3a)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	67.37	68.13	66.53	67.53
FG median	65.70	61.92	60.56	60.47
Scotland	61.75	61.02	60.68	61.71

How We Performed

Argyll & Bute continue to out-perform our Family Group and Scotland wide. There has been a 1% increase of people in this category who are receiving care at home. There could be several factors for this such as the number of people over 65 that require long term care as well as the size of the package delivered which will reflect the agreed eligibility criteria in place to ensure a fair allocation of care.

Older adults in Argyll and Bute are choosing to remain within their own communities wherever possible. During 2020-21 a number of community supports were withdrawn or unable to offer support to people due to Covid 19 restrictions e.g. day services, community groups etc. This has resulted in a number of people requiring additional support at home with things such as meal preparation, personal care etc. where previously family could have been contributing to their care but had to isolate during the pandemic.

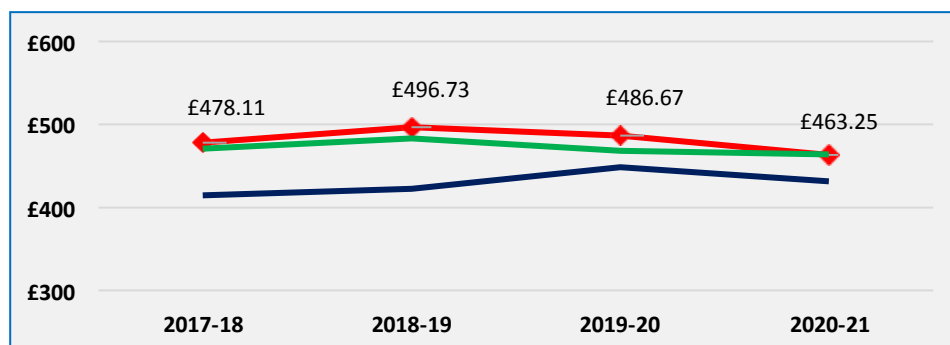
Expected Future Performance and Impact of Policy Decisions

Over the past year, challenges in attracting sufficient staff numbers to accommodate growing demand have been highlighted. Internal and external providers of care at home services have struggled to maintain the current service. Partnership working with providers has identified different ways of working and learning from this will be taken forward through the development of a care at home strategy over the coming year. Currently the services are operating with waiting lists and some people are being delayed in hospital due to lack of staffing to provide care at home services.

Additional funding has been made available to the HSCP to enable care at home services to develop and redesign to take account of challenges in recruitment. Mobile teams have been developed in a number of areas, delivering an intake service and also working to a different working model. Work will continue over the coming year to clarify the best ways of working and delivering of services in the community.

Adult Care

Residential costs per week per resident for people aged 65 or over (SW5)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	£478.11	£496.73	£486.67	£463.25
FG median	£470.72	£483.10	£468.25	£463.75
Scotland	£414.68	£422.67	£448.51	£431.59

How We Performed

Our residential care costs have decreased by almost 5%, this is the lowest they have been since 2010-11 and are lower than our Family Group.

The use of a category of enhanced residential care was withdrawn from use and this may have reduced that payments to some care homes where it was expected that current residential care would provide the expected enhanced function as standard. This was following practice across most other areas in Scotland and the National Care Home Contract.

It should be noted that a lot of residential care home costs are fixed costs such as staffing, heating, lightning etc. as well as the normally higher costs for an island.

Expected Future Performance and Impact of Policy Decisions

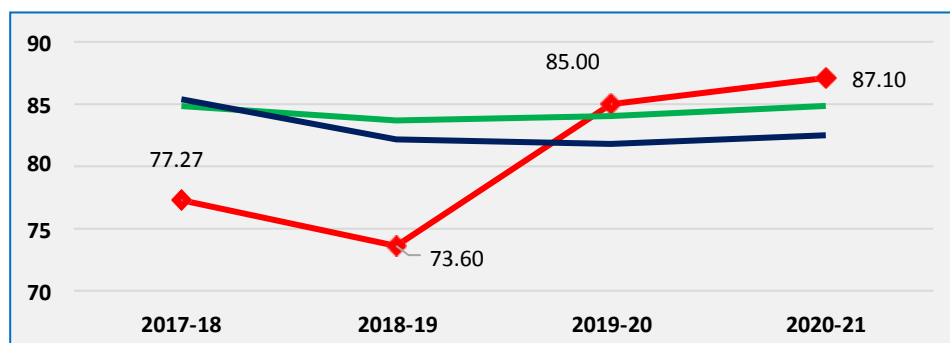
The number of admissions to care homes has reduced during the pandemic, with a number of people choosing not to receive residential care but remain at home. There has also been a reduction in bed days occupied due to homes being unable to admit if residents or staff test positive for Covid 19.

Recently a number of interim beds have been commissioned to enable people to be discharged from hospital but who await a package of care in the community. This has been funded through the additional unscheduled care monies.

The need for nursing home placements in future will be identified through the Care Homes and Housing Programme Board.

Adult Care

Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections (SW7)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	77.27	73.60	85.00	87.10
FG median	84.85	83.68	84.03	84.85
Scotland	85.38	82.17	81.80	82.50

How We Performed

There has been a large increase of over 2% in the performance of this indicator, this follows on from the previous increase of nearly 12%. Argyll & Bute now exceed both our Family Groups and Scotland wide performance.

The data is taken from The Health and Care Experience Survey which provides a more robust sample than the Scottish Household Survey in relation to social care. Service users are surveyed as part of the GP survey and asks about experience of 'care'.

The data cannot be related to a specific element of social care so therefore it may reflect users experience across a mixture of health care, social care, and district nursing for example.

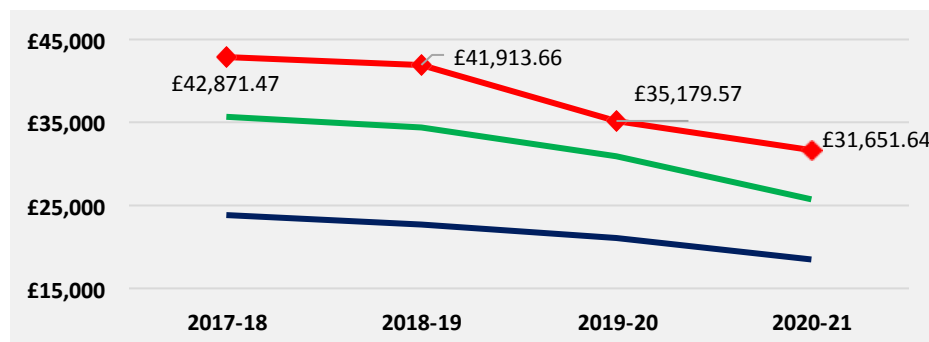
There is now a Care Home Assurance Group for Argyll and Bute and much work has progressed in supporting care homes and driving quality. Assurance visits have also provided opportunities to discuss training and support for care homes. Similarly there will be similar focus on care at home. Much work has progressed in supporting care homes and driving quality. Additional staff in terms of quality assurance and care at home management means a continued focus on improvement.

Expected Future Performance and Impact of Policy Decisions

As part of the development of Covid measures and unscheduled care, a number of key posts have been identified to work with internal and external providers to ensure appropriate support and partnership working is established. This will include clear guidance on procedures and pathways and will ensure agencies support each other to deliver optimum care in each locality. These posts will ensure delivery of KPIs required as part of the additional unscheduled care funding.

Legal and Regulatory Support & Development and Economic Growth

Cost of trading standards and environmental health per 1,000 population (ENV5)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	£42,871.47	£41,913.66	£35,179.57	£31,651.64
FG median	£35,666.21	£34,391.94	£30,907.06	£25,725.34
Scotland	£23,817.89	£22,675.30	£21,043.42	£18,463.04

How We Performed

The cost of this service is the lowest since 2010-11 and has reduced by a further 10% on the previous year. While the cost of providing this service has continued to fall Argyll & Bute remains above our Family Group and Scotland, with the Scotland average falling by 12%.

This is a cost per 1,000 population. As a result, a growing population in other areas of Scotland will have an effect when we compare our performance to others, such as our Family Group or Scotland. It should also be noted that the costs of environmental health also include the costs of public conveniences.

Through a drive for continual improvement, efficiencies and income generation, comparative costs have decreased over the last 4 years by 24% in Argyll and Bute. It is important to recognise the significant work undertaken by environmental health to protect public safety throughout the Covid pandemic, taking on new enforcement responsibilities with little increase in resources. Prior to Covid considerable demands were placed on environmental health with preparing for the impact of EU Exit and export health certification.

From a Trading Standards aspect the overall spend has reduced due to the reduction of the Big Lottery Funded Money Skills project which is predominantly a pass through to external organisations. There has also been a planned reduction in Trading Standards spend due to savings which have been made across Trading Standards with the redesign of Advice Services.

Expected Future Performance and Impact of Policy Decisions

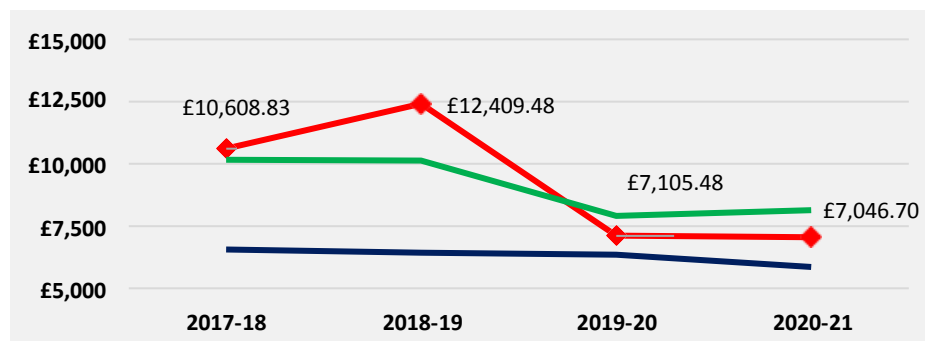
The Money Skills Argyll Project finished in 2020/21 and will continue to impact on the indicator. From 2021/22, additional monies have been allocated to Welfare Rights to meet ongoing Covid economic impacts. This funding will employ a new Welfare Rights Officer & Welfare Rights Assistant & to improve outreach to the island communities.

In addition, the national restructuring of Animal Feed duties and Scottish Government funding for new Fireworks duties are likely to result in increased income for Trading Standards enforcement duties.

This is not considered to be an effective measure of the cost of environmental health and the Improvement Service are aware of the need to develop a better and more effective measure to assess environmental health performance, costs and the public health benefit of their work. In the interim, the costs of delivering environmental health across a rural area, despite continued drive for efficiencies and better use of digital technology, will continue to be in the higher quartile of Scottish local authorities.

Legal and Regulatory Support

Cost of trading standards per 1,000 population (ENV5a)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	£10,608.83	£12,409.48	£7,105.48	£7,046.70
FG median	£10,163.79	£10,127.95	£7,911.47	£8,133.77
Scotland	£6,559.95	£6,433.69	£6,348.51	£5,857.30

How We Performed

The performance of this indicator has reduced slightly on the previous year by just under 1%. Argyll & Bute is below our Family Group but remains higher than Scotland.

The cost is presented per 1,000 population. As a result, a growing population in other areas of Scotland will have an effect when we compare our performance to others, such as our Family Group or Scotland.

The overall spend has reduced due to the reduction of the Big Lottery Funded Money Skills project which is predominantly a pass through to external organisations. There has also been a planned reduction in Trading Standards spend due to savings which have been made across Trading Standards with the redesign of Advice Services.

Expected Future Performance and Impact of Policy Decisions

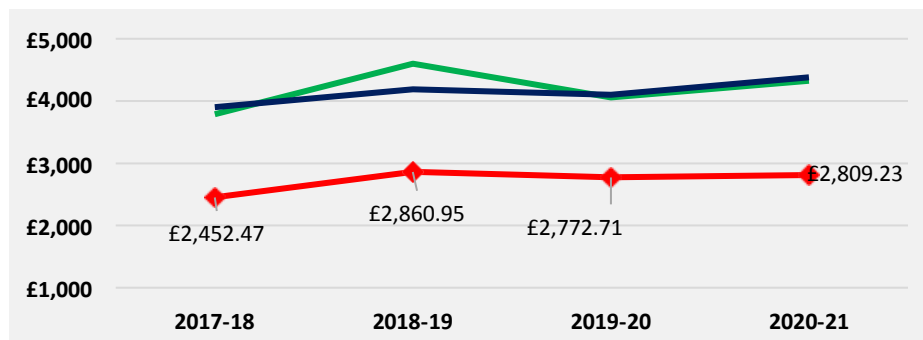
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In addition, the national restructuring of Animal Feed duties and Scottish Government funding for new Fireworks duties are likely to result in increased income for Trading Standards enforcement duties.

Corporate Outcome - Children And Young People Have The Best Possible Start

Children and Families

The gross cost of 'children looked after' in residential based services per child per week (CHN8a)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	£2,452.47	£2,860.95	£2,772.71	£2,809.23
FG median	£3,789.13	£4,599.60	£4,057.54	£4,326.37
Scotland	£3,899.02	£4,184.28	£4,101.33	£4,379.87

How We Performed

Cost in £'s - Lowest is best

There has been an increase in cost for Argyll and Bute whilst continuing to return the lowest weekly cost within our Family Group and Scotland for residential based services for our looked after children. Generally overall the cost has remained quite constant.

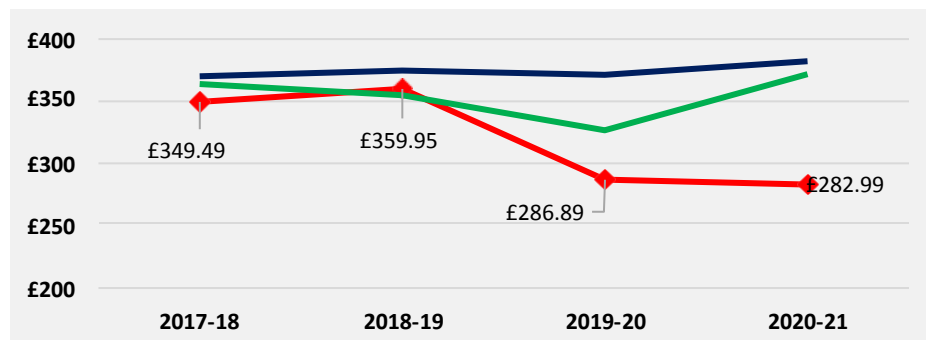
Argyll & Bute continue to spend significantly under the national average on 'children looked after' within residential care. We anticipate maintaining current performance levels, this area remains a service priority within the corporate parenting plans and in Keeping The Promise. If there is any increase in the number of children accommodate in 'out of area' placements this could potentially significantly increase over all costs with some of these placements costing in excess of £6000 per week.

Expected Future Performance and Impact of Policy Decisions

As we continue to meet 'The Promise' it is likely we will have to invest in services for young people either already 'looked after' on the 'edges of care' within communities. In the long run the balance of care should move away from residential based care to community supports. This remains a long term aspiration and will ultimately see spending on residential care reduce.

Children and Families

The gross cost of 'children looked after' in a community setting per child per week (CHN8b)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	£349.49	£359.95	£286.89	£282.99
FG median	£363.90	£354.97	£326.70	£371.79
Scotland	£370.14	£374.77	£371.23	£382.18

How We Performed

Cost in £'s - Lowest is best

There has been a decrease in cost for Argyll and Bute whilst continuing to return the lowest weekly cost within our Family Group and Scotland for community based services for our looked after children.

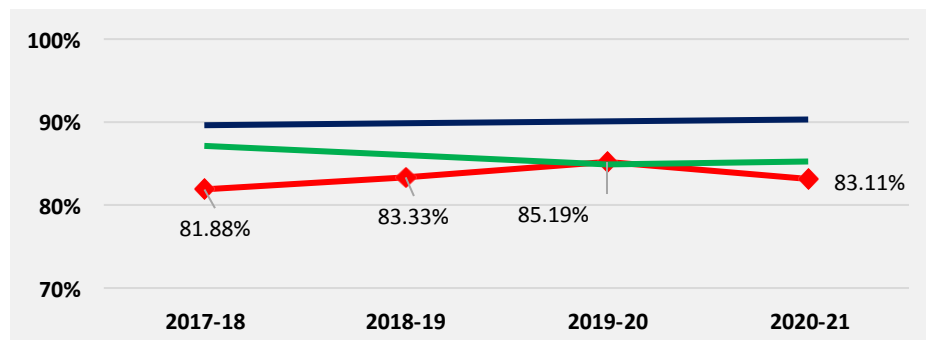
The reduction in spending on young people looked after in community setting should not necessarily be seen as a positive development. There is a need to increase levels of community based supports and to invest significantly in this area. This area remains a service priority within the corporate parenting plans and in Keeping The Promise.

Expected Future Performance and Impact of Policy Decisions

It is expected as we shift the balance of care from residential based care to community based care there will be a need for significant investment in the latter. This investment will be required to secure the long term benefits to the people of Argyll & Bute and the potential long term financial savings to the public purse. In the short term, and before savings in residential spending, there will be a cost incurred.

Children and Families

Balance of care for looked after children: percentage of children being looked after in the community (CHN9)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	81.88%	83.33%	85.19%	83.11%
FG median	87.13%	86.03%	84.90%	85.26%
Scotland	89.61%	89.85%	90.07%	90.30%

How We Performed

The percentage of our children being looked after in a community setting has decreased by nearly 2 percent. This relatively large decrease may be down to low numbers of children. Our Family Group and Scotland wide have both seen an increase in the percentage of children being looked after in a community setting.

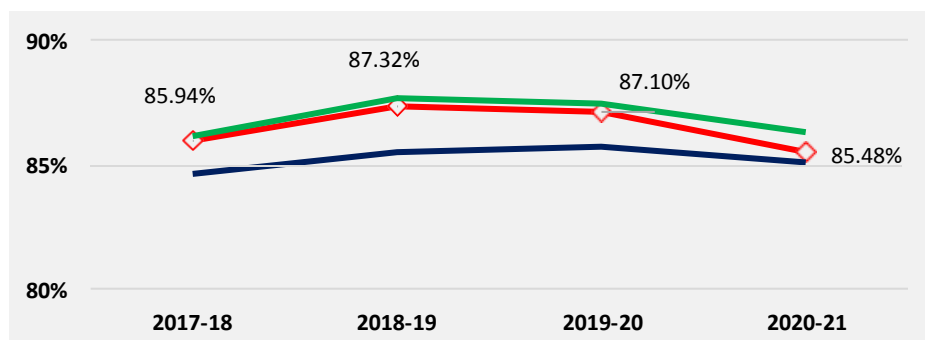
The strategic direction is to ensure an increasing emphasis on the community based supports and away from reliance on residential care. It should be noted due to the small numbers involved overall that a few children requiring residential care can skew the statistics significantly.

Expected Future Performance and Impact of Policy Decisions

In the long run it is expected that there will be a steady reduction of children in residential care and in particular in out of area placements.

Children and Families

Percentage of children meeting development milestones (CHN17)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	85.94%	87.32%	87.10%	85.48%
FG median	86.13%	87.65%	87.43%	86.29%
Scotland	84.61%	85.48%	85.70%	85.06%

How We Performed

There has been a decrease in the percentage of children meeting their development milestones. This is mainly from within the Speech and Language developmental areas, most likely due to the limited opportunities during the pandemic. This decrease is mirrored within our Family Group and the Scotland average, although not to the same degree.

Whilst our performance has dipped, it compares with pre pandemic performance. We continue to exceed the national performance as a result of our own scrutiny and intervention which is detailed within relevant planning documentation. The introduction of moderation of milestones is ensuring a consistency of understanding and ensure increasingly robust data. 1140hrs has seen an increase in new staff who will require to be trained and supported in evaluating and measuring developmental milestones. This work will see the percentage of children meeting developmental milestones grow over the coming year.

Learning and Development meetings/discussions have taken place in 95% of Early Learning Centre (ELC) settings to quality assure and provide support and advice. An updated Learning and Development framework has been created to reflect the new Quality Framework and National Standards legislation. Continuous training is provided to all settings to support the curriculum. The uptake of Eligible 2s has increased within this session.

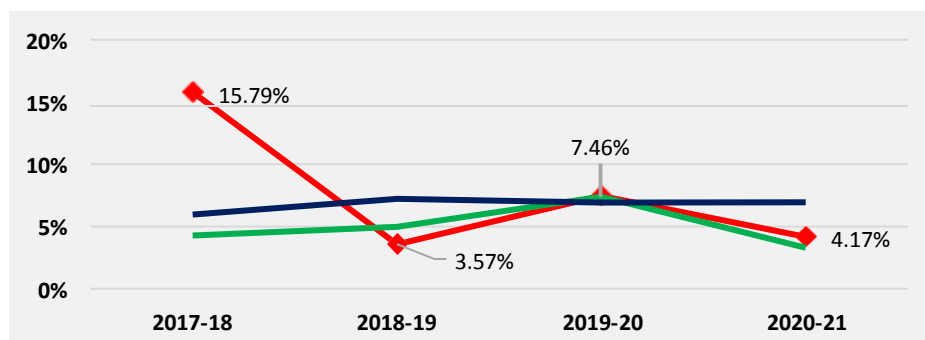
Expected Future Performance and Impact of Policy Decisions

As we re-mobilise following the various 'lockdowns' resultant from the pandemic it is expected that Argyll & Bute will continue to operate at or above the national averages.

The application of the new Learning and Development resource combined with a return to face to face support for our settings will ensure that there is an increase in the percentage of children achieving their developmental milestones

Children and Families

Percentage of child protection re-registrations within 18 months (CHN22)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	15.79%	3.57%	7.46%	4.17%
FG median	4.27%	4.96%	7.39%	3.29%
Scotland	5.96%	7.22%	6.92%	6.95%

How We Performed

Argyll & Bute has seen a significant decrease of 3.29% in the percentage of re-registrations within 18 months. This mirrors a 4.1% decrease within our family group but contrasts with a maintained percentage of nearly 7% across Scotland. The reasons for this are not clear from the data but low numbers of children on the child protection register and a slight increase in re-registration will greatly affect this indicator.

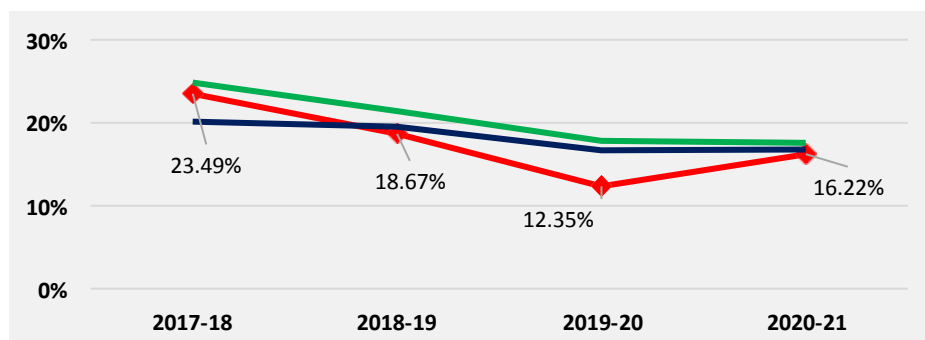
It is recognised that the various 'lockdowns' resultant from the pandemic have affected child protection data including this statistic, the number of re-registrations within 18 months. Argyll & Bute have less re-registrations than the national average, however there is a need to acknowledge that numbers are not high in Argyll & Bute and as such a small number of young people more or less being re-registered can skew the percentages significantly.

Expected Future Performance and Impact of Policy Decisions

It is expected that the long term reduction in such re-registrations will continue once any pandemic factors become less salient.

Children and Families

Percentage LAC with more than 1 placement in the last year (Aug-July) (CHN23)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	23.49%	18.67%	12.35%	16.22%
FG median	24.84%	21.42%	17.81%	17.58%
Scotland	20.13%	19.51%	16.68%	16.79%

How We Performed

Argyll & Bute has seen a large increase of 4% in this indicator but remains lower than our Family Group and Scotland. The preference is for a Looked After Child to only have 1 placement.

Again it should be cautioned that small numbers of young people can skew this statistic significantly in one direction or another. Equally it is noted that a young person moving placements can also be a positive move such as from an out of council placement to moving nearer home or from residential care to family based care.

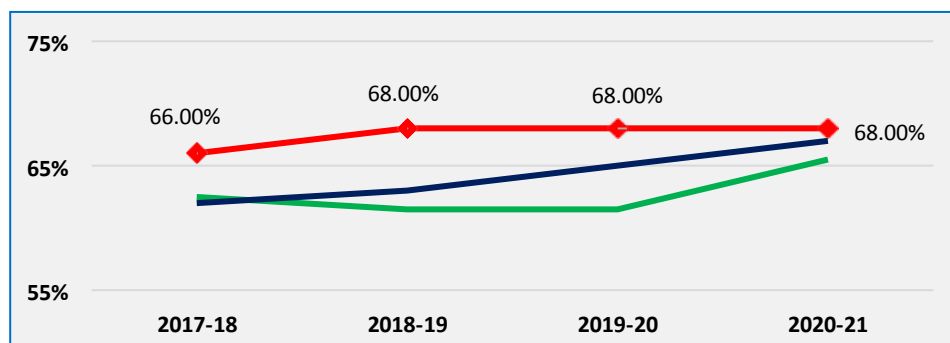
Expected Future Performance and Impact of Policy Decisions

It is expected that Argyll & Bute will continue to operate at better than or near the national average. It is anticipated there will be a gradual and long term improvement in this area of practice.

Corporate Outcome - Education, skills and training maximise opportunities for all

Education

Percentage of pupils from gaining 5+ awards at level 5 (CHN4)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	66.00%	68.00%	68.00%	68.00%
FG median	62.50%	61.50%	61.50%	65.50%
Scotland	62.00%	63.00%	65.00%	67.00%

How We Performed

There has been no change in Argyll and Bute performance, which continues to exceed both the National and Family Group averages at 68.0%.

For 2020, the absence of external assessment information and the Ministerial direction to award estimated grades have led to a different pattern of attainment than we have seen in previous years.

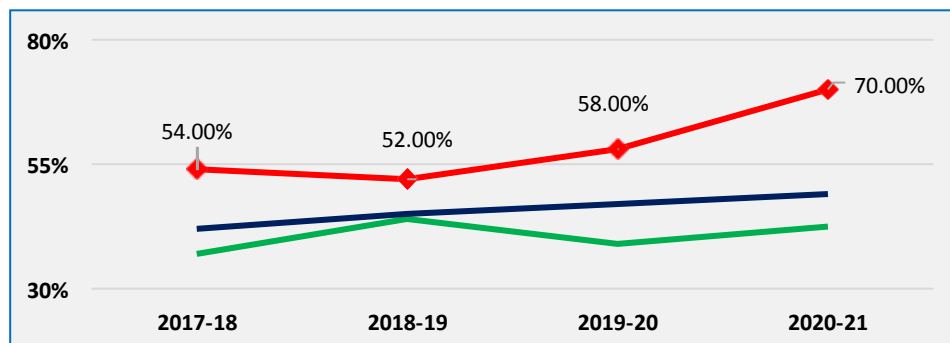
The cancellation of examinations in 2021, and the implementation of the Scottish Qualifications Authority's (SQA) Alternative Certification Model, as well as the period of lockdown from January to April 2021, presented significant challenges for young people and practitioners. The results of Argyll and Bute's young people were supported by a rigorous framework of moderation within and between schools, the robustness of the process having been acknowledged by the SQA. The consistency of attainment detailed above attests to the effectiveness of provision and processes.

Expected Future Performance and Impact of Policy Decisions

The return by the SQA to a diet of examinations in 2022, albeit with the increased emphasis on the collation of evidence of demonstrated attainment to inform estimates, may result in a reduction in attainment at level 5, which is anticipated across the country. The disruption to learning caused by the ongoing Covid pandemic may also have a negative effect on attainment. However, alongside the course revisions and supports put in place by the SQA, it is expected that targeted recovery approaches within schools and extensive Supported Study opportunities will mitigate against a significant fall-off in attainment.

Education

Percentage of pupils from deprived areas gaining 5+ awards at level 5 (SIMD) (CHN6)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	54.00%	52.00%	58.00%	70.00%
FG median	37.00%	44.00%	39.00%	42.50%
Scotland	42.00%	45.00%	47.00%	49.00%

How We Performed

Argyll and Bute has seen a large increase of nearly 21% on the previous year – which follows on from a 6% increase the previous year and continues to exceed both the National and Family Group averages at 70%. The National average has increased by 2% whilst the Family Group average has increased by 3.5%.

For 2020, the absence of external assessment information and the Ministerial direction to award estimated grades have led to a different pattern of attainment than we have seen in previous years.

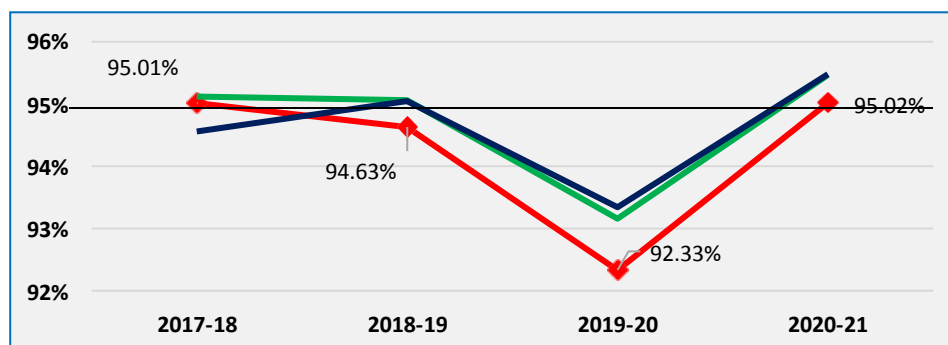
Post Covid, there has been a prioritisation of targeted recovery across Argyll and Bute, with a strong focus on supporting the health and wellbeing of all young people, and particularly from the most disadvantaged backgrounds and those most negatively affected by Covid. The authority's understanding of deprivation in a rural context and targeted investment of Pupil Equity Funding, alongside the development of Nurture, Trauma-Informed Practice and counselling in schools have supported young people from the most deprived backgrounds to achieve to their potential.

Expected Future Performance and Impact of Policy Decisions

Through the rigorous implementation of the Getting It Right For Every Child (GIRFEC) model and practice, the implementation of the United Nations Convention on the Rights of the Child (UNCRC) in policy and practice and our adherence to The Promise, our schools will maintain a focus on closing the attainment gap and sustaining improvements, supported by Pupil Equity Funding.

Education

Proportion of pupils entering positive destinations (CHN11)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	95.01%	94.63%	92.33%	95.02%
FG median	95.12%	95.06%	93.16%	95.47%
Scotland	94.56%	95.05%	93.34%	95.48%

How We Performed

There has been a significant increase in Argyll and Bute performance of nearly 2.7%. This is slightly below both the National and Family Group averages. However, the percentage increase is larger than both the National and Family Group.

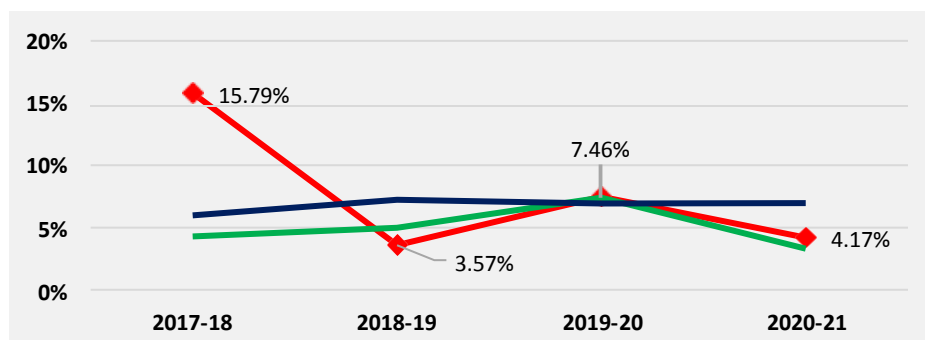
In 2020-21, there was a decrease in the number of young people in employment in Argyll and Bute to 21.9% from 22.6% in 2019-20. However, this figure was exceeded by the number of young people moving into further and higher education, and other positive destinations. The above figure has been achieved despite the negative effect of Covid on employment opportunities in some areas of the Authority, particularly in the key areas of tourism and hospitality, which are key to the Argyll and Bute economy.

Expected Future Performance and Impact of Policy Decisions

The appointment of four Developing the Young Workforce Co-ordinators to work with clusters of Secondary schools across the Authority is widening the quality and range of work placements and work-based vocational learning for young people. As the number of such placements increases, as we emerge from Covid, the effect on subsequent positive destinations should be a positive one. Equally, the widening of college courses available to senior pupils in schools via virtual learning through video conferencing, and the dedication of a common column in all Secondary school timetables for this purpose, will extend the reach of further education and encourage the uptake of college courses post-school. The ongoing engagement of Secondary schools with initiatives, such as Top Up and Focus West, is also encouraging pathways for senior pupils into higher education.

Children and Families

Percentage of child protection re-registrations within 18 months (CHN22)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	15.79%	3.57%	7.46%	4.17%
FG median	4.27%	4.96%	7.39%	3.29%
Scotland	5.96%	7.22%	6.92%	6.95%

How We Performed

Argyll & Bute has seen a significant decrease of 3.29% in the percentage of re-registrations within 18 months. This mirrors a 4.1% decrease within our family group but contrasts with a maintained percentage of nearly 7% across Scotland.

It is recognised that the various 'lockdowns' resultant from the pandemic have affected child protection data including this statistic, the number of re-registrations within 18 months. Argyll & Bute have less re-registrations than the national average, however there is a need to acknowledge that numbers are not high in Argyll & Bute and as such a small number of young people, both more or less being re-registered, can skew the percentages significantly.

The focus on the use of improvement methodology continues. Data is analysed using our multi-agency minimum data set which has expanded this session to include tabs specifically for Education data.

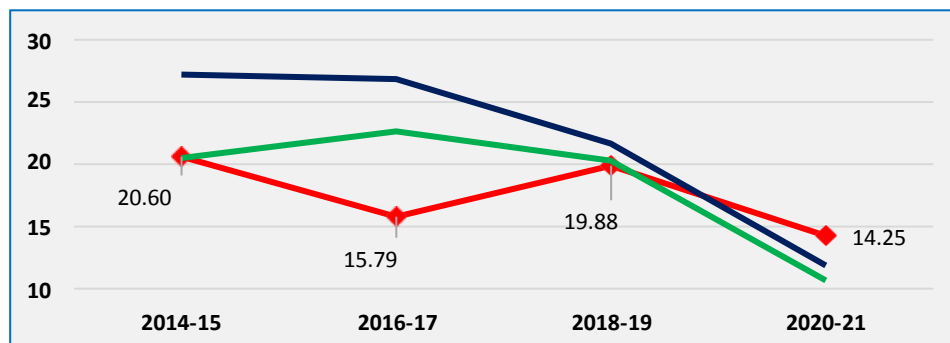
Post Covid the recovery phase includes a focus on health and well-being and nurture across education establishments.

Expected Future Performance and Impact of Policy Decisions

It is expected that the long term reduction in such re-registrations will continue once any pandemic factors become less salient.

Education

School exclusion rate (per 1,000 pupils) (CHN20a)



Group	2014-15	2016-17	2018-19	2020-21
Argyll & Bute	20.60	15.79	19.88	14.25
FG median	20.50	22.64	20.30	10.66
Scotland	27.20	26.84	21.65	11.87

How We Performed

Data is published every 2 years.

Schools aim to keep pupils engaged and attending school. Pupils are only excluded if there is serious disruption for the other pupils.

There has been a decrease of 5.6% in exclusions within Argyll & Bute since the previous data set. This brings the performance more in line with pre-pandemic levels. This is in comparison to a decrease of 9.6% within our family group and 9.7% nationally.

The figures represent the number of exclusions per 1,000 openings - not the percentage or number of pupils. An 'opening' refers to either a morning or afternoon school session. This data includes both temporary exclusions and pupils removed from the register (previously called 'permanent' exclusions). This figure is achieved by obtaining the number of exclusion incidents divided by the number of pupils then multiplied by 1,000.

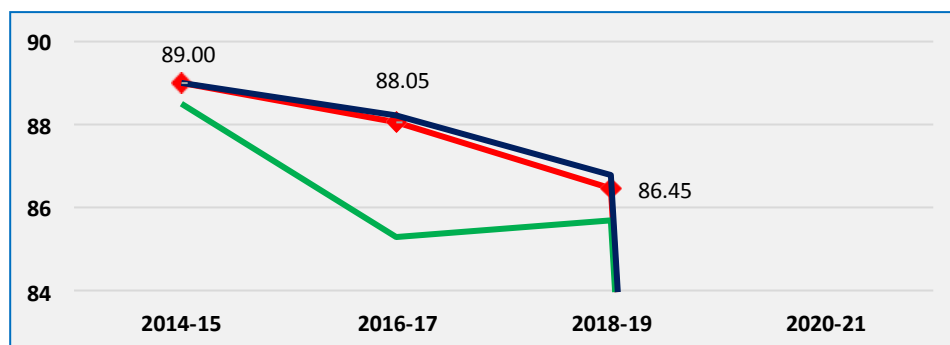
Our continued focus on United Nations Convention on the Rights of the Child (UNCRC) and working on the Rights Respecting Schools framework across the Authority should see this indicator remain stable moving forward.

Expected Future Performance and Impact of Policy Decisions

The exclusion policy is due to be reviewed in the coming session. When this is complete, it will be relaunched and the focus of exclusion as a last resort and continued promotion of Our Children, Their Nurturing Education should have a positive impact on this indicator.

Education

Percentage of funded early years provision which is graded good/better (CHN18)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	84.00%	92.00%	89.20%	92.65%
FG median	88.36%	89.97%	89.80%	90.69%
Scotland	91.03%	90.58%	90.20%	90.93%

How We Performed

This indicator looks at the percentage of funded early years provision which is graded 'good' or better. This year has seen an increase in performance in this indicator by nearly 3.5% which brings our provision in line with 2014-15 performance. The performance for Argyll and Bute is above that for both our Family Group and Scotland wide, both of which have improved performance in this indicator.

The roll-out of the 1140 hours provision across our settings is likely to have had some impact here due to a change in working environment for staff and resultant training and development needs arising, as well as changes to some of the physical environments in which our staff operate.

Note - Data is presented as at 31 December in each year. Not included are cancelled services on 31 December each year. Not included is data for those services that did not submit an annual return. Therefore, the information might not match the 'Early Learning and Childcare Statistics' publication, where estimates and imputations are used to account for non-submissions

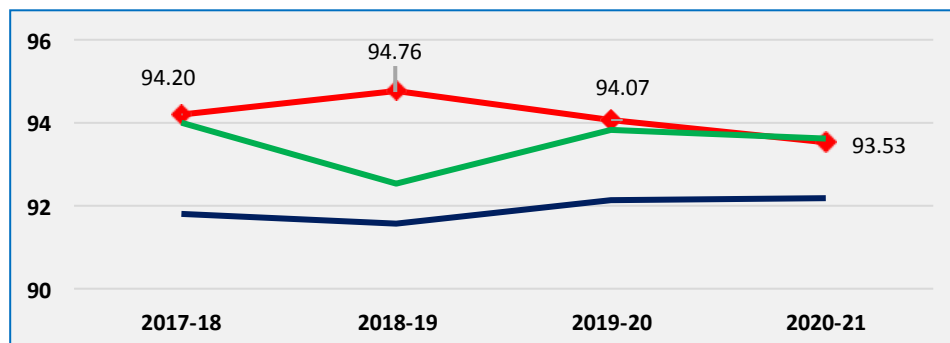
Due to Covid restrictions, quality improvement and assurance functions have been minimal and targeted during this period, as have inspection processes by Care Inspectorate. In spite of this, and as result of significant CPD and support online, the percentage of funded early years' providers achieving grades of 'good' or above, and as such, meeting new National Standard requirements, remains strong at 92%. Our aim last year was to bring about the percentage of funded early years providers achieving 'good' returning to over 90% within 2020/21.

Expected Future Performance and Impact of Policy Decisions

We would anticipate maintaining and improving on this figure with a view to improving on the 2020/21 figure.

Education

Participation rates for 19 year olds (CHN21)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	94.20	94.76	94.07	93.53
FG median	94.00	92.53	93.83	93.62
Scotland	91.80	91.56	92.13	92.18

How We Performed

The participation rate for Argyll and Bute has decreased slightly to below that of our Family Group but higher than Scotland wide.

Our participation rate has continued to drop for the last 3 consecutive years.

It should be noted that Covid may have had an impact on this measure.

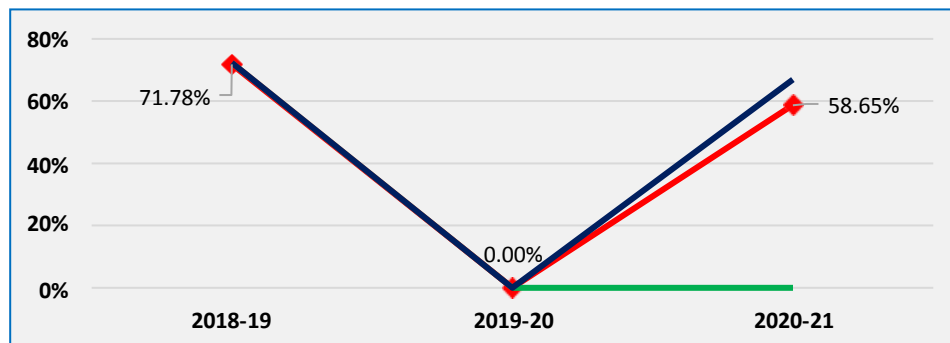
Developing the Young Workforce activities have assisted young people with the transition from school into employment, education or training. For 2020-21, Argyll and Bute Council was 9th among councils in Scotland for Participation of 19 year olds.

Expected Future Performance and Impact of Policy Decisions

The effects of the Covid pandemic on employment opportunities, particularly in individual local communities, may continue to impact on Participation rates in 2022 and beyond. Key partner agencies, including secondary schools, Community Learning and Development (CLD), local colleges, Skills Development Scotland and the third sector, will continue to work together with Developing the Young Workforce (DYW) to ensure that young people are supported to access and sustain positive destinations. The robust, current information provided by the Data Hub and Annual Participation Measure is being used to identify potential issues and inform interventions for individual young people. It is expected the work of the Scottish Government funded DYW Co-ordinators will have a positive impact on future destination figures.

Education

Percentage of P1, P4 and P7 pupils combined achieving expected CFE level in literacy (CHN13a)



Group	2018-19	2019-20	2020-21
Argyll & Bute	71.78%	*CHECK*	58.65%
FG median	72.27%	*CHECK*	64.82%
Scotland	72.30%	*CHECK*	66.88%

How We Performed

Although this indicator spans a 3-year period there is only for 2 years as no data was collected during 2020 due to Covid.

This indicator measures the proportion of P1, P4 and P7 children that are achieving the expected level in Literacy.

It should be noted that this measure is the teachers' professional judgements on a child's progress.

Therefore whilst Family Group and Scotland data is helpful to a degree, there is not a 'true' like-for-like comparison.

No data available for previous year due to Covid.

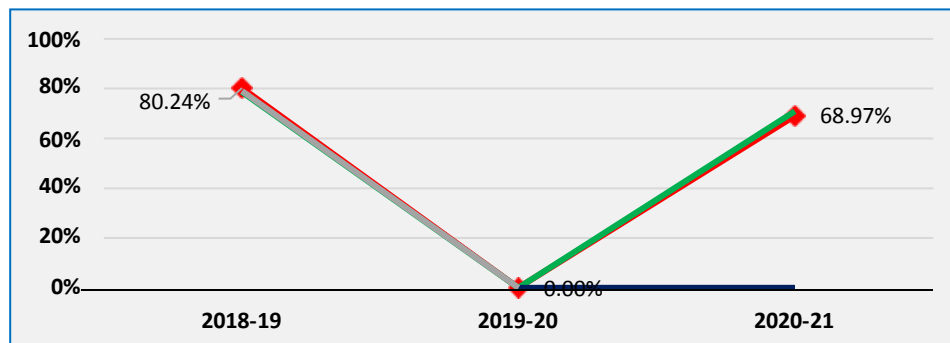
Attainment in literacy is calculated on the aggregated data of the number of pupils achieving expected levels in all three organisers in literacy; reading, writing and listening and talking. Achievement of a level results in literacy overall for Argyll and Bute has been impacted by non-achievement for pupils at in writing. Covid related school closures in March 2020 and January 2021 should be taken into account as it is likely to have had an impact on the CfE levels achieved for some children, we have seen this particularly impact achievement in writing.

Expected Future Performance and Impact of Policy Decisions

Most recent data extracted in February 2022 from the Education Service's tracking and monitoring system is illustrating a recovery for this particular cohort which are now P2, P5 and S1. Rigorous tracking of all pupils will continue at school and authority level to support the recovery of attainment. Additionally, the Lead Teacher for Recovery and Renewal - Literacy and Numeracy provides targeted support and interventions to accelerate recovery, this will continue in session 2022-23.

Education

Percentage of P1, P4 and P7 pupils combined achieving expected CFE level in numeracy (CHN13b)



Group	2018-19	2019-20	2020-21
Argyll & Bute	80.24%	*CHECK*	68.97%
FG median	78.66%	*CHECK*	70.88%
Scotland	79.07%	*CHECK*	74.69%

How We Performed

Although this indicator spans a 3-year period there is only for 2 years as no data was collected during 2020 due to Covid.

This indicator measures the proportion of P1, P4 and P7 children that are achieving the expected level in Literacy.

It should be noted that this measure is the teachers' professional judgements on a child's progress.

Therefore whilst Family Group and Scotland data is helpful to a degree, there is not a 'true' like-for-like comparison.

No data available for previous year due to Covid.

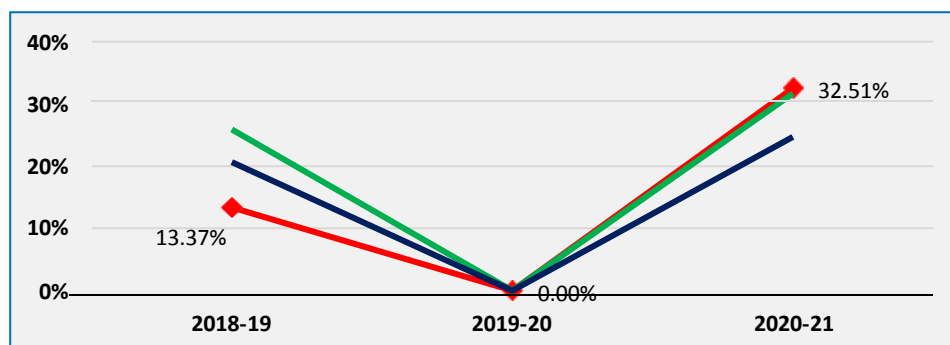
Covid related school closures in March 2020 and January 2021 should be taken into account as it is likely to have had an impact on the Curriculum for Excellence levels achieved for some children.

Expected Future Performance and Impact of Policy Decisions

The Education Service has a robust system of tracking and monitoring of progress in which we track achievement of all pupils. The data most recently extracted in February 2022 is illustrating a recovery for this particular cohort which are now P2, P5 and S1. Rigorous tracking of all pupils will continue at school and authority level to support the recovery and renewal of attainment. Additionally, the Lead Teacher for Recovery and Renewal - Literacy and Numeracy provides targeted support and interventions to accelerate recovery, this will continue in session 2022-23.

Education

Literacy attainment gap (P1, P4 and P7 combined) - percentage point gap between the least deprived and most deprived pupils (CHN14a)



Group	2018-19	2019-20	2020-21
Argyll & Bute	13.37%	*CHECK*	32.51%
FG median	25.90%	*CHECK*	31.65%
Scotland	20.66%	*CHECK*	24.70%

How We Performed

Although this indicator spans a 3-year period there is only for 2 years as no data was collected during 2020 due to Covid.

This indicator measures the gap in literacy and numeracy between children from Scotland's most and least deprived areas. A pupil is deemed to have achieved the expected level in literacy if they have achieved the expected level in all three literacy organisers: reading, writing, and listening and talking.

It should be noted that this measure is the teachers' professional judgements on a child's progress. Therefore whilst Family Group and Scotland data is helpful to a degree, there is not a 'true' like-for-like comparison.

No data available for previous year due to Covid.

It is important to note that the 2020-21 data for Literacy attainment gap (P1, P4 and P7 combined) - percentage point gap between the least deprived and most deprived pupils is compared to the data collected in 2018/19 due to non-collection of data in 2019-2020 due to Covid. Therefore the above data is being compared to pre-Covid data. Data is showing that although attainment was impacted for pupils in least deprived areas it was to a lesser extent and pupils' from the most deprived areas experienced a larger impact on attainment.

Expected Future Performance and Impact of Policy Decisions

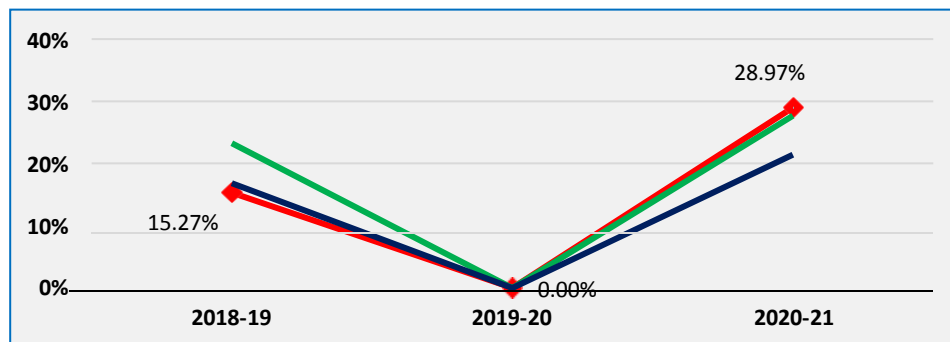
School leaders will continue to be supported and challenged by our central team, Northern Alliance Team and our Attainment Advisor who will share best practice from within the Council, across the Alliance and nationally to define their poverty related attainment gap and to use Pupil Equity funding identify interventions and approaches to accelerate progress. Improved approaches to moderation are being rolled out to ensure improved confidence in professional judgment and enhanced moderation of standards across not only our schools but also those within the Northern Alliance. Targeted work to reduce non-attendance is underway with multi-agency partners. Increased attendance for a number of pupils is the first step in improving attainment. The Lead Teacher for Recovery will use the data to identify schools requiring more specific interventions and support and work directly with them to deliver effective interventions based on tried and tested methodology from across Scotland. Education Mangers, Heads of Service and the Attainment Advisor will scrutinise spending plans to ensure that Scottish Attainment Challenge Funding is targeted on children and young people under attaining to

Education

ensuring we meet our focused stretch aims for pupils impacted by poverty and to support accelerated recovery in attainment. We predict a narrowing of the poverty related gap and are already seeing progress towards this as a result of focused interventions.

Education

Numeracy attainment gap (P1, P4 and P7 combined) - percentage point gap between the least deprived and most deprived pupils (CHN14b)



Group	2018-19	2019-20	2020-21
Argyll & Bute	15.27%	*CHECK*	28.97%
FG median	23.28%	*CHECK*	27.68%
Scotland	16.81%	*CHECK*	21.42%

How We Performed

Although this indicator spans a 3-year period there is only for 2 years as no data was collected during 2020 due to Covid.

This indicator measures the gap in literacy and numeracy between children from Scotland's most and least deprived areas.

It should be noted that this measure is the teachers' professional judgements on a child's progress.

Therefore whilst Family Group and Scotland data is helpful to a degree, there is not a 'true' like-for-like comparison.

No data available for previous year due to Covid.

It is important to note that the 2020-21 data for Literacy attainment gap (P1, P4 and P7 combined) - percentage point gap between the least deprived and most deprived pupils is compared to the data collected in 2018/19 due to non-collection of data in 2019-2020 due to Covid. Therefore the current data is being compared to pre-Covid data. Data is showing that although attainment was impacted for pupils in least deprived areas it was to a lesser extent and pupils' from the most deprived areas experienced a larger impact on attainment.

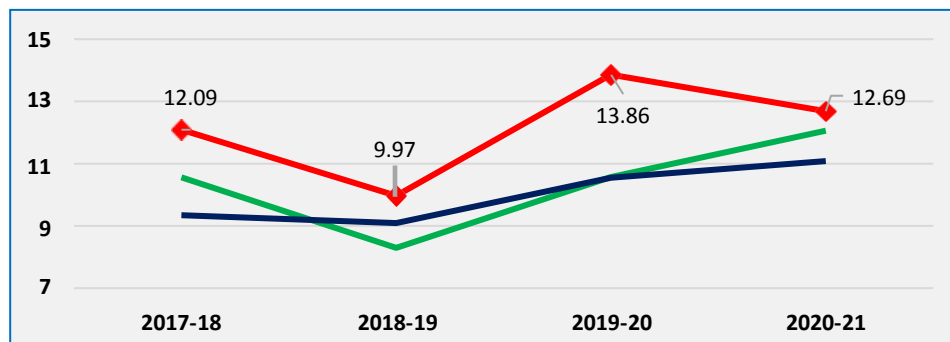
Expected Future Performance and Impact of Policy Decisions

School leaders will continue to be supported and challenged by our central team, Northern Alliance Team and our Attainment Advisor who will share best practice from within the Council, across the Alliance and nationally to define their poverty related attainment gap and to use Pupil Equity funding identify interventions and approaches to accelerate progress. Improved approaches to moderation are being rolled out to ensure improved confidence in professional judgment and enhanced moderation of standards across not only our schools but also those within the Northern Alliance. Targeted work to reduce non-attendance is underway with multi-agency partners. Increased attendance for a number of pupils is the first step in improving attainment. The Lead Teacher for Recovery will use the data to identify schools requiring more specific interventions and support and work directly with them to deliver effective interventions based on tried and tested methodology from across Scotland. Education Managers, Heads of Service and the Attainment Advisor will scrutinise spending plans to ensure that Scottish Attainment Challenge Funding is targeted on children and young people under attaining to ensuring we meet our focused stretch aims for pupils impacted by poverty and to support accelerated recovery in attainment. We predict a narrowing of the poverty related gap and are already seeing progress towards this as a result of focused interventions.

Corporate Outcome - Our economy is diverse and thriving

Development and Economic Growth

Average time per business and industry planning application (weeks) (ECON3)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	12.09	9.97	13.86	12.69
FG median	10.55	8.29	10.57	12.06
Scotland	9.34	9.09	10.54	11.08

How We Performed

Argyll and Bute performance in this indicator has improved, with the average time taken by Argyll & Bute reducing by over 1 week. The performance for our Family Group and Scotland wide has decreased however, Argyll & Bute performance remains slower than for both comparators.

Major applications are not included in the calculation of this indicator. The Performance is measured on the time taken to determine planning applications for employment uses. An efficient and well-functioning planning service plays an important role in facilitating sustainable economic growth and delivering high quality development in the right places.

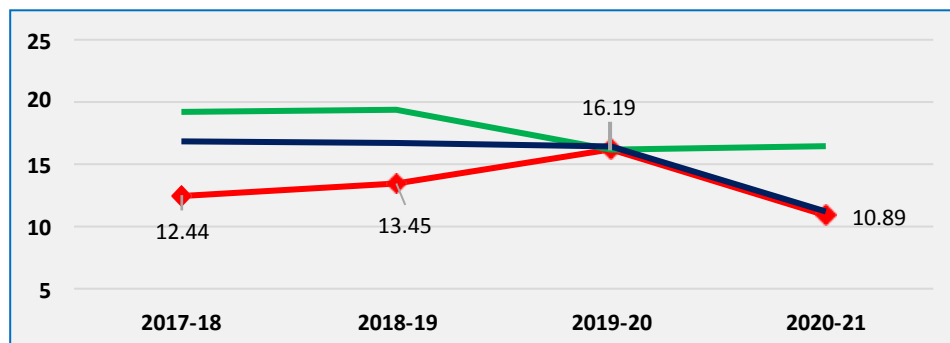
Covid has continued to impact upon the performance of Development Management with the continued closure of Council offices and increased absence impacting upon efficiency of work processes and output. A number of Planners have also taken the opportunity to retire and securing suitably skilled replacements has been difficult given the national shortage of qualified professionals. That said we have taken steps to increase the validation team this year to deal with pandemic backlogs and an increased focus on dealing with legacy cases. Workforce planning will be key this year as the number of planning applications has returned to pre pandemic levels with a significant number of major applications coming through in renewables, tourism and housing. In an effort to deal with this anticipated workload and also in the knowledge that planning fees have been increased for the next financial year by the Scottish Government the service is aiming to recruit to vacant posts and recruit additional specialist staff to assist with the major applications and the possible introduction of planning control zones as a consequence of new Scottish Government legislation on short term lets.

Expected Future Performance and Impact of Policy Decisions

The Development Management Service have also required to operate for extended periods during 2021/22 with vacancies in key positions that have stretched the capacity and resilience of the Service and also adversely affected performance. Notwithstanding these difficulties, the Service continues to prioritise applications that will result in inward investment and employment and it is expected that performance against this marker will remain largely unchanged for the 2021/22 reporting period.

Development and Economic Growth

Number of Business Gateway start-ups per 10,000 population (ECON5)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	12.44	13.45	16.19	10.89
FG median	19.20	19.37	16.17	16.44
Scotland	16.83	16.70	16.41	11.19

How We Performed

Argyll & Bute saw a steep drop in the start-up rate and is now 5.5% lower than our Family Group and slightly below Scotland.

This indicator shows the number of business start-ups per 1,000 population (not working age population) and Argyll and Bute does have an above average proportion of its population retired.

During this period the number of business gateway start-ups fell coupled with a fall in population.

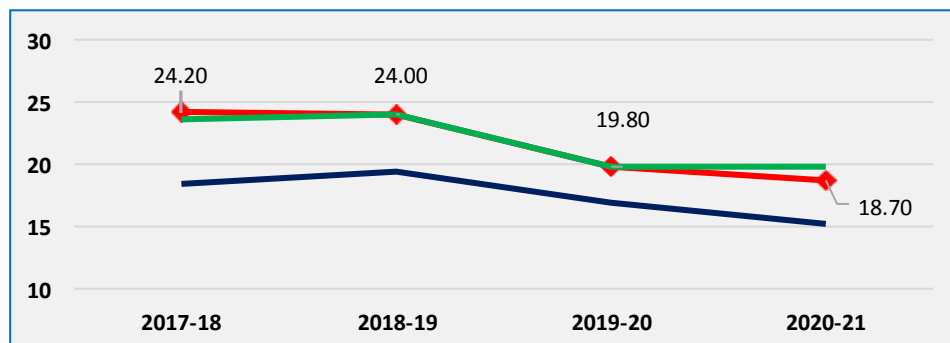
The Performance as measured here is linked to local Business Gateway capacity to follow-up with clients assisted and identify those that started trading after receiving support. As expected, performance dropped significantly, largely due to Business Gateway being required to administer Scottish Government Covid grants for businesses for significant parts of the year. Whilst the service continued to provide start-up support by phone or video, the capacity to follow-up with clients assisted to identify those that started trading was severely limited.

Expected Future Performance and Impact of Policy Decisions

Performance will improve for 2021-22. Business Gateway was able to undertake follow-up activity between April and December 21 and in March 22. This identified a number of start-ups supported which could have been claimed the previous year if there had been capacity to follow up. This has contributed to a performance well above target, with the number of start-ups supported in 2021-22 up 46% on 2020-21. If the two years are averaged (to smooth the effect of the follow-up work), a more realistic performance can be seen.

Development and Economic Growth

Proportion of people earning less than the real Living Wage (ECON7)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	24.20	24.00	19.80	18.70
FG median	23.60	24.00	19.80	19.80
Scotland	18.40	19.40	16.90	15.20

How We Performed

Although the percentage of people earning less than the living wage in Argyll and Bute continues to decrease and is now below our Family Group, it remains substantially higher than Scotland.

Argyll and Bute Council is a Living Wage employer. Councils play an important role in supporting people to develop the skills and opportunities to progress in the labour market, by attracting new businesses with higher value employment opportunities and by encouraging employers to pay the living wage.

In particular, the Local Growth Accelerator Programme (LGAP) Employer grants and the Local Authority COVID Economic Recovery (LACER) grants administered by the council's Business Gateway, do ask that the supported businesses can provide equivalent of the Scottish Living Wage for the employee/owner, or the business has the potential to do so within 12 months. The same requirement will be made of the Rural Growth Deal projects where there is an aim to be as inclusive as possible.

Argyll and Bute continues to have a high dependency on employment in sectors such as tourism, where the payment of the living wage is variable and has been adversely affected by Covid. Businesses do not always have the resources to pay the full amount, especially after lockdowns and significant limitations to income. Recent wage inflation designed to address significant workforce shortages has not shown to have a significant impact as yet but rising energy costs and construction costs will no doubt place a significant strain on the ability of many businesses to expand employment opportunities in the next year at least.

Pre-pandemic inequalities have been exacerbated by Covid-19 and exposed already vulnerable groups, such as those earning less than the living wage, to adverse shocks. It is estimated that without ongoing appropriate government interventions, inequalities are set to expand in the short, medium to long-run. Some of the most significant include income, labour market participation, education and life chances, particularly for women, lone parents, young people from ethnic minority backgrounds and disabled people.

Expected Future Performance and Impact of Policy Decisions

The rural and island nature of Argyll and Bute, the structure of the economy in terms of a reliance on micro businesses, self-employment and tourism would indicate that this will continue to be an area of challenge for us. Officers contribute significantly to the work of the improvement service, SLAED People Group and other development agencies to assist employers in making the Real living wage a priority.

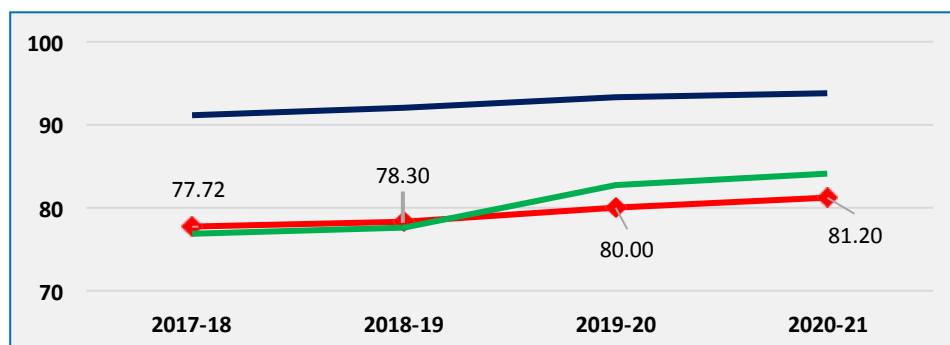
While increasingly enterprise agency grant support moving forward will be restricted to Living Wage employers, Business Gateway recognises that there is still a need to support small businesses to reach this

Development and Economic Growth

level, which could be addressed in a suggested supporting local business investment programme for potential inclusion in the UKSPF Investment Plan for Argyll and Bute.

Development and Economic Growth

Proportion of properties receiving superfast broadband (ECON8)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	77.72	78.30	80.00	81.20
FG median	76.86	77.60	82.75	84.10
Scotland	91.13	92.01	93.29	93.79

How We Performed

Access to good digital infrastructure is a key driver of economic competitiveness and productivity. This indicator captures the proportion of all properties within the local authority area receiving superfast broadband greater than 30Mbit/s which is the EU's definition of superfast broadband the Scottish Government's ambition for this to be available to all premises by the end of 2021.

Although we can facilitate and enable the performance of this indicator is it out with our control. Gaps in provision relate predominately to our remote rural and island communities where we have a dispersed community with multiple premises making commercial delivery of digital infrastructure uneconomic and in need for public subsidy. We continue to work with and lobby both Governments and their contractors (BT for example) to accelerate the roll out of digital investment. The delay in awarding the north lot of R100 (covers much of Argyll and Bute with the exception of most of the Helensburgh and Lomond area) has delayed implementation of the national scheme but work has now commenced with a key aspect of the work underway which is laying fibre cable to a number of our island communities. Other work is also underway in the Oban area.

The percentage of properties continues to increase but it is important to see that Argyll & Bute remains lower than our Family Group and significantly lower than Scotland for the above reasons.

Across Argyll and Bute there were 8,265 premises in the main R100 contract some of these have already been deployed. In many instances where contract build has progressed a number of other premises have been provided an improved connection whether this has been through 'Overspill' (incidental connections due to the nature of an optical network) or through Openreach commercial build. Additionally as the 4G coverage improves across Argyll and Bute a number of premises are utilising this network to provide a Home 4G Broadband service. 4G network from one operator covers around 93% of Argyll premises and 75% geographic coverage.

Digital Boost Programme- administered by Business Gateway

Summary:

- Levering additional funding from Digital Scotland to support SMEs in developing digital skills.
- Phase 6 target spend £41,139.

Latest update:

Phase 6 final spend was £41,909. This included 19 in-depth advice sessions, 551 hour sessions, and 15 coaching sessions/webinars.

Development and Economic Growth

Expected Future Performance and Impact of Policy Decisions

The Council does not control the levers to improve this measure, but continues to lobby for better provision to support the removal of barriers for providers. Recognising the importance of this to the area's long term prosperity, the Council is continuing to raise this as an issue. Despite this effort, we continue to face challenges. Full Fibre coverage will increase over the coming years as R100 build continues across the area, additionally 4G coverage will also continue to increase as a result of UK, Scottish Government and commercial investment programmes like the Shared Rural Network (SRN) and Scottish 4G Infill (S4GI).

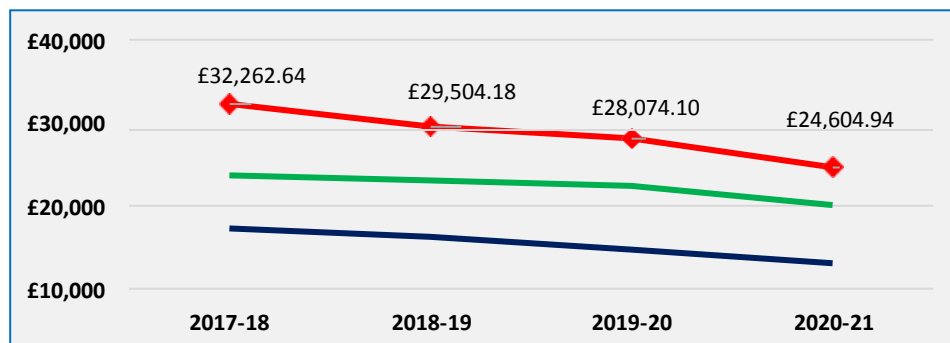
Digital Boost Programme- administered by Business Gateway

The Scottish Government has provided a **reduced overall programme budget for 2022-23**. The budget for Phase 7 is therefore lower than previous years, at £25,488.

This will be focused on one-to-one support, with a target of 70 one hour expert help sessions and 10 in-depth expert help sessions of up to two days.

Development and Economic Growth

Cost of environmental health per 1,000 population (ENV5b)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	£32,262.64	£29,504.18	£28,074.10	£24,604.94
FG median	£23,654.39	£23,030.28	£22,365.77	£20,073.01
Scotland	£17,257.94	£16,241.60	£14,698.62	£13,070.44

How We Performed

The cost of providing the environmental health service continues to decrease, however it remains higher than our Family Group and Scotland. It should also be noted that the costs of environmental health also include the costs of public conveniences.

This cost is presented per 1,000 population. As a result growing population in other areas of Scotland coupled with a reduction in the Argyll and Bute population will have an effect when we compare our performance to others such as our Family Group or Scotland.

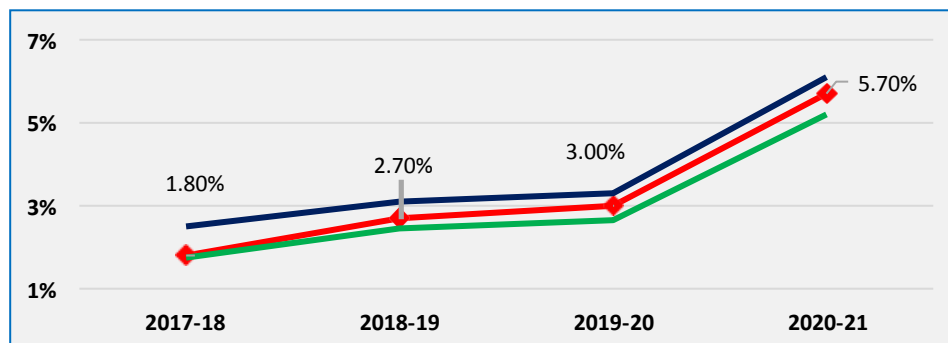
Through a drive for continual improvement, efficiencies and income generation, comparative costs have decreased over the last 4 years by 24% in Argyll and Bute. It is important to recognise the significant work undertaken by environmental health to protect public safety throughout the Covid pandemic, taking on new enforcement responsibilities with little increase in resources.

Expected Future Performance and Impact of Policy Decisions

This is not an effective measure of the cost of environmental health and the Improvement Service is aware of the need to develop a better and more effective measure to assess environmental health performance, costs and the public health benefit of their work. In the interim, the costs of delivering environmental health across a rural area, despite continued drive for efficiencies and better use of digital technology, will continue to be in the higher quartile of Scottish local authorities.

Development and Economic Growth

Claimant count as percentage working age population (ECON12a)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	1.80%	2.70%	3.00%	5.70%
FG median	1.75%	2.45%	2.65%	5.20%
Scotland	2.50%	3.10%	3.30%	6.10%

New Measure

How We Performed

This measure presents the claimant count of the working age population, which is 16-64. The definition of claimant count is the number of people of working age claiming either jobseeker's allowance or claim Universal Credit and are required to seek work and be available for work.

The percentage of this indicator has increased by 90% and an increase of 1,365 working age claimants on the previous year. The Mid-Year Estimate (MYE) of working age population has increased by 106 or .21%

Under Universal Credit a broader span of claimants is required to look for work than under Jobseeker's Allowance. As Universal Credit Full Service is rolled out in particular areas, the number of people recorded as being on the Claimant Count is likely to rise.

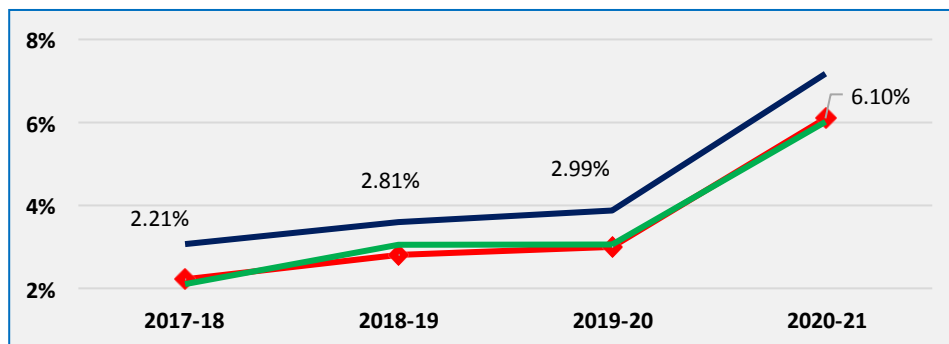
The impact that the Covid pandemic has had on the claimant rate is significant in 2020/21. However, by mid-April 2021 the rate started to fall and continues to fall and as of March 2022 we are slightly above (3.5%) pre pandemic levels (3%).

Expected Future Performance and Impact of Policy Decisions

Officers monitor claimant data on a monthly basis as they are released by ONS. This information is shared with internal and external colleagues to support co-ordinated policy interventions and actions to reduce the claimant rate. It is intended to deploy a limited amount of Local Authority Covid Economic Recovery (LACER) funding (£150k) to target hard hit sectors and areas adversely affected by the pandemic. This will add to other LACER funding to assist the growth of small businesses in Argyll and Bute helping to continue previous business support work undertaken by Business Gateway.

The focus of our work in collaboration with national partners is on the younger working population and over 50s where there is a larger percentage of people claiming benefits. In addition we continue to focus on our main sectors with a new tourism strategy now launched that includes looking at improving peoples skills, together with a new food and drink strategy that is looking to assist the expansion of this important industry which again employs a wide range of individuals with considerable potential to expand.

Claimant count as percentage of 16-24 population (ECON12b)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	2.21%	2.81%	2.99%	6.10%
FG median	2.10%	3.05%	3.06%	6.01%
Scotland	3.07%	3.60%	3.88%	7.17%

New Measure

How We Performed

This measure presents the claimant count as a percentage of the 16-24 population. The definition of claimant count is the number of 16-24 year olds claiming either jobseeker's allowance or claim Universal Credit and are required to seek work and be available for work.

16-24 year olds have been disproportionately affected by the pandemic. Schemes like The Young Persons Guarantee and No One Left Behind are being administered locally to improve opportunities for young people to get into work.

The percentage of this indicator has increased by 103.5% and an increase on the previous year of 250 claimants aged 16-24. The Mid-Year Estimate (MYE) of 16-24 age group has increased by 60 or (0.73%)

Under Universal Credit a broader span of claimants is required to look for work than under Jobseeker's Allowance. As Universal Credit Full Service is rolled out in particular areas, the number of people recorded as being on the Claimant Count is likely to rise.

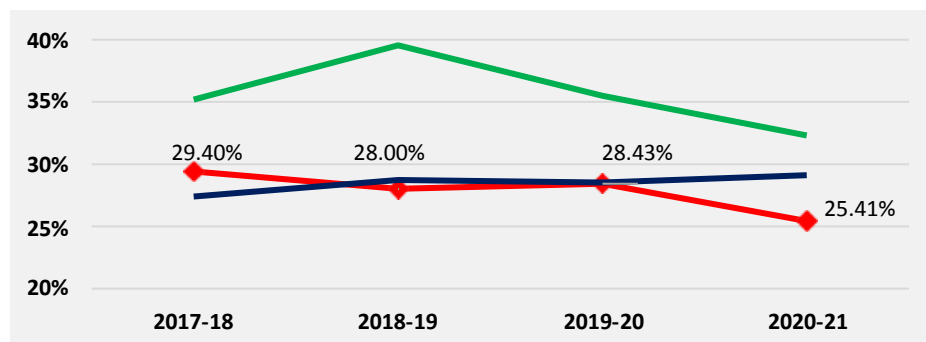
As with all age groups Covid has had a significant impact on the performance of this indicator. The Scottish Government has brought in additional initiatives to counteract the effect of the pandemic on employment.

Expected Future Performance and Impact of Policy Decisions

Officers monitor claimant data on a monthly basis as they are released by Office of National Statistics. This information is shared with internal and external colleagues with the aim of identifying potential hotspots and trends. This then allows for preparedness by officers in these areas in the event that trends accelerate. This is also backed up by detailed economic information in the monthly bulletins. Comparing and contrasting performance between age groups and other local authorities allows for identification of best practice and the sharing of this.

Legal and Regulatory Support

Percentage procurement spend on local enterprises (ECON4)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	29.40%	28.00%	28.43%	25.41%
FG median	35.17%	39.54%	35.49%	32.30%
Scotland	27.40%	28.71%	28.51%	29.11%

How We Performed

The local spend in 2020-21 was affected due to the nature of the contracts that we were awarding to support the council in its activities during the Covid lockdown. We do not have a local supply base for a large number of the contracts that were awarded in 2020-21 due to the specialized nature of the requirement, size or the geographical location for delivery of the works and services. In addition, it should be noted that local spend can only be reported where proximity is known via the Scottish Government Information Hub, and if a local supplier has a registered head office out with Argyll and Bute, this may not be allocated to local spend data.

Argyll & Bute Council has an ongoing commitment to encourage spend in the local economy and thus create employment. The Council monitors the type of contracts the local suppliers are bidding for and which contracts are subsequently awarded to them.

The PCCMT continues to provide accessible training and access to tender opportunities to local suppliers. The PCCMT further support local businesses by carrying out a number of procurements via Invitation to Quote (ITQ), where the regulations allow it. The PCCMT also focus on simplified and streamlined procurement processes, thus ensuring that the documentation is as simplified as possible, and engage with local Economic Development colleagues and other collaborative stakeholders to support emerging priorities that will support the economic recovery within Argyll and Bute.

In an effort to support local suppliers however, the PCCMT 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.

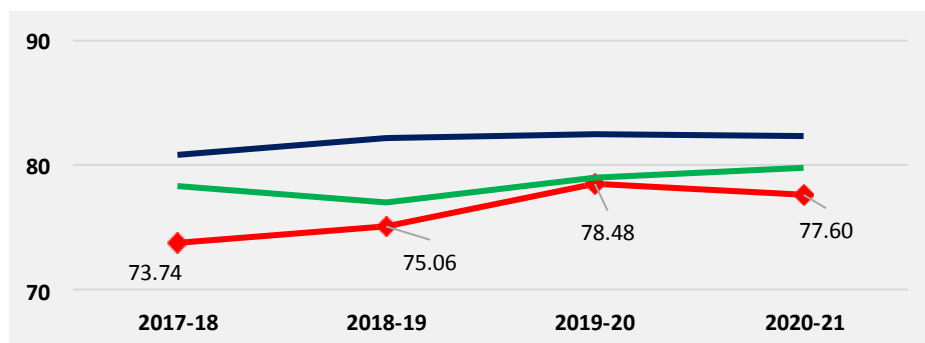
Expected Future Performance and Impact of Policy Decisions

Argyll & Bute Council has an ongoing commitment to encourage spend in the local economy and thus create employment. However, due to the nature of the local economy, the very small average size of businesses, narrow sectoral reach and the geographical spread of contract demand, the area does not have the capacity of businesses to respond. A lot of larger specialist contracts have to go to companies outside the area. This is a structural economic and demographic challenge, which the council has limited economic levers available to influence.

Corporate Outcome - We Have An Infrastructure That Supports Sustainable Growth

Commercial Services

Proportion of operational buildings that are suitable for their current use (CORP-ASSET1)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	73.74	75.06	78.48	77.60
FG median	78.30	76.98	78.96	79.77
Scotland	80.81	82.15	82.47	82.31

How We Performed

The performance of this indicator has dropped slightly following steady year-on-year improvement since 2020-11.

There has been a significant increase in the percentage difference between Argyll & Bute and our Family Group which is now more than 2%. The Scotland wide percentage difference has decreased slightly due to the Scotland average figure reducing.

There are several factors that may have contributed to this change such as policy decision and capital investment.

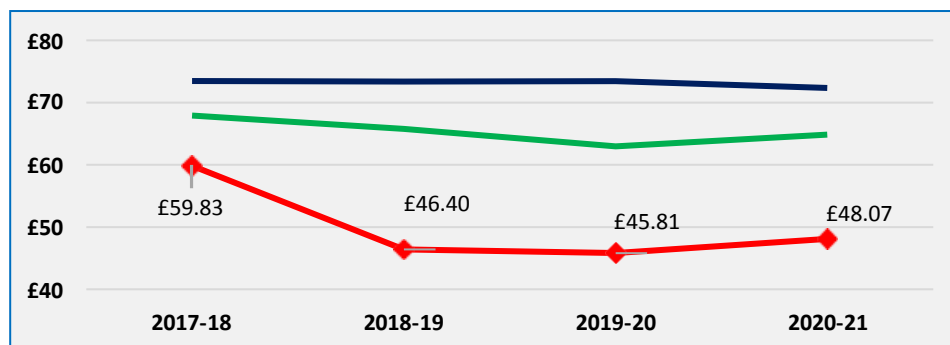
Over the 4 year period, the number of buildings that are suitable has increased from 292 to 343. This has primarily been as a result of data cleansing. Over the same period, the total number of operational buildings has altered from 396 to 442. The highest proportion occurred in 2019-20.

Expected Future Performance and Impact of Policy Decisions

The Council's property related capital programme primarily targets asset sustainability issues. The associated projects help to sustain the condition of buildings as opposed to their suitability. It is therefore anticipated that the indicator will remain stagnant in moving forward and will be affected by initiatives to reduce the Council's office estate, the longer term improvement of the Learning Estate and depot rationalisation. There will be further change associated with a combination of asset transfers and further data cleansing.

Roads and Infrastructure Services

Net cost of waste collection per premise (ENV1a)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	£59.83	£46.40	£45.81	£48.07
FG median	£67.92	£65.76	£62.97	£64.87
Scotland	£73.47	£73.41	£73.46	£72.35

How We Performed

The performance has increased against the previous year which is in line with our Family Group. Although the cost of waste collection is lower than our Family Group and Scotland it should be read in conjunction with indicator ENV2a which looks at the cost of waste disposal.

Comparing the current period against the previous period there were an additional 1,448 properties for waste collection and an additional total cost of £166,000.

The high costs experienced in Argyll and Bute for collections is due to the remote and island communities that make up the area.

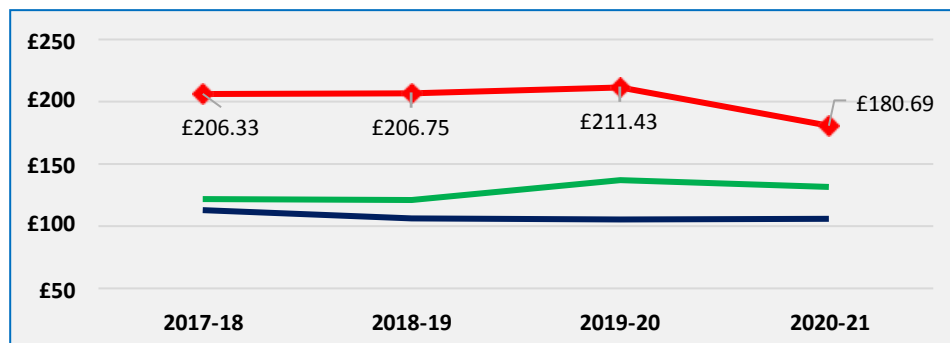
It should also be borne in mind that Covid would have impacted on this measure.

Expected Future Performance and Impact of Policy Decisions

The Council are working towards a solution which will be compliant with regulation. Officers are currently working with Scottish Government colleagues with a view to ensuring that whichever solution is progressed takes in to account the requirements of the Energy from Waste review, commissioned by Scottish Government, which commenced early 2022. There is some dubiety as to whether or not there will be a requirement to extend food waste collections across Argyll and Bute. Currently food waste is only collected from the Helensburgh and Lomond area due to the population exceeding the current threshold. Should food waste collections be required across the whole council area there will be a significant cost implication which will incur additional revenue expenditure in excess of £1m.

Roads and Infrastructure Services

Net cost of waste disposal per premise (ENV2a)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	£206.33	£206.75	£211.43	£180.69
FG median	£121.60	£120.93	£136.97	£131.52
Scotland	£112.91	£106.36	£105.37	£105.88

How We Performed

The cost of waste disposal is the lowest for 8 years however, the cost remains the highest in Scotland. As our Family Group consists of rural authorities our geography obviously plays an important factor in this indicator, therefore it is not surprising that costs are significantly higher than Scotland wide.

Comparing the current period against the previous period there were an additional 1,448 properties with a total cost reduction of £1,323,000.

This indicator should be read in conjunction with indicator ENV1a which looks at the cost of waste collection.

It should also be borne in mind that Covid would have impacted on this measure.

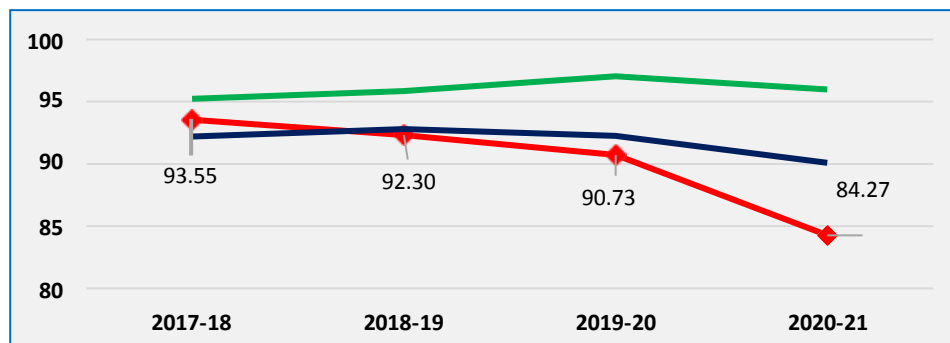
The high costs experienced in Argyll and Bute are partly due to the remote and island communities that make up the area. However the high costs are also attributed to the fact that the Council has in place a PPP contract dating from 2001 which was designed to divert waste material from landfill through processing. This contract runs until September 2026 which creates a nine month period between the 2025 Biodegradable Municipal Waste Ban and the end of the contract. A detailed options appraisal following green book principles is currently underway to look at the best long term solution for Argyll and Bute, this is due to report to the September 2022 Economic Development & Infrastructure Committee.

Expected Future Performance and Impact of Policy Decisions

The Council are working towards a solution which will be compliant with regulation. Officers are currently working with Scottish Government colleagues with a view to ensuring that whichever solution is progressed takes in to account the requirements of the Energy from Waste review, commissioned by Scottish Government, which commenced early 2022.

Roads and Infrastructure Services

Street cleanliness score (ENV3c)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	93.55	92.30	90.73	84.27
FG median	95.24	95.85	97.05	96.00
Scotland	92.20	92.80	92.25	90.10

How We Performed

Argyll & Bute has seen a sharp decrease in this indicator which puts the performance below that of our Family Group and Scotland. The decline in performance is in line with a reduction in investment in the service.

Street cleanliness is presented using the Street Cleanliness Score, which is produced by Keep Scotland Beautiful. This measures the percentage of areas assessed as 'clean' rather than completely litter free sites (as this is considered impractical in areas of high footfall). This allows authorities to tackle litter problem areas to achieve better results.

This indicator is linked to the Cost of Street Cleaning per 1,000 Population. The net cost of street cleaning has reduced by £64,000 however, the population has reduced by 440 (Mid Year Estimate 2020 of 85,430).

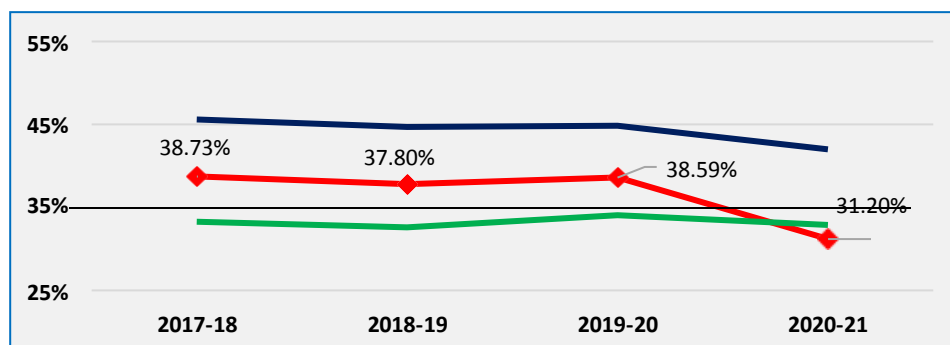
We will continue to monitor street cleanliness through the Keep Scotland Beautiful framework with a view to bringing forward any future policy changes that may result from the budget process and service prioritisation.

Expected Future Performance and Impact of Policy Decisions

Future performance will be determined by available budget, as budget reduces, performance in this area will continue to reflect the available resource.

Roads and Infrastructure Services

Percentage of total household waste arising that is recycled (ENV6)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	38.73%	37.80%	38.59%	31.20%
FG median	33.29%	32.60%	34.06%	32.90%
Scotland	45.60%	44.70%	44.85%	42.00%

How We Performed

The performance for all groups decreased in this indicator with Argyll & Bute performing worse than our Family Group and that of Scotland.

The recycling performance dropped largely as a result of the pandemic which resulted in Argyll and Bute putting in place a single bin collection service during the peak of the pandemic rather than separately collecting recycling materials and general waste at kerb-side.

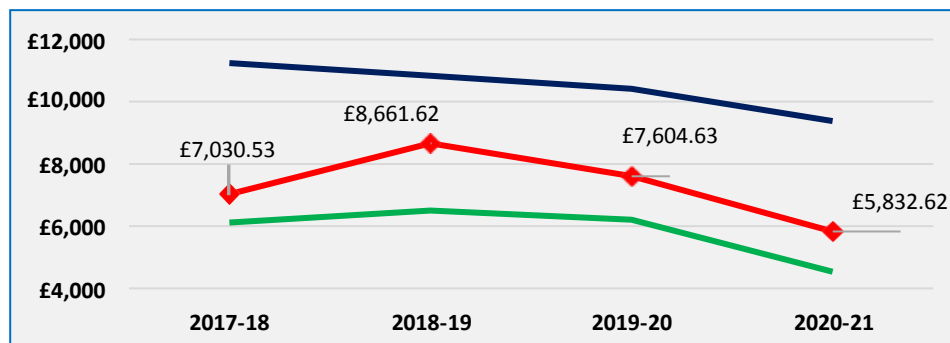
It should also be borne in mind that Covid would have impacted on this measure.

Expected Future Performance and Impact of Policy Decisions

Full impact of regulation and national policy changes have yet to be fully determined, however the Biodegradable Municipal Waste (BMW) ban, deposit return scheme and potential increase collection for food waste are all likely to have an impact on future performance.

Roads and Infrastructure Services

Cost of roads per kilometre (ENV4a)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	£7,030.53	£8,661.62	£7,604.63	£5,832.62
FG median	£6,112.89	£6,503.27	£6,211.75	£4,535.85
Scotland	£11,241.06	£10,834.74	£10,412.81	£9,378.69

How We Performed

The cost of maintaining our roads has reduced again with Argyll & Bute above our Family Group and below Scotland average. The expenditure for 2020-21 is 23% lower than the previous year and is in line with 2015-16 expenditure.

This indicator is a measure of the cost that has been spent on the road network, this also includes winter maintenance and is normally in line with a capital budget and policy decisions. This indicator should be viewed in conjunction with the percentage of roads that should be considered for maintenance treatment. The length of road for this indicator remains unchanged at 2,286 kilometres.

It should be noted that during the Covid-19 pandemic, we were severely limited in carrying out road improvement works.

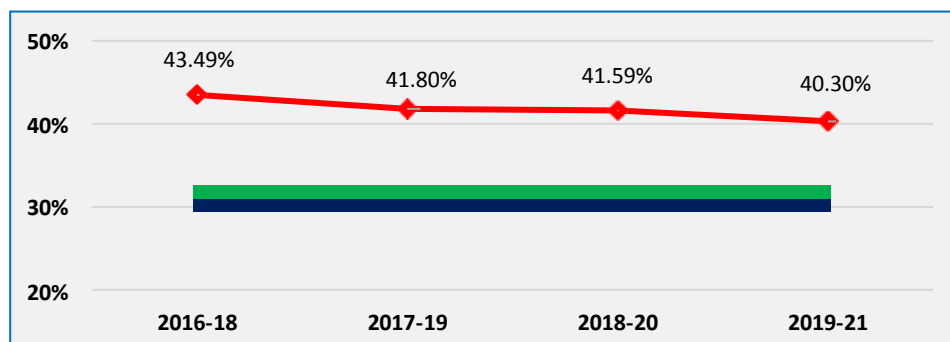
The higher performance in previous years shows the investment decisions taken by the council to improve the road network.

Expected Future Performance and Impact of Policy Decisions

At the time of writing, April 2022, budgets that were approved in February this year will now only buy 80% of what they would have done at the time of approval. What this means in reality is that there will be less roads maintenance carried out per pound of available budget than last year. Whilst the way this indicator has been designed will not reflect any changes of the cost per kilometre, in reality what this means is that fewer roads will be repaired than would have been prior to the price increase.

Roads and Infrastructure Services

Percentage of A class roads that should be considered for maintenance treatment (ENV4b)



Group	2016-18	2017-19	2018-20	2019-21
Argyll & Bute	43.49%	41.80%	41.59%	40.30%
FG median	31.92%	31.37%	32.23%	31.80%
Scotland	30.16%	30.03%	30.57%	29.80%

How We Performed

This indicator has continued to improve however Argyll & Bute remains significantly above our Family Group (lower is best – we aim for a lower figure) and Scotland.

This indicator should be viewed in conjunction with the percentage of 'B' class roads that should be considered for maintenance and the cost of maintenance per kilometre of road.

It is positive to note that our overall performance is improving with a reduction in the percentage of 'A' class roads in need of maintenance treatment. This is largely due to positive capital investment through the roads reconstruction programme and also through levering in additional funding through initiatives such as the Timber Transport Fund.

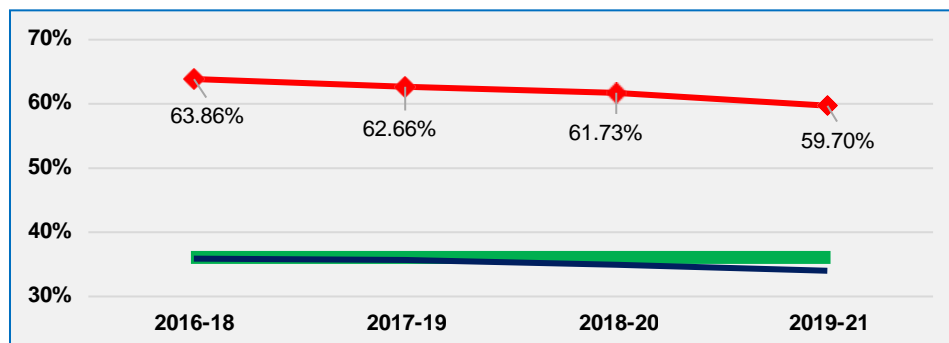
We continue to implement policy decisions to invest in our road network, but this indicator shows that the nature of our network, with remote, rural and island roads means that the costs remain high.

Expected Future Performance and Impact of Policy Decisions

The ongoing price increases for bitumen and fuel will mean we are unable to deliver fewer resurfacing schemes for the available budget, this is very likely to see a worsening of the road condition, despite policies of further investment.

Roads and Infrastructure Services

Percentage of B class roads that should be considered for maintenance treatment (ENV4c)



Group	2016-18	2017-19	2018-20	2019-21
Argyll & Bute	63.86%	62.66%	61.73%	59.70%
FG median	35.83%	36.27%	36.64%	35.55%
Scotland	35.90%	35.71%	34.96%	34.00%

How We Performed

This indicator has improved by 2% however Argyll & Bute remains significantly above our Family Group (lower is best – we aim for a lower figure) and Scotland.

This indicator should be viewed in conjunction with the percentage of ‘A’ class roads that should be considered for maintenance and the cost of maintenance per kilometre of road.

It is positive to note that our overall performance is improving with a reduction in the percentage of ‘B’ class roads in need of maintenance treatment. This is largely due to positive capital investment through the roads reconstruction programme and also through leveraging in additional funding through initiatives such as the Timber Transport Fund.

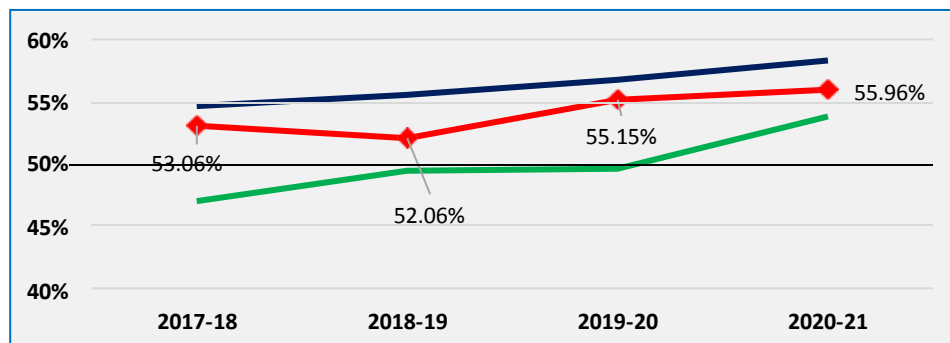
Expected Future Performance and Impact of Policy Decisions

The ongoing price increases for bitumen and fuel will mean we are unable to deliver fewer resurfacing schemes for the available budget, this is very likely to see a worsening of the road condition.

Getting It Right

Customer Support Services

Percentage of the highest paid 5% of employees who are women (CORP3b)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	53.06%	52.06%	55.15%	55.96%
FG median	47.00%	49.44%	49.59%	53.80%
Scotland	54.63%	55.53%	56.74%	58.30%

How We Performed

The performance of this indicator has improved on last years' increase. Again this year it is the highest percentage at any point for Argyll & Bute. We have a higher percentage than the Family Group average but again lower than Scotland wide.

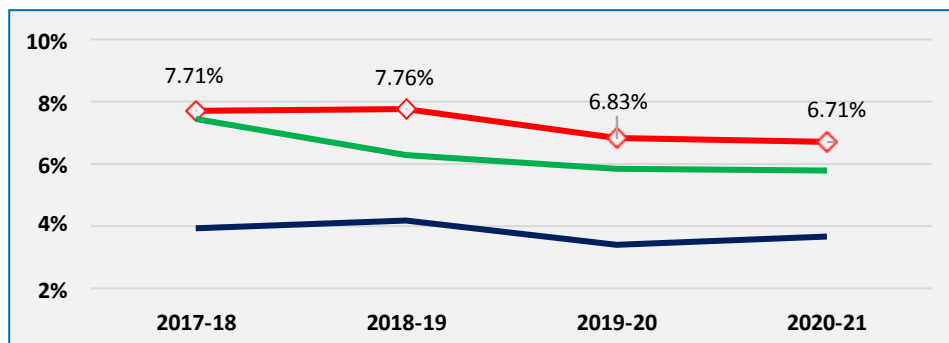
This measure captures gender equality in senior positions only. While it is important to capture the progress made in relation to gender equality in senior positions, there is a need to capture the progress being made across the wider work force. The Gender Pay helps reflect this position.

Expected Future Performance and Impact of Policy Decisions

We will continue to look at opportunities to implement guidance and procedures that support the wellbeing and development of all of our employees. Some of these we hope will have a positive impact on women, such as support around menopause and caring responsibilities, which will assist in women being able to continue developing their careers during periods where they have additional personal challenges or responsibilities

Customer Support Services

The gender pay gap (%) (CORP3c)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	7.71%	7.76%	6.83%	6.71%
FG median	7.45%	6.29%	5.84%	5.79%
Scotland	3.93%	4.18%	3.40%	3.66%

How We Performed

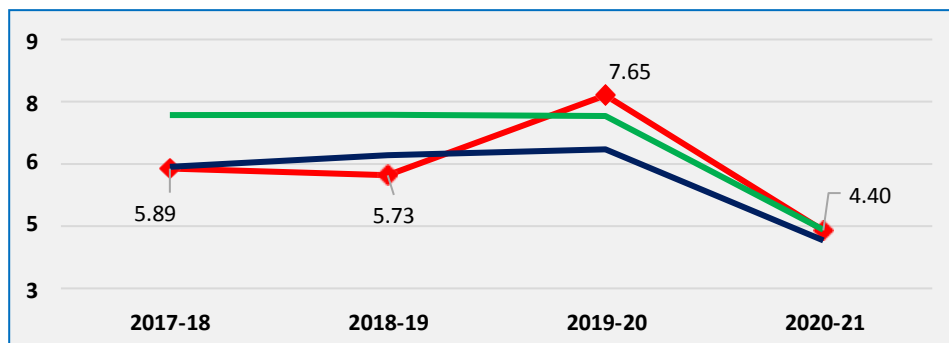
The Gender Pay Gap for Argyll and Bute has reduced again for the third year running but it still remains higher than that of our Family Groups and over 4% higher than that of Scotland wide. As this value is a 'positive' figure it indicates that men are paid more than women. The figure is the percentage difference of the hourly pay, not a monetary difference.

Expected Future Performance and Impact of Policy Decisions

This will be an area of continued focus going forward and we will seek to look at best practice and benchmarking to see how we can continue to address the gender pay gap in Argyll & Bute.

Customer Support Services

Sickness absence days per teacher (CORP6a)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	5.89	5.73	7.65	4.40
FG median	7.18	7.18	7.16	4.41
Scotland	5.93	6.21	6.35	4.16

How We Performed

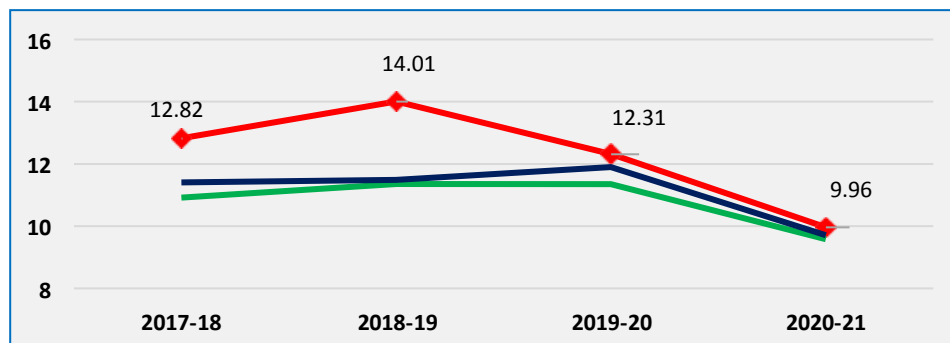
Argyll & Bute saw a decrease in teacher absence of more than 42 % on the previous year. It is felt that alternative styles of teaching as a result of managing Covid has impacted on this measure.

Absence due to Covid is excluded from this data.

Additional Head of Service Commentary covered under 6b

Customer Support Services

Sickness absence days per employee (non-teacher) (CORP6b)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	12.82	14.01	12.31	9.96
FG median	10.91	11.36	11.35	9.58
Scotland	11.41	11.49	11.90	9.71

How We Performed

In line with teacher absence, employee absence has seen a large reduction in levels of absence. This is in also line with our Family Group and Scotland wide. This reduction brings sickness absence levels back to pre-2012/13 levels. It is felt that working from home of national guidance and managing Covid has impacted on this measure. Absence due to Covid is excluded from this data.

Additional Commentary by Head of Service (both Corp 6a & 6b)

Overall, there has been a 26% reduction in sickness absence across the Council. All Covid related absence e.g. Covid absence, reaction to vaccine, self-isolation, shielding, caring responsibilities were not recorded against sickness absence but recorded separately.

The Services' that have seen a bigger % reduction in absence are "support services" who in the main have been working from home. It is not clear why this is - there are a number of assumptions e.g. employees being better able to manage underlying health conditions or a period of ill health at home rather than in the office and elimination of significant travelling time which again which makes it easier to manage ill health as working days are shorter and less contact with other people reducing the transmission of other types of infections. The services to have experienced the lowest % change in their absence are the "operational services" – Commercial Services, Development & Economic Growth, Road & Infrastructure Services, Adult Services and Children & Families.

The reasons for absence has changed quite significantly. Stress, Depression and Mental Health remains the number one reason for absence and is a much higher proportion at 39% in 20/21. There has only been a 3% increase in work days lost due to this reason but in the landscape of an overall decrease in work days lost of 26% this is concerning but possibly not surprising as it has been a year like no other. Looking a little deeper at the underlying sickness reasons within this category – Anxiety, Alcoholism, Bereavement and Sleep Problems have increased their proportion. National Records for Scotland confirm that there have been more deaths in 2020 than in other year due to Covid and therefore it is unsurprising the reason of

bereavement for absence has increased. With the introduction of the new Conditions of Service for LGE staff (July 21) we have increased the number of days of bereavement leave from 3 to 5. Interestingly when we looked at the absence figures in Q1 20/21 stress absence had reduced dramatically – by 25% in that quarter than the previous year. However, all other quarters show an increase.

Work days lost due to medical treatment has accounted for almost half the proportion against last year and looking at the sickness reasons underneath this category it can be assumed this is due to the lack of hospital treatments that took place in 20/21. As hospitals return to operations and treatments it may be that we see this account for a bigger proportion of absence in 21/22 as backlogs are cleared.

Work days lost due to infections has reduced to a 5% proportion from a 9% last year – it can be assumed that this is due to the lack of social contact and increased protection measures that people have experienced in the last year. As the restrictions relax we may see this rise again but with continuation of most protection measures and working from home we may see this to continue to account for a lower proportion.

There has been an 11% increase in the proportion of long term absence (28 days +) against short term absence which is quite significant.

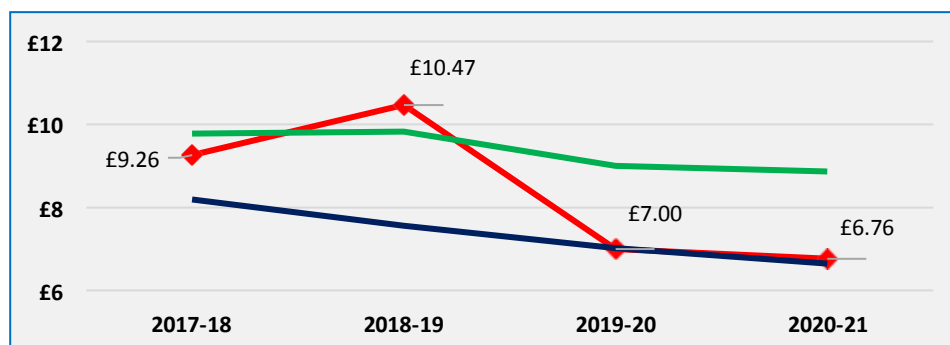
Expected Future Performance and Impact of Policy Decisions

Overall, as Covid restrictions are removed we would expect the absence figures to rise to be closer to pre pandemic levels and they may exceed pre pandemic levels with national trend data pointing towards a lasting impact especially with mental health related absences. With Covid restrictions easing in 21/22 it is expected that the rate of infections will rise as social distancing and isolation are removed although perhaps they will not rise to pre pandemic levels with increased awareness of infection control. As the NHS get back to business as usual with planned operations we would expect to see a rise in our absences due to medical treatment. Both statistically and anecdotally those services that have offered working from home have seen a bigger decrease in the number of work days lost and we would expect that to continue as working from home has remained the norm however, employees habits have changed with Covid therefore there may be other impacts on wellbeing that have not yet been seen.

The Council has introduced new Supporting Attendance Procedures in October 2021 and revised its Stress in the Workplace procedures which is hoped will have a positive impact on reducing absence however, given that these were only introduced in the third quarter a longer lead in time will be required. The Wellbeing team's focus has continued to be on supporting managers with long term absence particularly within the HSCP therefore it is hoped a reduction in absence in this area will be realised. The Council has also introduced a number of new leave types in July 21 which is also hoped to impact on absence but again given this was only in the second quarter of the performance year a positive impact may not be noticed until the following year.

Financial Services

The cost per dwelling of collecting Council Tax (CORP4)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	£9.26	£10.47	£7.00	£6.76
FG median	£9.77	£9.83	£9.00	£8.87
Scotland	£8.19	£7.56	£7.02	£6.64

How We Performed

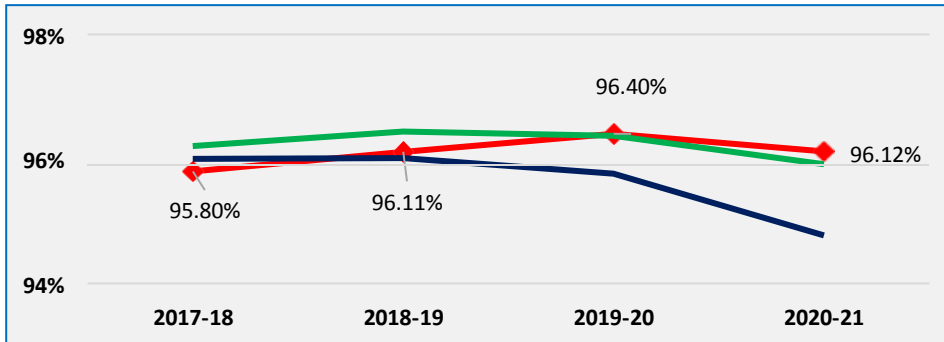
The cost to the Council of collecting council tax has reduced again this period by 3.6% and is the lowest cost achieved so far which is a positive result. The cost is substantially lower than that of our Family Group and slightly higher than the Scotland wide average. It is expected that these costs will be maintained at the current level in 2021/2022.

Expected Future Performance and Impact of Policy Decisions

Expect to maintain these costs at the current level in 2022/23 however the Revenue & Benefit Section is undergoing a Business Process Review (BPR) which may impact the figures from 2023/24 onwards.

Financial Services

Percentage of income due from Council Tax received by the end of the year (CORP7)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	95.80%	96.11%	96.40%	96.12%
FG median	96.20%	96.44%	96.37%	95.91%
Scotland	96.00%	96.01%	95.76%	94.77%

How We Performed

Argyll & Bute continues to perform very well in this measure where a high percentage is a good result. To complement the cost of collecting council tax the percentage of council tax collected is again very high performing. As anticipated last year the percentage has dropped slightly on the previous year. The reasons given for this is the impact of the Covid pandemic on financial insecurity and the taxpayers' ability to pay their Council Tax. The performance in 2021/22 has been good despite the challenges of Covid and the anticipated significant fall in Council Tax income has not been realised

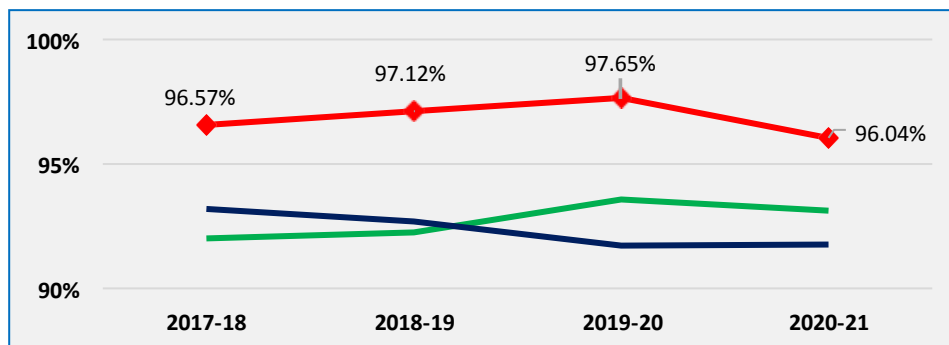
The performance achieved is higher than our Family Group and Scotland wide.

Expected Future Performance and Impact of Policy Decisions

Expect current performance beyond 2021/22 to be maintained.

Financial Services

Percentage of invoices sampled that were paid within 30 days (CORP8)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	96.57%	97.12%	97.65%	96.04%
FG median	92.01%	92.25%	93.57%	93.12%
Scotland	93.19%	92.68%	91.72%	91.76%

How We Performed

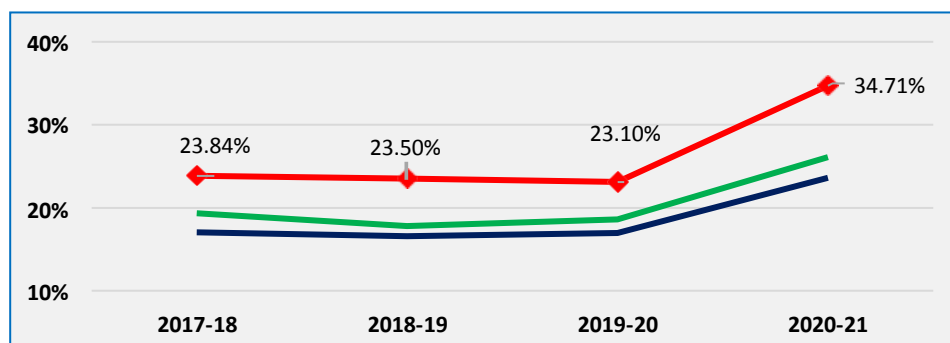
Although performance in this indicator has dropped in this period it still far exceeds both the Family Group and Scotland wide performance which is a positive position to be in. This has been achieved despite the significant additional workload in relation to the payment of Covid related grants. This is especially important at the current time as small and medium size businesses continue to recover from the impact of Covid.

Expected Future Performance and Impact of Policy Decisions

Expected future performance is expected to rise again as the impact of Covid passes and the new ledger system becomes familiar.

Financial Services

Total useable reserves as a percentage of Council annual budgeted net revenue (FINSUS1)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	23.84%	23.50%	23.10%	34.71%
FG median	19.35%	17.80%	18.61%	26.10%
Scotland	17.01%	16.57%	16.95%	23.60%

How We Performed

Higher is best.

During this period the performance of this indicator has increased by 11.6% and is above both our Family Group and Scotland average figures. The level of reserves provides an indication of how a council is placed to meet unforeseen events. A low level of unallocated reserves may be a sign that a council could struggle if an unknown financial event were to occur.

The Council follows the guidance outlined in the Chartered Institute of Public Finance and Accountancy (CIPFA) LAAP Bulletin in relation to Local Authority Reserves and Balances which provides guidance to local authorities on the establishment and maintenance of local authority reserves and balances. The level of the Council's reserves, and the extent to which an element of the general fund is not committed is kept under constant review. Should the Council's 2% contingency have to be utilised then the S95 Officer is required to put a recovery plan in place immediately to ensure the Council's contingency balance is restored.

In recent years' the biggest threat to this was the risk of an Integrated Joint Board (IJB) overspend. If that occurred the partners (the Council and NHS Highland) would be required to make additional payments to the IJB. However, the IJB have repaid all their debt in 2021/22 therefore this threat has been removed.

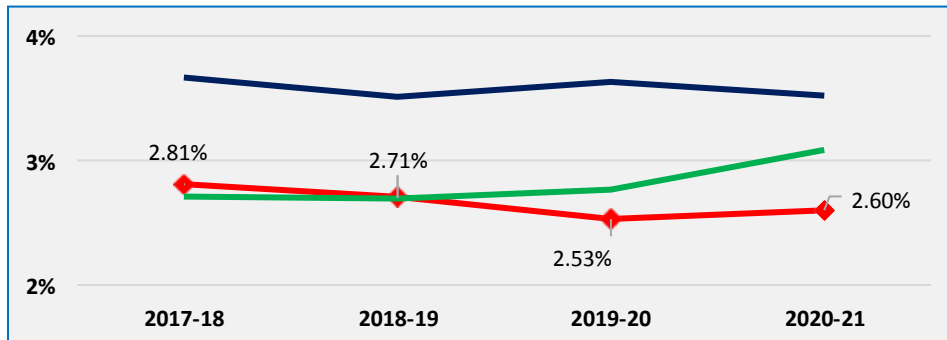
Levels of reserves were also higher in 2020/21 due to additional Covid funding and slippage within the capital programme as a result of works having to be put on hold.

Expected Future Performance and Impact of Policy Decisions

The level of reserves should reduce back to previous levels during 2022/23 as the Covid recovery period progresses and the funding is spent. The capital programme should also begin to pick up pace.

Financial Services

Uncommitted general fund balance as percentage of Council annual budgeted net revenue (FINSUS2)



Group	2017-18	2018-19	2019-20	2020-21
Argyll & Bute	2.81%	2.71%	2.53%	2.60%
FG median	2.71%	2.69%	2.77%	3.09%
Scotland	3.67%	3.51%	3.63%	3.52%

How We Performed

Lower is best.

Although this indicator has risen slightly, it remains lower than the Family Group median and Scotland.

This indicator reflects the conscious investment decisions the Council has made by utilising the uncommitted balance and therefore the decline is non-unknown or unplanned.

Additional commentary as per FINUS01.

Expected Future Performance and Impact of Policy Decisions

As per FINUS01.

Measures for which there is no data yet:**Adult Care**

- Percentage of carers who feel supported to continue in their caring role (SW4E)
- Percentage of adults supported at home who agree that their services and support had a positive impact in improving or maintaining their quality of life (SW4b)
- Percentage of adults supported at home who agree that they are supported to live as independently as possible (SW4c)
- Percentage of adults supported at home who agree that they had a say in how their help, care of support was provided (SW4d)

Commercial Services

- Percentage of adults satisfied with libraries (C&L5a)
- Percentage of adults satisfied with leisure facilities (C&L5d)

Education

- School attendance rate (looked after children) (CHN19b)
- School exclusion rate (per 1,000 'looked after pupils') (CHN20b)
- Percentage of adults satisfied with local schools (CHN10)
- Percentage of children living in poverty (after housing costs) (CHN24)

Development and Economic Growth

- Gross value added (GVA) per capital (ECON11)

Commercial Services

- CO2 emissions area wide per capita (CLIM1)

Roads and Infrastructure Services

- Percentage of adults satisfied with street cleaning (ENV7b)
- Percentage of adults satisfied with refuse collection (ENV7a)

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Indicator Group	Indicator Ref	Indicator Name	
Children's Services	CHN1	Cost Per Primary School Pupil	
Children's Services	CHN2	Cost per Secondary School Pupil	
Children's Services	CHN3	Cost per Pre-School Education Registration Place	
Children's Services	CHN4	%age of Pupils Gaining 5+ Awards at Level 5	
Children's Services	CHN5	%age of Pupils Gaining 5+ Awards at Level 6	
Children's Services	CHN6	%age of Pupils Living in the 20% Most Deprived Areas Gaining 5+ Awards at Level 5 (SIMD)	
Children's Services	CHN7	%age of Pupils Living in the 20% Most Deprived Areas Gaining 5+ Awards at Level 6 (SIMD)	
Children's Services	CHN8a	The Gross Cost of "Children Looked After" in Residential Based Services per Child per Week	
Children's Services	CHN8b	The Gross Cost of "Children Looked After" in a Community Setting per Child per Week	
Children's Services	CHN9	Balance Of Care for 'Looked After Children' - % of children being looked after in the community	
Children's Services	CHN10	%age of Adults Satisfied with Local Schools	
Children's Services	CHN11	%age of Pupils Entering Positive Destinations	
Children's Services	CHN12a	Overall Average Total Tariff	
Children's Services	CHN12b	Average Total Tariff SIMD quintile 1	
Children's Services	CHN12c	Average total tariff SIMD quintile 2	
Children's Services	CHN12d	Average total tariff SIMD quintile 3	
Children's Services	CHN12e	Average total tariff SIMD quintile 4	
Children's Services	CHN12f	Average total tariff SIMD quintile 5	
Children's Services	CHN13a	%age of P1, P4 and P7 pupils combined achieving expected CFE Level in Literacy	
Children's Services	CHN13b	%age of P1, P4 and P7 pupils combined achieving expected CFE Level in Numeracy	
Children's Services	CHN14a	Literacy Attainment Gap (P1,4,7 Combined) - percentage point gap between the least deprived and most deprived pupils	
Children's Services	CHN14b	Numeracy Attainment Gap (P1,4,7 Combined) - percentage point gap between the least deprived and most deprived pupils	
Children's Services	CHN17	%age of children meeting developmental milestones at their 27-30 month review	

Indicator Group	Indicator Ref	Indicator Name	
Children's Services	CHN18	%age of funded early years provision which is graded good/better	
Children's Services	CHN19a	School attendance rate	
Children's Services	CHN19b	School attendance rate (Looked After Children)	
Children's Services	CHN20a	School exclusion rates (per 1,000 pupils)	
Children's Services	CHN20b	School exclusion rates (per 1,000 'looked after children')	
Children's Services	CHN21	Participation rate for 16-19 year olds (per 100)	
Children's Services	CHN22	%age of child protection re-registrations within 18 months	
Children's Services	CHN23	%age LAC with more than 1 placement in the last year (Aug-July)	
Children's Services	CHN24	% of children living in poverty (After Housing Costs)	
Corporate Services	CORP 1	Support services as a %age of total gross expenditure	
Corporate Services	CORP 3b	%age of the highest paid 5% employees who are women	
Corporate Services	CORP 3c	The gender pay gap (%)	
Corporate Services	CORP 4	The cost per dwelling of collecting council tax	
Corporate Services	CORP 6a	Sickness absence days per teacher	

Indicator Group	Indicator Ref	Indicator Name	
Corporate Services	CORP 6b	Sickness absence days per employee (non-teacher)	
Corporate Services	CORP 7	%age of income due from council tax received by the end of the year	
Corporate Services	CORP 8	%age of invoices sampled that were paid within 30 days	
Adult Social Care	SW1	Home care costs per hour for people aged 65 or over	
Adult Social Care	SW2	Self Directed Support (Direct Payments + Managed Personalised Budgets) spend on adults 18+ as a %age of total social work spend on adults 18+	
Adult Social Care	SW3a	%age of people aged 65 and over with long-term care needs receiving personal care at home	
Adult Social Care	SW4b	%age of adults supported at home who agree that their services and support had an impact in improving or maintaining their quality of life	
Adult Social Care	SW4c	%age of adults supported at home who agree that they are supported to live as independently as possible	
Adult Social Care	SW4d	%age of adults supported at home who agree that they had a say in how their help, care or support was provided	
Adult Social Care	SW4e	%age of carers who feel supported to continue in their caring role	
Adult Social Care	SW5	Residential costs per week per resident for people aged 65 or over	
Adult Social Care	SW6	Rate of readmission to hospital within 28 days per 1,000 discharges	
Adult Social Care	SW7	Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections	
Adult Social Care	SW8	Number of days people spend in hospital when they are ready to be discharged, per 1,000 population (75+)	
Culture & Leisure Services	C&L1	Cost per attendance at sports facilities	Page 371
Culture & Leisure Services	C&L2	Cost per library visit	
Culture & Leisure Services	C&L3	Cost of museums per visit	
Culture & Leisure Services	C&L4	Cost of parks & open spaces per 1,000 population	
Culture & Leisure Services	C&L5a	%age of adults satisfied with libraries	
Culture & Leisure Services	C&L5b	%age of adults satisfied with parks and open spaces	
Culture & Leisure Services	C&L5c	%age of adults satisfied with museums and galleries	
Culture & Leisure Services	C&L5d	%age of adults satisfied with leisure facilities	
Environmental Services	ENV1a	Net cost of waste collection per premise	

Indicator Group	Indicator Ref	Indicator Name	
Environmental Services	ENV2a	Net cost of waste disposal per premise	
Environmental Services	ENV3a	Net cost of street cleaning per 1,000 population	
Environmental Services	ENV3c	Street Cleanliness Score	
Environmental Services	ENV4a	Cost of Roads per kilometre	
Environmental Services	ENV4b	%age of A Class roads that should be considered for maintenance treatment	
Environmental Services	ENV4c	%age of B Class roads that should be considered for maintenance treatment	
Environmental Services	ENV4d	%age of C Class roads that should be considered for maintenance treatment	
Environmental Services	ENV4e	%age of U Class roads that should be considered for maintenance treatment	
Environmental Services	ENV5	Cost of Trading Standards and environmental health per 1,000 population	
Environmental Services	ENV5a	Cost of trading standards, money advice and citizen advice per 1,000 population	
Environmental Services	ENV5b	Cost of environmental health per 1,000 population	
Environmental Services	ENV6	%age of total household waste arising that is recycled	
Environmental Services	ENV7a	%age of adults satisfied with refuse collection	
Environmental Services	ENV7b	%age of adults satisfied with street cleaning	
Housing Services	HSN1b	Gross rent arrears (all tenants) as at 31 March each year as a percentage of rent due for the reporting year	
Housing Services	HSN2	% of rent due in the year that was lost due to voids	
Housing Services	HSN3	% of council dwellings meeting Scottish Housing Standards	
Housing Services	HSN4b	Average number of days taken to complete non-emergency repairs	
Housing Services	HSN5	% of council dwellings that are energy efficient	
Corporate Asset	CORP-ASSET1	%age of operational buildings that are suitable for their current use	
Corporate Asset	CORP-ASSET2	%age of internal floor area of operational buildings in satisfactory condition	
Economic Development	ECON1	%age of unemployed people assisted into work from council operated / funded employability programmes	
Economic Development	ECON2	Cost of Planning & Building Standards per planning application	
Economic Development	ECON3	Average time per business and industry planning application (weeks)	

Indicator Group	Indicator Ref	Indicator Name	
Economic Development	ECON4	%age of procurement spend spent on local enterprises	
Economic Development	ECON5	No of business gateway start-ups per 10,000 population	
Economic Development	ECON6	Inverstment in Economic Development & Tourism per 1,000 Population	
Economic Development	ECON7	Proportion of people earning less than the living wage	
Economic Development	ECON8	Proportion of properties receiving superfast broadband	
Economic Development	ECON9	Town Vacancy Rates	
Economic Development	ECON10	Immediately available employment land as a %age of total land allocated for employment purposes in the local development	
Economic Development	ECON11	Gross Value Added (GVA) per capita	
Economic Development	ECON12a	Claimant Count as % of Working Age Population	
Economic Development	ECON12b	Claimant Count as % of 16-24 Population	
Financial Sustainability	FINUS1	Total useable reserves as a % of council annual budgeted net revenue	
Financial Sustainability	FINUS2	Uncommitted General Fund Balance as a % of council annual budgeted net revenue	
Financial Sustainability	FINUS3	Ratio of Financing Costs to Net Revenue Stream	
Financial Sustainability	FINUS4	Ratio of Financing Costs to Net Revenue Stream – Housing Revenue Account	
Financial Sustainability	FINUS5	Actual outrun as a percentage of budgeted expenditure	
Climate Change	CLIM1	CO2 emssions area wide per capita	
Climate Change	CLIM2	CO2 emissions area wide: emissions within scope of LA per capita	
		Total Number Of Indicators	10

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ARGYLL AND BUTE COUNCIL**AUDIT AND SCRUTINY COMMITTEE****FINANCIAL SERVICES****23 JUNE 2022**

INTERNAL AUDIT – ANNUAL REPORT 2021/22

1.0 INTRODUCTION

1.1 The purpose of this report is to advise the Audit and Scrutiny Committee (the Committee) of the work undertaken by Internal Audit in respect of the Annual Audit Plan 2021/22 and advise the Committee of the contents of the Interim Chief Internal Auditor's (CIA) independent annual opinion on the effectiveness of the Council's risk management, internal control and governance processes.

1.2 The Public Sector Internal Audit Standards (PSIAS) became effective on 1st April 2013 and require that:

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

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

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

1.3 Attached as appendices to this report are:

- Appendix 1 – Summary of the audits completed in 2021/22
- Appendix 2 – Internal Audit Opinion

2.0 RECOMMENDATIONS

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

3.0 DETAIL

3.1 Internal Audit is an independent and objective assurance function designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the Council's risk management, internal control and governance processes.

3.2 Internal Audit's purpose, authority and responsibilities are set out in detail in the Internal Audit Charter, which was most recently approved by the Committee in March 2022. Internal Audit reports its outputs regularly throughout the year to the Committee. The Committee also approves

Internal Audit's annual plan and monitors the performance of the function.

- 3.3 The risk based audits contained within the 2021/22 Internal Audit Annual Plan are shown in the table included at Appendix 1. This shows the overall audit opinion for each audit and the number and significance of agreed actions.
- 3.4 Internal audit activity is planned to enable an independent annual opinion to be given by the CIA on the adequacy and effectiveness of internal controls within the authority, including the systems that achieve the corporate objectives of the Council and those that manage the material risks faced by the authority. It should be noted, however, that the presence of an effective internal audit function contributes toward, but is not a substitute for, effective control and it is primarily the responsibility of line management to establish internal controls so that the Council's activities are conducted in an efficient manner, to ensure that management policies and directives are adhered to and that assets and records are safeguarded.
- 3.5 Internal Audit operates as part of the Chief Executive's Unit and whilst I report to the Council's Head of Financial Services on an administrative basis, I also have unrestricted access to those charged with governance, specifically: Elected Members; the Chief Executive; Executive Directors including the Executive Director for Customer Services who is the Council's Monitoring Officer.
- 3.6 The previous Head of Financial Services was appointed as Executive Director whilst retaining the Council's Section 95 officer responsibilities. Backfilling of the Head of Financial Services post was undertaken by the Chief Internal Auditor on an interim basis until December 2021 after which the Finance Manager undertook this role when the post became vacant again. During the year the role of Chief Internal Auditor was subsequently filled on an interim basis in September 2021. I can report that Internal Audit operated throughout 2021/22 with no impairments or restrictions in scope or independence.
- 3.7 Internal Audit activity during the year was undertaken in accordance with the revised Internal Audit Annual Plan.
- 3.8 The 2021/22 audit plan was revised due to a need to redeploy audit resource to priority tasks required to support the Council's response to the pandemic and support Financial Services. The revised Audit Plan was reported to and approved at the March 2022 Committee. I am of the opinion this does not affect my ability to provide an opinion on the Council's systems of governance and internal control.
- 3.9 Three changes were made to the 2021/22 audit plan as follows:
 - An audit of Adult Care which was in the approved 2021/22 audit plan was not performed. The high level scope of this audit was to review compliance with internal policies and procedures. The Care Inspectorate, Healthcare Improvement Scotland and Her Majesty's Inspectorate of Constabulary in Scotland carried out a joint

inspection of adult support and protection across Argyll and Bute partnership from June to August 2021 with the report being published in September 2021. This provided an opportunity to identify good practice and support improvement more broadly across Scotland. In summary, the report found that the Argyll and Bute partnership had an established and clear vision, supported by an effective multi-agency Adult Protection Committee. The strategic response to the Covid-19 pandemic was effective with strong community engagement. The partnership was particularly proactive in raising awareness of adult support and protection within the community and with the people responsible for planning, delivering and evaluating care and support. An improvement plan to address the priority areas for improvement as identified in the report has been prepared with key dates identified. An audit will be undertaken in future years.

- An audit of Education Processes which was in the approved 2021/22 audit plan was not performed. The audit was added as a result of a request from the Head of Service with the high level scope to review of education processes that feed into the wider pupil transport service with specific reference to ASN/Complex needs. However, there is currently an internal consultation on ASN provision therefore audit around this area would not be well timed. An audit will be undertaken in future years.
- An audit of HR Project Management - Payroll Business Process Review which was in the approved 2021/22 audit plan was not performed. This audit was added to provide assurance that the Payroll Business Process Review has been carried out in a robust manner. As the project had been completed during 2021/22 and payroll process had been transferred to Financial Services it was felt that the audit was no longer required.

- 3.10 I am pleased to report that, whilst COVID has had an impact on the completion of audit actions, council officers have continued to make progress in terms of implementing agreed audit recommendations. Furthermore there are robust follow up procedures in place with reports taken to the SMT on a quarterly basis and reported as a standard item to the Committee.
- 3.11 There is a formal requirement for me to prepare an annual opinion on the Council's internal control system. The opinion is presented to members of the Committee and is intended to provide independent and objective assurance as to the adequacy and effectiveness of internal controls within the Council.
- 3.12 In addition to the work carried out by internal audit, my opinion is also informed by:
- the work of External Audit
 - the work of other external inspection agencies who report on the Council's work
 - statements of assurances provided by the Chief Executive, Executive Directors and Heads of Service providing their opinion on the effectiveness of control, governance and risk management within their

areas of responsibility.

- 3.13 My evaluation of the control environment is informed by these sources and in bringing these together, consideration has been given to whether there is evidence that any key controls are absent, inadequate or ineffective and whether the existence of any weaknesses identified, taken independently or with other findings, significantly impairs the Council's overall systems of internal control. Wider issues relating to the Council's corporate governance and risk management arrangements have also been considered.
- 3.14 The nature of individual audit assignments is such that most Internal Audit reports identify some weaknesses or areas where scope for improvement exists. However, I am pleased to report that, generally across the Council, there continues to be a strong recognition amongst management of the importance of proportionate but effective internal controls. Senior management has also established an operating culture where good standards of governance are seen as a key requirement in the way in which the Council conducts its activities.
- 3.15 During work undertaken in 2021/22 there have been instances where the control environment was not strong enough or complied with sufficiently to prevent risks to the organisation. In these cases, Internal Audit has made recommendations to further improve the systems of control and compliance. Although sometimes significant to the control environment in place for the individual system or areas that have been audited, I do not consider these weaknesses material enough to have a significant impact on the overall opinion on the adequacy of the Council's control environment at the year end.
- 3.16 My formal annual Internal Audit opinion on the soundness of the Council's internal control systems is presented at Appendix 2. Overall, the results of the work of Internal Audit in 2021/22 taken with other information available to me did not lead me to conclude that the Council's overall systems of internal control were significantly or materially impaired.
- 3.17 It has been a busy year for the internal audit team as they have supported the Chief Internal Auditor in the further development of our work practices including introducing the new counter fraud team. The team have worked hard to deliver the internal audit plan, and in response to COVID-19 they willingly redeployed to provide assistance to the wider Financial Services team to help administer and process a variety of Business Support Grants. It is my opinion that the profile of Internal Audit continues to improve within the Council as does the quality of the work it delivers and is evident in the feedback received from post-audit surveys indicating a satisfaction rate of 96%.
- 3.18 As required by the PSIAS a five-yearly external assessment took place in 2018-19 and actions raised were addressed through the quality assurance and improvement programme. A further self-assessment process was also undertaken and reported to Committee in September 2021 which provided further assurance over the work of the team. All identified actions for improvement have been tracked through our quality assurance

improvement programme with updates reported to Committee as part of a standard agenda item.

- 3.19 On behalf of my team I would like to thank all Council staff who have assisted Internal Audit during the course of our work throughout 2021/22 and to thank senior management and elected members for the consideration and due regard given to our work.

4.0 CONCLUSION

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

5.0 IMPLICATIONS

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

Moira Weatherstone
Interim Chief Internal Auditor
23 June 2022

For further information contact:

Moira Weatherstone, Interim Chief Internal Auditor
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APPENDICES

1. Summary of the audits completed in 2021/22
2. 2021/22 Internal Audit Opinion

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Appendix 2 - 2021/22 Internal Audit Opinion

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

As the Interim Chief Internal Auditor of Argyll and Bute Council (the Council), I am pleased to present my annual statement on the adequacy and effectiveness of the internal financial control system of the Group Accounts prepared by the Council for the year ended 31 March 2022.

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

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

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

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

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

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

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

The work of internal audit

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

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

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

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

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

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

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

To meet this requirement, a reciprocal arrangement to complete a programme of inspections has been developed by the Scottish Local Authorities Chief Internal Auditors Group (SLACIAG). This process identified FTF Consortium as the body to undertake the independent review of the Council's Internal Audit function's level of compliance with PSIAS. This output of this review was presented to the Audit and Scrutiny Committee in September 2018. It concluded that the internal audit service demonstrates overall compliance with PSIAS and identified many areas of strong practice including sound governance, robust self-assessment, good engagement and clear reporting lines and clear evidence of supervision and audit follow up. A further self-assessment process was undertaken and reported to Committee in September 2021 which provided further assurance Internal Audit's compliance with PSIAS.

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

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

The internal auditor is required to ensure that appropriate arrangements are made to determine whether action has been taken on internal audit recommendations or that management has understood and assumed the risk of not taking action. A

programme of follow-up on assignment findings and recommendations provides assurance on the complete and timeous implementation of internal audit recommendations.

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

- SLACIAG, the purpose of which is to develop and improve the practice of internal audit activity with Scottish local authorities. It achieves this by meeting to discuss issues of common concern, commissioning work to develop ideas, sharing good practice, working in partnership with other professional / governing bodies and promoting SLACIAG as the representative body for internal audit in local authorities. We have attended meetings of SLACIAG during 2021/22.
- SLACIAG Computer Audit sub group: unfortunately we were unable to attend this group during 2020/21. However, outputs and communications are regularly exchanged ensuring that audit teams are better equipped to perform technical Information Systems auditing. We attended a SLACIAG meeting which focussed on cyber risks, resilience and incident management.
- The CIA also meets the Chief Internal Auditors of West Dunbartonshire Council, East Dunbartonshire Council, West Lothian Council, Falkirk Council and Inverclyde Council on a quarterly basis to discuss developments and share knowledge. In-between these meetings we are in regular contact to share information which helps deliver audit plans more efficiently including consistent use of benchmarking indicators.

Basis of Opinion

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

- the audit work undertaken by Internal Audit during the year to 31 March 2022, including risk based audits, continuous monitoring and follow-up activity.
- the assurance statements signed by the executive directors and heads of service on the operation of the internal financial controls for the services for which they were responsible during the year to 31 March 2022.
- the assurance statement signed by the Chief Executive for the overall Council for the year ended 31 March 2022.
- reports issued by the Council's external auditors, Audit Scotland, and other external review agencies.
- my knowledge of the Council's governance, risk management and performance monitoring arrangements.

Limitation to Resources or Scope of Internal Audit Work

The previous Head of Financial Services was appointed as Executive Director whilst retaining the Council's Section 95 officer responsibilities. Backfilling of the Head of Financial Services post was undertaken by the Chief Internal Auditor on an interim basis until December 2021 after which the Finance Manager undertook this role when the post became vacant again. During the year the role of Chief Internal Auditor was subsequently filled on an interim basis from September 2021. I can report that Internal Audit operated throughout 2021/22 with no impairments or restrictions in scope or independence.

There were sufficient resources available to deliver the amended programme of audit assignments contained within the revised 2021/22 Internal Audit Plan and no significant threats emerged to the independence of the internal audit activity such as inappropriate scope or resource limitations.

Opinion

It is my opinion, based on the above, that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's systems of governance, risk management and internal control in the year to 31 March 2022.

Signature:

Title: Interim Chief Internal Auditor
Date: 23 June 2022

ARGYLL AND BUTE COUNCIL

AUDIT AND SCRUTINY

**LEGAL AND REGULATORY SUPPORT
FINANCIAL SERVICES**

23 June 2022

REVIEW OF CODE OF CORPORATE GOVERNANCE

1. EXECUTIVE SUMMARY

- 1.1. This report advises that the code of corporate governance action plan for 2021/22 has been reviewed and updated along with the content of the revised code to reflect the governance position within the Council for 2021/22.
- 1.2. An action plan based on the revised code has been drafted for 2022/23.
- 1.3. The review allows the Council to include a statement of governance and internal control in the Annual Accounts for 2022/23.

2. RECOMMENDATIONS

- 2.1 The Audit and Scrutiny Committee note the updates in the Action Plan for 2021/22
- 2.2 The Audit and Scrutiny Committee consider and approve the content of the revised Code of Corporate Governance for 2021/22
- 2.3 The Audit and Scrutiny Committee consider and approve the content of the Action Plan for 2022/23
- 2.4 The Audit and Scrutiny Committee consider and approve the draft statement of governance and internal control for 2021/22

REVIEW OF CODE OF CORPORATE GOVERNANCE

1. INTRODUCTION

- 1.1 This report advises that the code of corporate governance action plan for 2021/22 has been reviewed and updated along with the content of the revised code to reflect the governance position within the Council for 2021/22. The review allows the Council to include a statement of governance and internal control in the Annual Accounts for 2021/22. An action plan for 2022/23 has been prepared.

2. RECOMMENDATIONS

- 2.1 To note the updates in the Action Plan for 2021/22
- 2.2 To consider and approve the content of the revised Code of Corporate Governance for 2021/22
- 2.3 To consider and approve the content of the Action Plan for 2022/23
- 2.4 To consider and approve the draft statement of governance and internal control for 2021/22

3. DETAIL

- 3.1 CIPFA and SOLACE published a revised Framework for 'Delivering Good Governance in Local Government' in 2016. The Framework was defines seven core principles and twenty-one supporting principles that should underpin the governance of local authorities and provides a structure to assist authorities with assessing their own approach to governance.
- 3.2 The Council has responsibility for the preparation of the code of corporate governance along with an Action Plan which identifies areas within the Council where work to improve the governance arrangements within the Council is being undertaken. It is considered that the actions on the action plan for 2021/22 (appendix 1) have been progressed.
- 3.3 The seven principles contained in the local code are:
1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

2. Ensuring openness and comprehensive stakeholder engagement.
3. Defining outcomes in terms of sustainable economic, social and environmental benefits.
4. Determining the interventions necessary to optimise the achievement of the intended outcomes.
5. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
6. Managing risks and performance through robust internal control and strong public financial management
7. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

The revised code (appendix 2) includes links to the evidence demonstrating compliance with these seven core principles

3.4 The review of the effectiveness of the system of governance and internal control is informed by the:

- work of council officers
- work of External and Internal Audit
- Statements of Governance or Internal Control provided by external bodies
- external review and inspection reports
- recommendations from the Audit and Scrutiny Committee

4. CONCLUSION

4.1 This review of the content of the local code of corporate governance gives assurance about the robustness of the Council's governance arrangements as level 3 of the CIPFA code.

5. IMPLICATIONS

- 5.1 Policy – None
- 5.2 Financial – None
- 5.3 Legal – None
- 5.4 HR – None
- 5.5 Fairer Scotland Duty – None
- 5.6 Climate Change
- 5.7 Equalities – None
- 5.8 Socio-Economic Duty – None
- 5.9 Islands Duty – None
- 5.10 Risk – None
- 5.11 Customer Service - None

Douglas Hendry

Executive Director with responsibility for Legal and Regulatory Support

For further information please contact:

Iain Jackson, Governance, Risk and Safety Manager - 01546 604188

Moira Weatherstone, Interim Chief Internal Auditor - 01546 604146

Appendices

Appendix 1 - Updated action plan for 2021/22

Appendix 2 - Code of corporate governance 2021/22

Appendix 3 - Action plan for 2022/23

Appendix 4 - Draft Annual Governance Statement 2021/22

Argyll and Bute Council – Corporate Governance Action Plan 2021/2022 - Updated

Ref	Improvement actions	Success measures	Key dates	Lead
CG-1	Continue to engage with the Scottish Government and other local authorities to determine the most efficient and effective way of ensuring the Council can provide a waste solution which complied with the 2025 Bio-degradable Municipal Waste Ban	<p>Progress made in identifying appropriate solution</p> <p>Update: Specialist economic consultants now engaged on an options appraisal exercise to help inform the decision. This is to be reported to September's ED&I committee.</p> <p>Included in plan for 22/23</p>	31 March 2022	Head of R&I
CG-2	Further develop the Council's Counter Fraud Team	<p>2 year pilot successful and SMT agree to it becoming a permanent feature of the Councils' establishment</p> <p>Update: The Counter Fraud Team (CFT) have submitted a report to the ELT which outlines the actions, rebilling and recovery to date with a</p>	31 March 2022 Complete	Head of FS

		proposal for permanency.		
CG-3	Progress the project to upgrade the Council's general ledger system with an anticipated go live of 1 April 2022	<p>System in place and monitoring of effectiveness undertaken</p> <p>Update: This has now been pushed back to the 6 June 2022 at the earliest due to issues which have surfaced during the implementation of the automated interface between Concerto and Oracle.</p> <p>Included in plan for 22/23</p>	31 March 2022	Head of FS
CG-4	Complete the development of the automated interface between the Property Management System (Concerto) and the Financial System (Oracle) to process contractor payments	<p>Interface in place and monitoring of effectiveness undertaken</p> <p>Update: The capital Oracle/Concerto interface has been completed. The revenue interface has been delayed because of the</p>	30 September 2021	Head of CS

		<p>need for Oracle to be updated as advised at CG-3</p> <p>Included in plan for 22/23</p>		
CG-5	<p>Review of the scheme of delegation in relation to property matters to ensure decisions are taken at the correct level</p>	<p>Appropriate delegations agreed and monitoring of effectiveness undertaken</p> <p>Update: Further review of property delegations will be included in the next review of the constitution.</p>	<p>31 March 2022 Complete</p>	<p>Head of CS</p>
CG-6	<p>Enhance reporting of workforce planning to the Strategic Management Team and Elected Members</p>	<p>Reporting process in place and working well</p> <p>Update: Operational Workforce plans are reviewed on a six monthly basis and each team in the council are assigned a WFP risk rating. Data from these discussions are collated and analysed in a report which is presented to SMT. HROD team highlight any common</p>	<p>31 March 2022 Complete</p>	<p>Head of CSS</p>

		themes that would benefit from a revised corporate approach. Quarterly health of the organisation reports are presented to DMT and SMT which cover a number of workforce indicators.		
CG-7	Further progress the work to digitalise all document and evidence exchanges for Local Development Plan 2 'Examination in Public'	Digitalised system in place and monitoring of effectiveness undertaken Update: complete and DPEA have complimented D&EG on the provision of information in the required format	31 March 2022 Complete	Head of D&EG
CG-8	Respond to the findings of the Scrutiny Review of the Strategic Housing Fund which is to be reported in June 2021	All actions identified are progressed – Update: Complete	31 March 2022 Complete	Head of D&EG
CG-9	Continue to improve quality and accuracy of asset information which will benefit asset valuations, calculations for utilities costs and asset management	System in place and monitoring of effectiveness undertaken Update: Contract let and	31 March 2022	Head of CS

		<p>work underway to gather updated asset information for major buildings – new plans being drawn. Estates has continued to improve records with the property measurement contract providing new plans for properties. As part of the asset valuation process Estates also building up property records and will use the details for the insurance valuation updates to be completed in 2022/23.</p> <p>Include in plan for 22/23</p>		
CG-10	<p>Further progress the implementation of a self-billing approach using CareFirst for payments to social care providers</p>	<p>Processes and procedures in place and monitoring of effectiveness undertaken</p> <p>Update: This action has been suspended pending the implementation of two new key systems which</p>	31 March 2022	Head of FS

Appendix 1

		<p>would be integral to the revised process: The Oracle Fusion Financial Management System and the Eclipse Social Work Management System. Once the two systems are up and running and we know what the Eclipse system can do – the vendor is still writing the software - we'll be able to determine the actions necessary to implement this process.</p> <p>Included in plan for 22/23</p>		
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Code of Corporate Governance 2021/22

Date 30 May 2022
Version v0.1 – annual update

Principle 1: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

1.1 Supporting Principle: Behaving with integrity

Evaluation Key
1. Not compliant with local code requirements
2. Partially compliant with local code requirements
3. Fully compliant with local code requirements
4. Exceeds the requirements of the local code

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Evaluation 21/22	Action	Lead Officer
1.1.1 Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation	Codes of conduct - Ethical Framework - Part F page 185	3		D. Logan
	Individual sign off with regard to compliance with the code	3		
	Induction for new members and staff on standard of behaviour expected	3		
	Performance Appraisals	3		
	Declarations of Interest made at meetings - Standing Orders for meetings - Part B page 23	3		
1.1.2 Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)	Communicating shared values with members, staff, the community and partners Ethical Framework - Part F page 185	3		D. Logan
1.1.3 Leading by example and using these standard operating principles or values as a framework for decision making and other actions	Decision making practices	3		D. Logan
	Declarations of interests made at meetings - Standing Orders for meetings - Part B page 23	3		

	Conduct at meetings - Standing Orders for meetings - Part B page 23	3		
	Shared values guide decision making	3		
	Develop and maintain an effective standards committee			
1.1.4 Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively	Anti-fraud and corruption policies are working effectively - Anti Fraud Strategy - Part D page 137	3		D. Logan
	Up-to-date register of interests (members and staff) - Councillors register of interests	3		
	Up-to-date register of gifts and hospitality - Councillors register of interests	3		
	Whistleblowing policies are - in place and protect individuals raising concerns Whistleblowing Policy - Part F page 185	3		
	Whistleblowing policy has been made available to members of the public, employees, partners and contractors	3		
	Complaints policy and examples of responding to complaints about behaviour - Complaints procedure and reports	3		
	Changes/improvements as a result of complaints received and acted upon Complaints annual report	3		
	Members' and officers' code of conduct refers to a requirement to declare interests - Ethical Framework - Part F page 185	3		
	Minutes show declarations of interest were sought and appropriate declarations made - Agenda for Council budget meeting on 25 February 2021	3		

1.2 Supporting Principle: Demonstrating strong commitment to ethical values

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Evaluation 21/22	Action	Lead Officer
1.2.1 Seeking to establish, monitor and maintain the organisation’s ethical standards and performance	Scrutiny of ethical decision making - Audit and Scrutiny Committee	3		D. Hendry
	Championing ethical compliance at governing body level - Monitoring Officer Protocol - page 233	3		
1.2.2 Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation’s culture and operation	Provision of ethical awareness training	3		D. Logan
1.2.3 Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values	Appraisal processes take account of values and ethical behaviour	3		Heads of Service
	Staff appointments policy	3		J. Fowler
	Procurement policy - procurement	3		D. Logan
1.2.4 Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation	Agreed values in partnership working: – statement of business ethics communicates commitment to ethical values to external suppliers – ethical values feature in contracts with external service providers - procurement	3		J. Fowler
	Protocols for partnership working - Community Planning	3		

1.3 Supporting Principle: Respecting the rule of law

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Evaluation 21/22	Action	Lead Officer
1.3.1 Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations	Statutory provisions and statutory Guidance is followed	3		D. Logan
	Constitution in place - Constitution	3		
1.3.2 Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements	Job Descriptions/Specifications	3		J. Fowler
	Compliance with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2016)	3		K. Flanagan
	Terms of reference - Scheme of Administration and delegations - Part C Page 51	3		D. Logan
	Committee Support	3		
1.3.3 Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders	Record of legal advice provided by officers	3		D. Logan
1.3.4 Dealing with breaches of legal and regulatory provisions effectively	Monitoring officer provisions - Ethical Framework - Part F page 185	3		D. Logan
	Record of legal advice provided by officers	3		
	Statutory provisions	3		
1.3.5 Ensuring corruption and misuse of power are dealt with effectively	Effective anti-fraud and corruption policies and procedures - Anti Fraud Strategy - Part D page 137	3		D. Logan
	Whistle Blowing Policy - Whistleblowing Policy - Part F page 185	3		

	Local test of assurance (where appropriate)			K. Flanagan
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Principle 2: Ensuring openness and comprehensive stakeholder engagement

2.1 Supporting Principle: Openness

Evaluation Key
1. Not compliant with local code requirements
2. Partially compliant with local code requirements
3. Fully compliant with local code requirements
4. Exceeds the requirements of the local code

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Evaluation 21/22	Action	Lead Officer
2.1.1 Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness	Annual report - Annual Reports	3		P. Milne
	Freedom of Information Publication Scheme - Publication Scheme	3		D. Logan
	Online Council Tax Information - Council Tax	3		J. Fowler
	Council's goals and values - Plans, Policies and Key Documents	3		P. Milne
	Council website - home page	3		J. Fowler
	Publication of Council meeting Agendas and Papers - Meetings, agendas, and minutes	3		D. Logan
	Publication of Audit and Scrutiny Committee Agendas and Papers - Audit and Scrutiny Committee	3		
2.1.2 Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided	Record of decision making and supporting materials – Council Webcasting	3		D. Logan

2.1.3 Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear	Decision making protocols	3		
	Report pro-formas	3		
	Record of professional advice in reaching decisions - Meetings, agendas, and minutes	3		
	Meeting reports show details of advice given - Meetings, agendas, and minutes	3		
	Discussion between members and officers on the information needs of members to support decision making	3		
	Agreement on the information that will be provided and timescales	3		
	Calendar of dates for submitting, publishing and distributing timely reports is adhered to - Meetings, agendas, and minutes	3		
2.1.4 Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action	Community strategy - Community Development	3		J. Fowler
	Use of consultation feedback - Consultation Diary	3		
	Citizen survey - Citizens' Panel	3		
	Staff Survey	3		

2.2 Supporting Principle: Engaging comprehensively with institutional stakeholders

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Evaluation 21/22	Action	Lead Officer
2.2.1 Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that	Communication strategy	3		J. Fowler

outcomes are achieved successfully and sustainably				
2.2.2 Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	Database of stakeholders with whom the authority should engage and for what purpose and a record of an assessment of the effectiveness of any changes	3		J. Fowler
2.2.3 Ensuring that partnerships are based on: – trust – a shared commitment to change – a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit	Partnership Framework - communitydevelopment	3		J. Fowler
	Partnership protocols - CommunityPlanning	3		
	Data Sharing protocols	3		D. Logan

2.3 Supporting Principle: Engaging stakeholders effectively, including individual citizens and service users

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Evaluation 21/22	Action	Lead Officer
2.3.1 Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes	Record of public consultations - Consultation Diary	3		J. Fowler
	Partnership framework - communitydevelopment	3		
2.3.2 Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement	Communications strategy	3		

2.3.3 Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs	Communications strategy	3		
	Joint strategic needs assessment	3		K. Flanagan
2.3.4 Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account	Communications strategy	3		J. Fowler
2.3.5 Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity	Processes for dealing with competing demands within the community, for example a consultation	3		J. Fowler
2.3.6 Taking account of the interests of future generations of tax payers and service users	Reports	3		K. Flanagan
	Joint strategic needs assessment	3		

Principle 3: Defining outcomes in terms of sustainable economic, social, and environmental benefits

3.1 Supporting Principle: Defining outcomes

Evaluation Key

1. Not compliant with local code requirements
2. Partially compliant with local code requirements
3. Fully compliant with local code requirements
4. Exceeds the requirements of the local code

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Evaluation 21/22	Action	Lead Officer
3.1.1 Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions	Vision used as a basis for corporate and service planning - Corporate plan	3		P. Milne

3.1.2 Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer	Community engagement and involvement - Community Planning and Community Development	3		
	Corporate and Service plans - Service Plans - Overview	3		P. Milne
	Community strategy - Community Planning and Community Development	3		
	De-carbonisation Plan - decarbonisation plan	3		F. Murray
3.1.3 Delivering defined outcomes on a sustainable basis within the resources that will be available	Regular reports on progress	3		K. Flanagan
3.1.4 Identifying and managing risks to the achievement of outcome	Performance trends are established and reported upon - performance and improvement framework	3		K. Flanagan
	Risk management protocols	3		
3.1.5 Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available	An agreed set of quality standard measures for each service element are included in service plans - Service Plans - Overview	3		Heads of Service
	Processes for dealing with competing demands within the community - Community Planning and Community Development	3		P. Milne

3.2 Supporting Principle: Sustainable economic, social and environmental benefits

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Evaluation 21/22	Action	Lead Officer
3.2.1 Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision	Capital investment is structured to achieve appropriate life spans and adaptability for future use so that resources are spent on optimising social, economic and environmental wellbeing:	3		K. Flanagan

	<p>– Capital programme</p> <p>– Capital investment strategy - Council Plans and Strategies</p>			
3.2.2 Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation’s intended outcomes and short-term factors such as the political cycle or financial constraints	Discussion between members and officers on the information needs of members to support decision making	3		D. Logan
	Record of decision making and supporting materials - Meetings, agendas, and minutes	3		
3.2.3 Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs	Record of decision making and supporting materials - Meetings, agendas, and minutes	3		D. Logan
	Protocols for consultation - Consultation Diary	3		
3.2.4 Ensuring fair access to services	Protocols ensure fair access and statutory guidance is followed	3		D. Logan

Principle 4: Determining the interventions necessary to optimise the achievement of the intended outcomes

4.1 Supporting Principle: Determining interventions

Evaluation Key

1. Not compliant with local code requirements
2. Partially compliant with local code requirements
3. Fully compliant with local code requirements
4. Exceeds the requirements of the local code

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Evaluation 21/22	Action	Lead Officer
4.1.1 Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes	Discussion between members and officers on the information needs of members to support decision making	3		D. Logan

would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided				
	Decision making protocols	3		
	Option appraisals	3		Heads of Service
	Agreement of information that will be provided and timescales	3		D. Logan
4.1.2 Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts	Financial strategy - Council Plans and Strategies	3		K. Flanagan

4.2 Supporting Principle: Planning interventions

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Evaluation 21/22	Action	Lead Officer
4.2.1 Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets	Calendar of dates for developing and submitting plans and reports that are adhered to - Meetings, agendas, and minutes	3		D. Logan
4.2.2 Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered	Communication strategy	3		J. Fowler
4.2.3 Considering and monitoring risks facing each partner when working collaboratively including shared risks	Partnership framework - Community Planning and Community Development	3		P. Milne
	Risk management protocol	3		K. Flanagan

4.2.4 Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances	Planning protocols	3		P. Milne
4.2.5 Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured	KPIs have been established and approved for each service element and included in the service plan and are reported upon regularly - LGBF	3		Heads of Service
4.2.6 Ensuring capacity exists to generate the information required to review service quality regularly	Reports include detailed performance results and highlight areas where corrective action is necessary	3		Heads of Service
4.2.7 Preparing budgets in accordance with organisational objectives, strategies and the medium-term financial plan	Evidence that budgets, plans and objectives are aligned - business outcomes mapped to corporate plan	3		K. Flanagan
4.2.8 Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy	Budget guidance and protocols - Budget challenge	3		K. Flanagan
	Medium term financial plan	3		
	Corporate plans - Plans, Policies and Key Documents	3		P. Milne

4.3 Supporting Principle: Optimising achievement of intended outcomes

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Evaluation 21/22	Action	Lead Officer
4.3.1 Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints	Feedback surveys and exit/decommissioning surveys	3		K. Flanagan
	Changes as a result	3		

4.3.2 Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term	Budget guidance and proposals - Budget challenge	3		K. Flanagan
4.3.3 Ensuring the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage	Financial strategy - Council Plans and Strategies	3		K. Flanagan
4.3.4 Ensuring the achievement of 'social value' through service planning and commissioning	Service plans demonstrate consideration of 'social value'	3		Heads of Service
	Achievement of 'social value' is monitored and reported on	3		

Principle 5: Developing the entity’s capacity, including the capability of its leadership and the individuals within it

5.1 Developing the entity’s capacity

Evaluation Key

1. Not compliant with local code requirements
2. Partially compliant with local code requirements
3. Fully compliant with local code requirements
4. Exceeds the requirements of the local code

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Evaluation 21/22	Action	Lead Officer
5.1.1 Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness	Regular reviews of activities, outputs and planned outcomes - Budget challenge	3		Senior Management
5.1.2 Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority’s resources are allocated so that outcomes are achieved effectively and efficiently	Utilisation of research and benchmarking exercises - LGBF	3		Heads of Service
5.1.3 Recognising the benefits of partnerships and collaborative working where added value can be achieved	Effective operation of partnerships which deliver agreed outcomes - Community Planning and Community Development	3		P. Milne
5.1.4 Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources	Workforce Plan - strategic workforce plan	3		J. Fowler
	Organisational development plan	3		

5.2 Supporting Principle: Developing the capability of the entity’s leadership and other individuals

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Evaluation 21/22	Action	Lead Officer
5.2.1 Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained	Job Descriptions	3		J. Fowler
	Chief Executive and Leader pairings have considered how best to establish and maintain effective communication	3		P. Milne
5.2.2 Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body	Scheme of delegation reviewed at least annually in the light of legal and organisational changes - Scheme of Administration and delegations - Part C Page 51	3		D. Logan
	Standing orders and financial regulations which are reviewed on a regular basis - Financial and Security - Part D page 109	3		
5.2.3 Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure, whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other’s authority	Clear statement of respective roles and responsibilities and how they will be put into practice - Scheme of Administration and delegations - Part C Page 51	3		D. Logan
5.2.4 Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks	Access to courses/information briefings on new legislation	3		D. Logan

5.2.5 Ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged	Induction programme	3		D. Logan
	Personal development plans for members and officers	3		D. Logan
5.2.6 Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis	Able to scrutinise and challenge	3		Executive Leadership Team
	Recognise when outside expert advice is required	3		
	Promote trust	3		
	Work in Partnership	3		
	Lead the Organisation	3		
	Act as a community leader	3		
5.2.7 Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from both internal and external governance weaknesses	Arrangements for succession planning	3		J. Fowler
5.2.8 Ensuring that there are structures in place to encourage public participation	Residents panels	3		J. Fowler
	Stakeholder forums terms of reference	3		
	Strategic Partnership Frameworks	3		
5.2.9 Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections	Reviewing individual member performance on a regular basis taking account of their attendance and considering any training or development needs	3		D. Logan
	Peer reviews	3		Executive Leadership Team

5.2.10 Holding staff to account through regular performance reviews which take account of training or development needs	Training and Development Plan	3		J. Fowler
	Staff development plans linked to appraisals	3		
	Implementing appropriate human resource policies and ensuring that they are working effectively	3		
5.2.11 Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing	Human Resources policies	3		J. Fowler

Principle 6: Managing risks and performance through robust internal control and strong public financial management

6.1 Supporting Principle: Managing Risk

Evaluation Key

1. Not compliant with local code requirements
2. Partially compliant with local code requirements
3. Fully compliant with local code requirements
4. Exceeds the requirements of the local code

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Evaluation 21/22	Action	Lead Officer
6.1.1 Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making	Risk Management protocol	3		K. Flanagan
6.1.2 Implementing robust and integrated risk management arrangements and ensuring that they are working effectively	Risk management strategy/ policy formally approved, adopted, reviewed and updated on a regular basis	3		
6.1.3 Ensuring that responsibilities for managing individual risks are clearly allocated	Risk Management protocol	3		

6.2 Supporting Principle: Managing performance

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Evaluation 21/22	Action	Lead Officer
6.2.1 Monitoring service delivery effectively including planning, specification, execution and independent post implementation review	Performance map showing all key activities have performance measures	3		Heads of Service
	Benchmarking information - LGBF	3		
	Cost performance (using inputs and outputs)			
	Calendar of dates for submitting, publishing and distributing timely reports that are adhered to - Meetings, agendas, and minutes	3		D. Logan
6.2.2 Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook	Discussion between members and officers on the information needs of members to support decision making	3		D. Logan
	Publication of agendas and minutes of meetings - Meetings, agendas, and minutes	3		
	Agreement on the information that will be needed and timescales	3		
6.2.3 Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible support balanced and effective decision making	The role and responsibility for scrutiny has been established and is clear - Audit and Scrutiny Committee	3		K. Flanagan
	Scrutiny Framework and Manual established and approved on an annual basis by the Audit and Scrutiny Committee	3		
	Scrutiny reviews published	3		

	Agenda and minutes of scrutiny meetings	3		
	Evidence of improvements as a result of scrutiny	3		
	Terms of reference	3		
	Training for members	3		
	Membership	3		
6.2.4 Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement	Calendar of dates for submitting, publishing and distributing timely reports that are adhered to - Meetings, agendas, and minutes	3		D. Logan
6.2.5 Ensuring there is consistency between specification stages (such as budgets) and post-implementation reporting (eg financial statements)	Financial standards guidance - Budget challenge	3		K. Flanagan
	Financial regulations and standing orders - Constitution	3		K. Flanagan

6.3 Supporting Principle: Robust internal control

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Evaluation 21/22	Action	Lead Officer
6.3.1 Aligning the risk management strategy and policies on internal control with achieving objectives	Risk management strategy	3		K. Flanagan
	Audit plan	3		
	Continuous monitoring of key financial systems as part of the Audit plan	3		
	Audit reports	3		
6.3.2 Evaluating and monitoring risk management and internal control on a regular basis	Risk management strategy/ policy has been formally approved and adopted and is reviewed and updated on a regular basis	3		K. Flanagan

6.3.3 Ensuring effective counter fraud and anti-corruption arrangements are in place	Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)	3		K. Flanagan
	Whistle Blowing policy - Whistleblowing Policy - Part F page 185	3		
	Appointment of Counter Fraud team	3		
6.3.4 Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor	Annual governance statement	3		K. Flanagan
	Effective internal audit service is resourced and maintained	3		
6.3.5 Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body: – provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment – that its recommendations are listened to and acted upon	Audit committee complies with best practice – Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013) - Audit and Scrutiny Committee	3		K. Flanagan
	Independent Chair of Audit and Scrutiny Committee	3		
	Terms of reference	3		
	Membership	3		
	Training	3		

6.4 Supporting Principle: Managing Data

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Evaluation 21/22	Action	Lead Officer
6.4.1 Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data	Data management framework and procedures	3		D. Logan
	Designated data protection officer	3		

	Data protection policies and procedures	3		
6.4.2 Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies	Data sharing agreements	3		D. Logan
	Data sharing register	3		
	Data processing agreements	3		
6.4.3 Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring	Data quality procedures and reports	3		Heads of Service
	Data validation procedures	3		

6.5 Supporting Principle: Strong Public Financial Management

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Evaluation 21/22	Action	Lead Officer
6.5.1 Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance	Financial management supports the delivery of services and transformational change as well as securing good stewardship - Council Plans and Strategies	3		K. Flanagan
6.5.2 Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls	Budget monitoring reports and engagement meetings with officers	3		Heads of Service

Principle 7: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

7.1 Supporting Principle: Implementing Good Practice In Transparency

Evaluation Key
1. Not compliant with local code requirements
2. Partially compliant with local code requirements
3. Fully compliant with local code requirements
4. Exceeds the requirements of the local code

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Evaluation 21/22	Action	Lead Officer
7.1.1 Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate	Website	3		Heads of Service
7.1.2 Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand	Annual Report - Annual Reports	3		P. Milne

7.2 Supporting Principle: Implementing good practices in reporting

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Evaluation 21/22	Action	Lead Officer
7.2.1 Reporting at least annually on performance, value for money and the stewardship of its resources	Formal annual report which includes key points raised by external scrutineers and service users' feedback on service delivery - Annual Reports	3		P. Milne
	Annual financial statements - Annual Reports	3		K. Flanagan

7.2.2 Ensuring members and senior management own the results	Appropriate approvals	3		K. Flanagan
7.2.3 Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement)	Annual governance statement - Financial Statements	3		K. Flanagan
7.2.4 Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate	Annual governance statement - Financial Statements	3		K. Flanagan
7.2.5 Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations	Format follows best practice	3		K. Flanagan

7.3 Supporting Principle: Assurance and effective accountability

Local Code	Evidence Demonstrating Compliance with links to full documents/further information	Evaluation 21/22	Action	Lead Officer
7.3.1 Ensuring that recommendations for corrective action made by external audit are acted upon	Recommendations have informed positive improvement	3		K. Flanagan
7.3.2 Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon	Compliance with CIPFA's Statement on the Role of the Head of Internal Audit (2010)	3		K. Flanagan
	Compliance with Public Sector Internal Audit Standards	3		K. Flanagan

<p>7.3.3 Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations</p>	<p>Recommendations have informed positive improvement</p>	<p>3</p>		<p>Senior Management</p>
<p>7.3.4 Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement</p>	<p>Annual governance statement - Financial Statements</p>	<p>3</p>		<p>K. Flanagan</p>
<p>7.3.5 Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met</p>	<p>Community strategy - Community Planning and Community Development</p>	<p>3</p>		<p>P. Millne</p>

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Argyll and Bute Council – Corporate Governance Action Plan 2022/2023

Ref	Improvement actions	Success measures	Key dates	Lead
CG-1	Continue to engage with the Scottish Government and other local authorities to determine the most efficient and effective way of ensuring the Council can provide a waste solution which complied with the 2025 Bio-degradable Municipal Waste Ban	Progress made to identify appropriate solution by working with Scottish Government regarding the landfill tax challenge imposed on one of our suppliers together with the potential implications of Scottish Government's review of Energy from Waste as a solution.	31 March 2023	Head R&I
CG-2	Enhance reporting of workforce planning to the Strategic Management Team and Elected Members	Improvements in reports to SMT through information available about recruitment from our talentlink recruitment system.	31 March 2023	Head of CSS
CG-3	Finalise the project to upgrade the Council's general ledger system	System in place and monitoring of effectiveness undertaken	31 March 2023	Head of FS
CG-4	Finalise the implementation of a self-billing approach using	Processes and procedures in place and	31 March 2023	Head of FS

	CareFirst for payments to social care providers	monitoring of effectiveness undertaken		
CG-5	Complete the development of the automated revenue interface between the Property Management System (Concerto) and the Financial System (Oracle) to process contractor payments.	Interface in place and monitoring of effectiveness undertaken	31 March 2023	Head of CS
CG-6	Improve quality and accuracy of asset information which will benefit asset valuations, calculations for utilities costs and asset management	System in place and monitoring of effectiveness undertaken	31 March 2023	Head of CS
CG-7	Progress the roll out of Microsoft 365 across the Council	Improvement in connectivity and interaction on a common digital platform across all Council services	31 March 2023	Head of CSS
CG-8	Develop data/analytics business intelligence as a tool to inform transformation and improvement.	Options for a data platform have been identified and progressed.	31 March 2023	Head of CSS
CG-9	Undertake review of performance information to be presented on a quarterly basis	Performance information identified that allows committees	31 March 2023	Head of CSS

Appendix 3

	to Committee	to have a better overview of performance of transformational activity, policy objectives and projects.		
CG-10	Complete the External Quality Assessment Framework	Any actions identified are completed satisfactorily	31 March 2023	Head of Financial Services

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BACKGROUND / SCOPE OF RESPONSIBILITY

Argyll and Bute Council's (the Council) governance framework includes the systems, processes and culture by which the Council is controlled, engages with communities and monitors the achievement of strategic objectives. The Council conducts its business in accordance with the law and proper standards. The Council has a duty to make arrangements to secure continuous improvement in the way which its functions are exercised, having regard to the economic, efficient and effective use of public money.

The system of internal control is a key part of the framework and is designed to manage risk to an acceptable level.

In discharging these responsibilities, the Council has put in place proper arrangements for the governance of its affairs and the stewardship of the resources at its disposal. The Council has approved and adopted a Local Code of Corporate Governance (the Code), which is consistent with the principles and requirements of the CIPFA/SOLACE revised Framework for 'Delivering Good Governance in Local Government 2016' and the Guidance Notes for Scottish Authorities 2016'. This Statement explains how the Council has complied with the Code and meets the requirements of current good practice.

A copy of the Code may be obtained from the Head of Legal and Regulatory Services, Argyll and Bute Council, Kilmory, Lochgilphead, PA31 8RT and is also available on the Council's website.

THE GOVERNANCE FRAMEWORK

The Code details how the Council will demonstrate compliance with the fundamental principles of corporate governance for public sector bodies. The seven key principles of our governance arrangements in 2020/21 are described in the Code, along with our supporting principles and key aspects of our arrangements to ensure compliance. Key features of our arrangements are summarised below.

1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

We have four values, which underpin all that we do and provide a sound basis to achieve transformation to ensure we meet the challenges of the future and deliver quality services. These values are that we have a workforce which is:

- Caring
- Committed
- Collaborative
- Creative

We have developed and communicated an Ethical Framework within the Council's Constitution, which defines standards of behaviour for members and staff. Protocols for Member/Officer relations are also detailed within the Constitution.

The Councillors' Code of Conduct is set out at a national level, applying to all members in Scottish local authorities and is incorporated into the Council's Constitution as part of the ethical framework which also includes a protocol for the monitoring officer. A register of members' interests is available on the Council's website.

The Constitution has a section on conduct at meetings and meeting agendas require declarations of interest to be made where appropriate.

Anti-fraud and whistleblowing policies are in place and the Council has adopted the SPSO's Model Complaints Handling Procedure.

Standing orders for meetings are included within the Council's constitution and training and support is provided to members on their role in Council committees.

The Council complies with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government.

2. Ensuring openness and comprehensive stakeholder engagement.

We have established clear channels of communication with the community and other stakeholders through our Communication Strategy. Key mechanisms include:

Consultation Diary

The Council has developed a consultation section on its website which hosts all consultations run by the Council, both current and historic. This includes a section which publicises the results and/or outcome of the consultation and the resultant decisions that have been taken, showing how they were informed by the consultation process. This is part of our commitment to You Said, We Did information sharing for the public.

Keep in the Loop Service

2019/20 was the first full year that the pro-active Keep in the Loop Service was deployed. It proved hugely popular as a customer engagement tool and the 7927 customers subscribed to receive notifications across the range of services. In 21/22 the number of subscribers is 10489. For customers it meant that they have been kept up to date with topical council information and opportunities to provide valued input on matters that affect them.

MyAccount

Myaccount is the simple and secure sign-in service for accessing online public services in Scotland. It provides people living in Scotland with the ability to set up an online account and use it to access a growing range of online public services, Scotland-wide, including Argyll and Bute Council. 13,021 customers have signed up to this service, which is an increase from 11,079 in 2020/21. It allows customers to:

- Fill in forms automatically with your details
- Save forms for finishing later
- Track the progress of your reports and requests
- Access to council services that require proof of identity
- Access your council tax account and sign up for e-billing
- Find out when your bins are collected at a glance
- Manage your email subscriptions and alerts
- Avoid having to re-register with local council services when you move to a new part of Scotland
- Bookmark useful pages to make them easier to find

Public Performance Reporting

The Council's website makes all performance information available to the public within the performance section. This includes information on performance scorecards, budgets and other

service related information. This ensures the Council is openly accountable to the public for its performance against agreed policies and standards. Public Performance Reporting was reviewed in 2021 and improved as part of the Performance Excellence Project, an action in the BV3 Action Plan.

Accessibility

Online service provision is only effective if it is easy to access. In order to ensure maximum accessibility for everyone and meet our equalities responsibilities, the Council's website has been revised and refreshed to improve its rating for accessibility in the national Silktide accessibility score. In April 2022 the website had a 99% rating (excellent) and was the 13th highest ranking Council in the UK. In 2022 the website will be getting a major upgrade to Drupal 9 Content Management System and has procured expert input from Inspire Ltd to help with this

Community Engagement

The Council supports good community engagement with the resourcing of community development officers in the Community Planning and Community Development Team, part of the Chief Executives Unit. The team has resources and expertise to support hard to reach groups, community organisations and remote communities to have a voice in decision making. The team also provides best community engagement practice for any other requirement. The Council also oversees the work of Community Learning (Youth Work and Adult Learning) through its collaboration with its Arms-length External Organisation (ALEO) partner Live Argyll.

The Council's Community Development Team can also assist community organisations with developing new projects, funding opportunities, training needs and support with evaluation techniques.

Local Community Development Officers also support community groups, organisations and individuals, particularly those who do not traditionally engage in community issues, to participate in local Area Community Planning Groups. Further to this the team has a Gaelic Development Worker to support and engage Gaelic learning and Gaelic speaking communities.

The Council's Governance section supports community engagement by providing the staff resource to support Area Community Planning Groups which act as a forum to enable local groups and organisations to participate in Community Planning and partnership working at a local area level throughout Argyll & Bute. The section has put arrangements in place across the partnership members to ensure these groups have had the ability to continue to meet on a virtual basis during the Covid19 pandemic response period. It also plays a key role in supporting the Community Safety Partnership which is an integral part of the Community Planning Partnership and takes a lead in relation to Outcome 6 of the Argyll and Bute Outcome Improvement Plan: People live in safer and stronger communities. This group has produced its first Community Safety Strategy which sets out strategic priorities and how the partnership will work together to focus resources in support of agreed actions.

It also supports community engagement by resourcing community council liaison activities, including training and support activity, which helps to build the capacity of community councils. During the Covid 19 response period the Scheme for the Establishment of Community Councils was amended to facilitate community councils being able to meet on a virtual basis

during this period to fulfil their representative role and advice and support was provided to facilitate this development.

The Council actively seeks to ensure that young people are engaged in Community Planning and has implemented the following initiatives:

- The 3 local Members of the Scottish Youth Parliament (MSYP's) attend the Community Planning Partnership Management Committee meetings on a rotational basis.
- The Area Community Planning Groups invite members of local Youth Forums to attend meetings when they are held in their local areas & information is passed on to young people by Youth Workers who are kept updated on any developments. One ACPG currently has a young person in the Vice Chair role.
- The revised Scheme of Establishment for Community Councils outlines the requirement to encourage young people to attend and participate in community council meetings” and the age to become a Community Councillor was lowered to be 16 to encourage more young people to become involved.

The Council continues to promote the Community-Led Action Planning Toolkit (developed in partnership with Scottish Community Development Centre). Communities are being supported to consider use of the online toolkit in developing action plans that the community can lead on to address issues and needs in their communities. There are a number of existing community-led action plans and these are recognised as important community contributions to area community planning.

The Community Planning Partnership undertook a Place Standard Engagement exercise to help shape the CPP priorities from 2021. This information has also been shared with communities to be used to develop community led action plans.

A strong Community Planning Partnership (CPP) is in place with partners leading on each of the outcomes and emerging cross-cutting thematic working groups. This ensures a shared sense of accountability and ownership of working towards realising the CPP priorities.

During the Covid pandemic, the council engaged with local community response groups, making sure that groups were supported with good practice and resources where required such as – lone volunteering policies, safe medication delivery process, insurance, confidentiality guidance etc. Regular online drop-in sessions were established and ran for a period of 2 years for the groups to receive updates and to enable them to highlight needs/challenges and ask questions of Council and its partners.

As part of the Argyll and Bute Covid-19 Recovery Planning, the Building Back Better (Communities) work stream spoke to the local community groups who have been supporting people during the Covid-19 pandemic, to find out their experience and areas that could be built upon or strengthened moving forwards. The digital participation platform CONSUL was used to engage the wider community and encourage them to have their say. CONSUL is a platform being supported by COSLA to encourage community participation and is being trialled by a number of local authorities.

In the first stage of the consultation, the community groups involved in the response were asked to share their views in online focus group sessions that were independently facilitated by the

Scottish Community Development Centre. For the second stage, the overall themes that emerged from these discussions were then uploaded to the CONSUL webpage to facilitate a wider discussion and consultation. The consultation was opened up more widely and the community were invited to share their thoughts and add to the existing comments.

The comments on the platform were available for anyone to read. To “like” a comment or add to the discussion, people had to sign up and provide a user name and contact email address. Paper forms were available for those who needed them and could be requested by phone or email. The consultation was open between 7th and 28th October 2020.

A summary of the comments was shared with all who participated. The Building Back Better (Communities) Group then reviewed the findings and identified key themes to help take forward actions. Feedback was uploaded to the councils ‘You Said, We Did’ webpage, and an update on progress was also sent out to participants in March 2021 to keep them informed.

Council/Committee Meetings

Meetings are always held in public, unless one of the statutory exemptions in the Local Government (Scotland) Act 1973, schedule 7A applies to the content of the report. Agendas for and minutes of meetings are detailed on the Council’s website. When schedule 7A applies papers are adjusted to ensure that the maximum amount of content is in the public domain.

The Council’s constitution defines the roles and responsibilities of the administration, committees, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication. The constitution is updated on an annual basis with the last update carried out in October 2021.

The constitution includes collective and individual roles and responsibilities of the Leader, Provost, Policy Lead Councillors, other councillors and officers. It also includes a protocol for the role of the Monitoring Officer (the Executive Director for Customer Services).

Best Value (BV) is assessed by the Council’s external auditors over the five year audit appointment, as part of the annual audit work and, additionally, a Best Value Assurance Report (BVAR) for each Council will be considered by the Accounts Commission at least once during this five year period.

The Council’s Chief Executive presented an update on the Action Plan to the Council’s Audit and Scrutiny Committee on 16 March 2021 who accepted the progress to date.

Audit Scotland followed up with the Council in May 2021 to review evidence against the progress listed in the Action Plan and stated in their Annual Report (December 2021) that the Council has made good progress.

A further progress report was submitted to the Audit and Scrutiny Committee 15 March 2022 which illustrates how 22 of the 36 actions are complete and that a further report will come back in 12 months to provide a further update on the 14 actions remaining.

The Standards Commission Advice Note for Councillors on Distinguishing between their Strategic Role and any Operational Work has previously been included in an Elected Member Seminar and is hosted on the Members Resource page on the Hub for ease of reference.

3. Defining outcomes in terms of sustainable economic, social, and environmental benefits.

Our Corporate Plan sets out our, and our community planning partner’s, vision for Argyll and Bute’s economic success to be built on a growing population. It also defines our mission “To

make Argyll and Bute a place people choose to live, learn, work and do business” and establishes our outcomes, priorities and approach to delivering on our shared ambition with our community partners.

All services have plans containing an agreed set of quality standard measures which feed into the overall Corporate Plan.

We have a Performance Improvement Framework (PIF) that ensures performance is integral to the work of the Council. The PIF is focused not just on measuring what we do but on measuring the difference we make in terms of our outcomes.

Councillors and senior managers review and scrutinise the Council’s performance at all levels to ensure our services are having the desired impact on our communities and customers. At a strategic level, performance is scrutinised through our strategic committees and, more locally, at our area committees. The Audit and Scrutiny Committee, which meets four times a year, has a key role in reviewing and scrutinising how we are meeting our strategic objectives. They also promote good internal control, financial and risk management, governance and performance management, in order to provide reasonable assurance over the effective and efficient operation of the Council, and compliance with laws and regulations, including the Council’s Financial and Security Regulations, Contract Standing Orders and accounting codes of practice.

The Council’s Capital programme and capital investment strategy is considered by the Executive Management team and approved by the Council at the budget meeting.

4. Determining the interventions necessary to optimise the achievement of the intended outcomes.

The Council’s Executive leadership team meet regularly with the administration to discuss their key priorities and requirements for decision making in addition there is regular survey and feedback on their needs and a regular review of governance arrangements to ensure that decision making is fully supported.

A public consultation process supports the annual budget process and the setting of the budget by the Council. The Council’s complaints process ensures that service and operational issues are picked up and improvements are undertaken when required. Services carry out consultations and public surveys on various projects and service improvement areas across the Council which inform reporting and decision making on these.

The Council’s performance management framework has KPI’s allowing the monitoring of service outcomes which are reported to the ELT and Members enabling management decision and appropriate interventions to be taken.

Business outcomes are mapped to the corporate plan and the budget consultation process ensures that service priorities are affordable within resource constraints.

5. Developing the entity’s capacity, including the capability of its leadership and the individuals within it.

Elected Member Development

The Council has signed up to the Improvement Service’s Continuing Professional Development Framework for Elected Members. All Elected Members are provided with opportunities to progress personal development plans so that individual training needs and aspirations are identified and support provided as appropriate. This is complemented by a comprehensive seminar and workshop programme which addresses a wide range of topics and strategic issues.

Since the introduction of new ways of working and operating in a virtual environment in response to the Covid-19 pandemic this programme has moved on-line and during 2021/22 a regular programme of webinars and workshops have taken place on-line which has facilitated a higher level of attendance. Additional training was undertaken by Elected Members in relation to the technology, knowledge and skills necessary to support the transition to a virtual environment including webcasting of strategic Committee meetings and the operation of meetings on a hybrid basis, enabling a mixed attendance of members being physically or virtually present. Support has been provided to Chairs in terms of process and guidance notes to facilitate the transition to operating on a virtual basis and enhance effectiveness in this regard.

During this period a review of Elected Member Induction was undertaken in advance of Local Government Elections in May 2022. The programme was redesigned to focus on the whole geographical area of Argyll and Bute and to enable Members to gain a perspective on both local and strategic issues across the Council area whilst ensuring they have the opportunity to gain the knowledge and skills necessary to facilitate effective decision making, scrutiny and challenge in the early days of the new term. Following the 3 by-elections that took place in 2021 – 22 there was the opportunity to pilot some of the induction material on a virtual basis.

Officer Development

The Council supports officer development through a structured approach, driven by the values set out in the Corporate Plan and a behavioural competency framework.

The Council has Argyll and Bute Manager and Leadership Programmes, which ensure that all employees who have management responsibilities are knowledgeable and effective in delivering services within the priority management policies and procedures of the Council, including finance, performance and people management. The Leadership Programme ensures that senior and aspiring leaders in the organisation have support to develop their leadership behaviours and to improve their overall impact and performance across the organisation.

6. Managing risks and performance through robust internal control and strong public financial management.

Internal Financial Control

Our standing orders, financial instructions, scheme of delegation and supporting procedure notes/manuals clearly define how decisions are taken and the processes and controls in place to manage risks. These are reviewed and updated on an annual basis. We ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful. The Council's Monitoring Officer advises on compliance with our policy framework, ensuring that decision making is lawful and fair.

Our financial management arrangements conform to the CIPFA Statement on the Role of the Chief Financial Officer and we ensure that our independent Audit and Scrutiny Committee undertakes the core functions identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities.

The Council's Audit and Scrutiny Committee endorses the preparation methodology and annual internal audit plan and monitors the performance of Internal Audit in completing the plan.

The Council has a designated Data Protection Officer and all services have Information Asset Registers along with appropriate guidance on how data should be managed.

The Council has a system of internal financial control designed to manage risk to a reasonable level. It is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability.

Development and maintenance of the system is undertaken by officers within the Council and the named bodies mentioned below.

In particular the system includes:

- comprehensive budgeting systems
- regular reviews by the Council and the named bodies (mentioned below) of periodic and annual financial reports which indicate financial performance against forecast
- setting targets to measure financial and other performance
- the preparation of regular financial reports which indicate actual expenditure against forecast
- clearly defined capital expenditure guidelines
- project management disciplines
- guidance relating to financial processes, procedures and regulations
- an effective Internal Audit section.

Internal controls cannot eliminate risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

This annual review also covers the other bodies whose activities are incorporated into our Group Accounts and reliance is placed on the formal audit opinion contained in the financial statements of each individual body.

- Dunbartonshire and Argyll and Bute Valuation Board
- Strathclyde Partnership for Transport
- Strathclyde Concessionary Travel Scheme Joint Committee
- Live Argyll
- Argyll and Bute Integration Joint Board

The Council's risk management processes are well developed. In particular the:

- Strategic Risk Register is updated twice a year and approved by the SMT
- Chief Executive presents the Strategic Risk Register to the Audit and Scrutiny Committee on an annual basis
- Operational Risk Registers are updated quarterly by departmental management teams.

Internal audit has a key role in relation to the Council's governance to provide assurance over the effective management of risk. In September 2019 the Audit and Scrutiny Committee agreed that the CIA would perform an annual strategic risk assurance mapping exercise with this replacing a previous annual requirement for a risk management report. This was presented to the Audit and Scrutiny Committee in September 2019, September 2020 and September 2021. This exercise has confirmed that for all the risks in the Council's strategic risk register there are either sufficient assurances in place or internal audit currently have scheduled work to fill identified gaps. This mapping exercise will continue to be performed annually and Internal Audit will perform an audit of compliance with risk management arrangements every three years unless issues are brought to the attention of the Chief Internal Auditor which would suggest a review is required outwith that cycle.

7. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Internal Audit

The Council and its Group bodies have internal audit functions, which operate to Public Sector Internal Audit Standards. The work of internal audit is informed by an analysis of the risk to which the Council and its Group bodies are exposed, with annual internal audit plans prepared based on that analysis. The Council's Audit and Scrutiny Committee endorses the preparation methodology and annual internal audit plan and monitors the performance of Internal Audit in completing the plan.

The COVID-19 pandemic meant the 2021/22 audit plan needed to be revised and this revision was approved by the Audit and Scrutiny Committee on 15 March 2022. This was due to a need to redeploy audit resource to priority tasks required to support the Council's response to the pandemic and support Financial Services. This resulted in three audits being removed from the 2021/22 plan.

The Chief Internal Auditor provides the Audit and Scrutiny Committee with an annual report on internal audit activity in the Council and this confirms that reasonable assurance can be taken that the systems of governance and internal control are operating effectively.

Internal audit provides members and management of the Council with independent assurance on risk management, internal control and corporate governance processes. External audit has, and continues to, place reliance on the work of internal audit. The Chair of the Audit and Scrutiny Committee is an independent lay member.

During 2021/22, one of the seventeen audit reports presented to the Audit and Scrutiny Committee had an overall audit opinion of 'limited' assurance. The audit related to Contract Management Roads and Amenity Services. For these and all other audit reports, an action plan has been agreed and progress against their delivery is routinely monitored by Internal Audit. Management have accepted 100% of audit recommendations and a robust follow-up system is in place with progress reports presented to the SMT on a quarterly basis.

During 2021/22 the following developments were made within Internal Audit:

- the counter fraud team worked alongside internal audit to ensure there is cross team learning
- the CIA engaged with members of the Audit and Scrutiny Committee as part of the planning process for the 2022/23 audit plan
- the internal audit team delivered internal audit services to the Argyll and Bute Health and Social Care Partnership, undertaking 3 audits which were presented to the Audit and Risk Committee.

Clear reports on a common format which are publically available and the Council has developed a hybrid meeting facility enabling physical and virtual attendance at meetings with a public broadcast function so that members of the public can see and hear meetings of the Council's strategic committees live increasing openness and transparency.

The Council prepares an annual report and an annual governance statement.

The Audit and Scrutiny Committee receive an annual Strategic Risk Assurance Mapping report which helps inform their consideration of potential scrutiny topics. This is supported by the Council's Scrutiny Framework and Manual which continues to be refreshed on an annual basis as the Council's approach to scrutiny evolves and matures.

GOVERNANCE ROLES AND RESPONSIBILITIES

The Council has appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is adequate and effective in practice. The legislative framework of local government defines a number of posts which are primary to the Council's governance arrangements. These include the Chief Executive, Pippa Milne fulfilling the role of Head of Paid Service. As Monitoring Officer, the Executive Director Douglas Hendry:

- oversees the implementation of the Code and monitoring its operation
- reports annually to the Council on compliance with the Code and any changes required to maintain it and ensure its effectiveness.

Account has been taken of the results of reviews of internal control that have been carried out within each council service.

Specific responsibilities are assigned to the Executive Director Kirsty Flanagan as the Council's Chief Financial Officer (S95 Officer), to ensure that public funds are properly accounted for. In recognition of the significant role that the Chief Financial Officer has in relation to financial performance and the financial control environment, CIPFA has set out key principles that define the core activities and behaviours that belong to the role. These include, being a key member of the Leadership Team, being actively involved in and influencing decision making, and leading the delivery of good financial management across the whole organisation.

The Council have appointed a Data Protection Officer in line with the requirements of the UK-General Data Protection Regulations and the Data Protection Act 2018.

IMPACT OF COVID-19 ON GOVERNANCE

Throughout the period 2021-22 the Council continued to operate Council and Committee meetings on a virtual basis in response to the Covid 19 pandemic. The Council has invested significantly in the technology to enhance the virtual meeting environment with the transition from Skype to the increased functionality offered by MSTeams and by providing the additional option to operate on a hybrid basis, where attendance can be on a virtual or in person basis. The hybrid option was introduced in the first quarter of 2022 and is scheduled to be rolled out to Area Committee Meeting later in 2022. During this period the Council also commenced recording strategic meeting of the Council and hosting these for the public on the Councils website. This has now progressed to webcasting for strategic committees with the first webcast meeting being the Policy and Resources Committee in December 2021. This approach facilitates a greater reach in terms of Public access to meetings and underpins our commitment to transparency and accessibility. The Council Constitution and associated protocols were amended to incorporate these developments in October 2021.

COVID-19 also impacted on governance across services during 2021/22 and this has been assessed against four broad categories:

1. Impact on business as usual in the delivery of services

While the Council returned to a more business as usual footing during the period, some specific areas where service delivery has been impacted are:

- restrictions on travel and social distancing requirements continued to impact on the ability of planning officers to visit application sites and enforcement complaints – this required the use of remote verification inspections to be implemented

- a wide range of services within Roads and Infrastructure Services continued to be impacted to some extent, but not limited to, burials, cremations, refuse collection, civic amenity sites, home to school transport and ferry transport
- Learning and teaching moved from distance learning and returned to classroom teaching across Argyll and Bute.

2. New areas of activity as part of the national response to COVID-19 and any governance issues arising

Some specific examples of new areas of activity are:

- move to flexible online home working for 1400 employees with access via secure vpn to all files, processes and telephony
- establishing procedures for estates staff to work safely, carry out remote marketing and arrange premises for COVID related projects
- additional cleansing of buildings such as schools, public conveniences, crematoria chapel, and a variety of vehicles including ferries and refuse vehicles.
- providing business support through the administration of COVID specific Scottish Government grants to local businesses and self-employed people
- a Community Food Programme team to ensure vulnerable people can access food and provision of doorstep delivery of free school meals
- a Caring for People partnership bringing together the Health and Social Care Partnership, Third Sector Interface and the Council to work together with a focus on helping people affected by COVID-19 to receive essential support where no other support exists
- redeployment of staff from substantive posts to provide support in critical areas of response activity
- establishment of HUB schools for children of keyworkers.

3. The funding and logistical consequences of delivering the local government response

The Council's Financial Services team have worked in conjunction with all services to capture and monitor the financial impact of COVID-19 in terms of creating new cost pressures and its impact on the delivery of agreed savings options.

4. Recovery and reinstating services post COVID-19

The Council agreed a 'Recovery Strategy and Framework' in 2020 focused on considering the actions and priorities required to return the Council, its services and wider issues including economic and social recovery, to the "new norm". An Argyll and Bute Overarching Recovery Group was formed to lead this process with specific thematic groups focussed on Council recovery, building back stronger communities, economic and social recovery, infrastructure and transportation, financial management and public health. This work recognised the impact of the pandemic on widening inequalities and is considering longer term social and economic impacts. Good progress has been made and the Councils published its Recovery document "Recovery, Renew and Restart" outlining its achievements and current priorities.

FINANCIAL SUSTAINABILITY

It is anticipated the Scottish public sector will continue to face a very challenging short and medium term financial outlook with significant uncertainty over the scale of likely reductions in funding. The one year financial settlements do not provide any degree of medium term certainty and ring-fencing of monies limits as well as additional policy commitments not always fully funding creates additional financial pressures. It is hoped that the Resource Spending Review expected in May 2022 will provide some clarity regarding future funding levels.

The financial outlook is significantly exacerbated by the extent to which COVID-19 will continue to impact on expenditure, loss of income and future years funding levels. The additional funds made available by the UK and Scottish Government to combat the impact of COVID-19, and the agreement on financial flexibilities, have been sufficient to combat the financial impact of COVID to the Council in 2021/22 and 2022/23. However there is likely to be ongoing pressure on the Capital Programme as a result of increasing costs that is difficult to accurately quantify at this stage and while an element of COVID-19 funding has been allocated to the Programme relating to current works, increases could continue for some time and result in further overspends across the life of the programme.

The Council continues to provide financial estimates for future years with their medium term financial outlook covering a five year window to provide a longer term view of the Council's estimated budget gap. Preparing any forward looking financial outlook is challenging due to the levels of uncertainty however the assumptions are reviewed regularly and updated with the outlook prepared to reflect a best case, worst case and mid-range scenario.

The Council has a strong track record in financial management as recognised by previous year's annual external audit reports and the Council's Best Value report issued in May 2020. The Best Value report also recognises that the Council's medium to long term financial strategy helps support financial planning arrangements. This strategy was updated in August 2021 as recommended in the Best Value report and now covers the period 2020-21 to 2029-30. In addition to providing revenue and capital projections the Strategy also sets out the position in relation to the Council's general fund reserve, the approach to managing the financial impact of COVID-19, approach to Treasury Management and the strategy to address budget gaps.

The 2021/22 budget approach identified specific themes which officers led on to identify saving options. Not only did these themes identify 2021/22 saving options they also laid the foundations for future year savings and identified options which required further development and consultation. Some of these themes were continued as part of the 2022/23 budget. For each theme the remit was to further develop savings options already identified and determine whether there were further options which should be considered. 2021/22 also saw the continuation of a cross party budget working group whose role was to engage with theme leads and provide a sounding board to assist in the development and identification of savings options and provide a degree of scrutiny over options as they are being developed. This proved to be very beneficial to both Elected Members and Council officers.

HEALTH AND SOCIAL CARE INTEGRATION

The Argyll and Bute IJB has been established as a separate legal entity from Argyll and Bute Council and NHS Highland, with its own separate governance arrangements. The IJB comprises eight voting members with four Elected Members nominated by Argyll and Bute Council and four Board members of NHS Highland. In addition there are a number of non-voting appointees representing other sectors and stakeholder groups, such as the Third Sector, Independent Sector, Patients and Service Users, Carers and Staff.

The arrangements for the operation, remit and governance of the IJB are set out in the Argyll and Bute Integration Scheme which has been approved by Argyll and Bute Council and NHS Highland. This was most recently revised and formally signed off by the Scottish Government on 23 March 2021. The IJB, via a process of delegation from the Health Board and Local Authority as outlined in the Scheme of Integration has responsibility for the planning, resourcing and operational delivery of all integrated health and social care services within Argyll and Bute.

The Council places reliance on the IJB's framework of internal controls and similarly the IJB places reliance on the procedures, policies and operational systems of the Council and the Health Board. The IJB operates within an established procedural framework. The roles and responsibilities of board members and officers are defined within Standing Orders, the Integration Scheme, Financial Regulations and Standing Financial Instructions.

The IJB has proportionate internal audit arrangements in place to provide independent assurance on risk management, corporate governance and the system of internal control. A risk based internal audit plan was carried out in 2021-22 and the IJB's internal auditor has issued a formal annual report providing their independent opinion on the effectiveness of the IJB's risk management, internal control and governance processes.

During 2021-22 the IJB has further progressed a number of initiatives to develop its governance arrangements including embedding board development events within its governance structures, its committee annual reporting and evaluation process, progressing an induction and development program for staff and implemented its revised risk management strategy. It has also established a new Contingency Risk and Resilience Committee to reflect its status as Category 1 responder.

The IJB has faced substantial financial challenge since its inception. However, during 2020/21 and 2021/22 it has been able to deliver savings, operate within its budget and generate a small general reserve from its underspend for the year. The HSCP delivered an underspend of £682k against the resources available to it, these totalled £307m for the year. During 2021/22 the IJB was able to repay the final £2.8m that it owed to Argyll & Bute Council relating to previous overspends. The IJB has welcomed the recent increases in funding from Scottish Government and this has enabled it to set a balanced budget with a realistic savings program. Like all public bodies, the HSCP is required to continually improve its efficiency and the value for money associated with the services it provides. It will do this through its Transformation agenda and its savings plans. It is now also seeking to develop longer term plans for investment in its physical and digital infrastructure in the coming years. The HSCP also anticipates that it faces a period of significant structural change as the National Care Service is introduced.

UPDATE ON AREAS FOR DEVELOPMENT IN 2020/21 ANNUAL GOVERNANCE STATEMENT

The 2020/21 Annual Governance Statement identified a number of areas for further development. A summary update for each area is provided in the table below.

Area	2021/22 Update
Continue to engage with the Scottish Government and other local authorities to determine the most efficient and effective way of ensuring the Council can provide a waste solution which complied with the 2025 Bio-degradable Municipal Waste Ban	Specialist economic consultants now engaged on an options appraisal exercise to help inform the decision. This is to be reported to September's ED&I committee.
Further develop the Council's Counter Fraud Team	The Counter Fraud Team (CFT) have submitted a report to the ELT which outlines the actions, rebilling and recovery to date. It is due for discussion this month/May with the same details outlined to the next Audit and Scrutiny meeting in June. The pilot is due to end in September so we are going in early with our proposal for permanency sharp as the next Audit and Scrutiny is also in September.
Progress the project to upgrade the Council's general ledger system with an anticipated go live of 1 April 2022	This has now been pushed back to 6 June 2022 at the earliest due to issues which have surfaced during the implementation of the automated interface between Concerto and Oracle.
Complete the development of the automated interface between the Property Management System (Concerto) and the Financial System (Oracle) to process contractor payments	The capital Oracle/Concerto interface has been completed. The revenue interface has been delayed because of the need for Oracle to be updated as advised above.
Review of the scheme of delegation in relation to property matters to ensure decisions are taken at the correct level	Further review of property delegations will be included in the next review of the constitution.

Appendix 4

Enhance reporting of workforce planning to the Strategic Management Team and Elected Members	Operational Workforce plans are reviewed on a six monthly basis and each team in the council are assigned a WFP risk rating. Data from these discussions are collated and analysed in a report which is presented to SMT. HROD team highlight any common themes that would benefit from a revised corporate approach. Quarterly health of the organisation reports are presented to DMT and SMT which cover a number of workforce indicators.
Further progress the work to digitalise all document and evidence exchanges for Local Development Plan 2 'Examination in Public'	Complete and DPEA have complimented D&EG on the provision of information in the required format
Respond to the findings of the Scrutiny Review of the Strategic Housing Fund which is to be reported in June 2021	All identified actions have been completed
Continue to improve quality and accuracy of asset information which will benefit asset valuations, calculations for utilities costs and asset management	Contract let and work underway to gather updated asset information for major buildings – new plans being drawn. Estates has continued to improve records with the property measurement contract providing new plans for properties. As part of the asset valuation process Estates also building up property records and will use the details for the insurance valuation updates to be completed in 2022/23.
Further progress the implementation of a self-billing approach using CareFirst for payments to social care providers	This action has been suspended pending the implementation of two new key systems which would be integral to the revised process: The Oracle Fusion Financial Management System and the Eclipse Social Work Management System. Once the two systems are up and running and we know what the Eclipse system can do – the vendor is still writing the software - we'll be able to determine the actions necessary to implement this process.

ISSUES FOR FURTHER DEVELOPMENT

The review of governance and internal control has identified the following areas for consideration during 2022/23, particularly in the context of continuous improvement within the Council:

- Continue to engage with the Scottish Government and other local authorities to determine the most efficient and effective way of ensuring the Council can provide a waste solution which complied with the 2025 Bio-degradable Municipal Waste Ban (Head of Roads and Infrastructure Services – March 2023)

- Further enhance reporting of workforce planning to the Strategic Management Team and Elected Members (Head of Customer Support Services – March 2023)
- Finalise the project to upgrade the Council's general ledger system with an anticipated go live of 1 April 2022 (Head of Financial Services – June 2022)
- Finalise the implementation of a self-billing approach using CareFirst for payments to social care providers (Head of Financial Services – March 2023)
- Complete the development an automated interface between Concerto and Oracle (Head of Commercial Services – March 2023)
- Improve quality and accuracy of asset information which will benefit asset valuations, calculations for utilities costs and asset management (Head of Commercial Services – March 2023)
- Progress roll-out of Microsoft 365 (Head of Customer Support Services – March 2023)
- Develop data/analytics business intelligence tool (Head of Customer Support Services – March 2023)
- Undertake review of performance information (Head of Customer Support Services – March 2023)
- External Quality Assessment Framework (Head of Financial Services – March 2023)

ASSURANCE

The annual review of the effectiveness of the system of governance and internal financial control is informed by:

- the work of officers within the Council
- the work of Internal Audit as described above
- the work of External Audit
- the Statements of Governance and/or Internal Control provided by the bodies incorporated into our Group Accounts
- statements of assurance provided by the Council's Chief Executive, Executive Directors and Heads of Service
- external review and inspection reports; and
- recommendations from the Audit and Scrutiny Committee.

It is the Council's view that the systems for governance and internal control are operating effectively within Argyll and Bute Council and the aforementioned bodies during 2021/22 and that there are no significant weaknesses. This assurance is framed within the context of the work undertaken during the year and the evidence available at the time of preparing this statement.

Audit & Scrutiny Committee Work Plan 2022 – 2023

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

Report	Lead Service	Regularity
23 June 2022	Reports to Committee Services by 27 May 2022	
Internal Audit and Counter Fraud Summary of Activities	Chief Internal Auditor	Quarterly
Internal Audit Report Follow Up	Chief Internal Auditor	Quarterly
Internal Audit Reports to Audit and Scrutiny Committee <ul style="list-style-type: none"> • Climate Change Act • Complaints Handling (HSCP Audit Plan) • Civil Contingencies • ELC Parental Satisfaction • ICT Remote Working • Planning Applications • School Funds • Workforce Planning (HSCP Audit Plan) 	Chief Internal Auditor	Quarterly
External Audit Update Report	Audit Scotland	Quarterly
Verbal Update by Chair(s) of Scrutiny Panel	Chair and Vice Chair of Audit & Scrutiny Committee	Quarterly
Council Performance Report – October 2021 to March 2022	Head of Customer Support Services	Bi-Annual
Audit Scotland Report – Financial Overview 2020/21 (<i>Usually comes in March – delayed in 2022</i>)	Head of Financial Services	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

Audit & Scrutiny Committee Work Plan 2022 – 2023

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
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
15 September 2022	Reports to Committee Services by 22 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 <ul style="list-style-type: none"> • Early Years • Education Management Allowance • Car Parking Facilities • Heritage Assets 	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
Local Government in Scotland Overview 2022	Audit Scotland	Annual

Audit & Scrutiny Committee Work Plan 2022 – 2023

Counter Fraud Annual Update (End of 2 year pilot)	Chief Internal Auditor	Annual
20 December 2022	Reports to Committee Services by 25 November 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
Council 6-month Performance Report – April to September 2022	Chief Executive/Head of Customer Support Services	Bi-Annual
16 March 2023	Reports to Committee Services by 20 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 2023/24	Chief Internal Auditor	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 2023/24 Plan	Chief Internal Auditor	Annual
External Audit – 2022/23 Annual Plan	Audit Scotland	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	Chief Executive/Head of Customer Support Services	Annual
Internal Audit Charter and Internal Audit Manual	Chief Internal Auditor	Annual
Scrutiny Manual and Framework Update	Chief Internal Auditor	Annual
15 June 2023	Reports to Committee Services by 22 May 2023	
Internal Audit and Counter Fraud Summary of Activities	Chief Internal Auditor	Quarterly

Audit & Scrutiny Committee Work Plan 2022 – 2023

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
Council Performance Report – October 2022 to March 2023	Head of Customer Support Services	Bi-Annual
Audit Scotland Report – Financial Overview 2021/22 (<i>Usually comes in March – delayed in 2022</i>)	Head of Financial Services	Annual
Strategic Risk Register Update	Chief Executive	Annual
Internal Audit 2022/23 Annual Report	Chief Internal Auditor	Annual
Review of Code of Corporate Governance	Governance, Risk and Safety Manager	Annual
External Audit 2022/23 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 2023	Audit Scotland	Annual